

Policy Proposal: EU Customs Declaration Mechanism for Recycled Materials Verification

The success of the EU's circular economy agenda depends not only on ambitious targets but also on credible enforcement at the border. As the Commission considers introducing dedicated customs codes for recycled materials, it is important to ensure that the chosen instrument is able to deliver proper enforcement. Cefic considers that an alternative mechanism could more effectively support the EU's environmental, industrial and enforcement objectives, and sets out proposals for how these objectives can be achieved in practice.

- Cefic proposes a 'Customs Declaration Mechanism for Recycled Materials Verification' that builds on existing reporting, certification and customs systems like the EU Single Window framework rather than creating new customs codes. It borrows tested elements from existing legislations like CBAM.
- The proposed mechanism would enable verification of recycled content claims, improve the reliability of trade data and support customs enforcement through document-based controls and post-import reconciliation.
- The approach is technology-neutral, applies equally to chemical and mechanical recycling, and relies wherever possible on existing certification schemes and compliance structures.
- The customs code-based system currently under consideration, may not be able to deliver the objectives assigned to it. It is particularly problematic for chemical recycling and mass-balance systems, where recycled content is verified through certified accounting systems rather than physical characteristics that can be identified at the border.
- As a result, physically identical products could be treated differently for customs purposes despite customs authorities being unable to verify recycled content claims through normal clearance procedures.
- Cefic supports the use of additional customs codes where they facilitate a more accurate identification of products and can be applied on the basis of objective and verifiable product characteristics. However, recycled content is not such a characteristic and therefore does not lend itself to customs classification.
- Expanding customs codes to distinguish recycled materials would create significant operational burdens across supply chains while providing limited additional enforcement value.

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1. Introduction and justification

The transition to a circular economy requires robust systems to verify the authenticity of recycled content claims in imported materials and finished goods. Current customs procedures do not adequately prevent fraudulent recycled content claims at importation, nor do they address double counting or greenwashing. The EU consequently lacks reliable trade statistics on recycled materials and, more urgently, cannot ensure a level playing field on the European market. The challenge is acute for plastics, where binding recycled content targets are already in force. Cefic shares this analysis and supports effective enforcement at the border.

The Commission's Winter Package "Accelerating Europe's transition to a circular economy: a pilot for boosting the circularity of plastics" (COM (2025) 805 final)¹ announces the creation of separate customs codes for virgin and recycled plastics. The question is whether the instrument chosen² can deliver the objectives assigned to it. Based on our current knowledge, Cefic is of the opinion that the proposed solution is unlikely to meet these objectives, for the reasons set out below. This is not because additional customs codes are inherently problematic. On the contrary, where they reflect objectively verifiable product characteristics, more granular customs classifications can enhance trade statistics, market transparency and customs risk analysis. The challenge in this case lies in the nature of recycled content itself and the difficulty of capturing and verifying it through customs nomenclature.

1.1. A customs code cannot measure recycled content

Tariff classification is a discrete assignment: a product generally falls within one customs code or another. Recycled content is a continuous quantity expressed as a share of mass. A customs code cannot carry a percentage.

- A customs code reserved for material that is entirely recycled would capture almost nothing. Blending recyclate with virgin material is standard practice, required for performance in most applications and for cost in the remainder. The customs code would thus risk recording close to zero imports and would in any case be defeated by the addition of a marginal share of virgin material.
- A generic customs code for material containing any percentage of recycled content would risk recording the entire mass of the consignment as recycled making the statistics unreliable. A shipment at for instance twenty per cent recycled content would be reported as if it were wholly recycled, overstating the flow fivefold.
- Setting an intermediate percentage threshold would be arbitrary, would create a cliff edge that invites blending to just above the threshold, and would still overstate every consignment above it. Alternatively, one could imagine multiple percentage thresholds being reported through a corresponding number of customs codes, multiplying the customs codes further.

¹ [https://ec.europa.eu/transparency/documents-register/detail?ref=COM\(2025\)805&lang=en](https://ec.europa.eu/transparency/documents-register/detail?ref=COM(2025)805&lang=en)

² Cefic wonders whether the use of dedicated TARIC sub-codes as an alternative to new CN codes was explored and, if so, for what reasons it was not retained. While Cefic also has reservations as to whether TARIC sub-codes alone would constitute a fully enforceable solution, their consideration would nonetheless have been relevant for completeness. As an EU-specific instrument designed to operationalise regulatory requirements at the border, TARIC could at least partially offer benefits in terms of targeted risk profiling, enhanced customs controls and improved visibility on imports of recycled materials, without being too intrusive.

Recycled content is regulated everywhere else in EU law as a percentage by mass, verified through documentation, i.e. under the Packaging and Packaging Waste Regulation or the Single Use Plastics Directive. A monitoring instrument that requires a percentage cannot be built on a classification that can only record a category.

This matters beyond data quality. Statistics derived from such codes would carry the authority of official trade data while systematically overstating recyclate imports. They would distort the market monitoring exercise announced in the Communication, and any measure subsequently built on that monitoring would rest on a defective evidential base.

1.2. The recycled character of the goods cannot be verified at the border

A CN code is applied by customs on the basis of the consignment presented. For instance, a chemically and physically recycled polymer is specified to be equivalent to virgin output, and equivalence is the commercial purpose of the route. In terms of composition, performance and the properties that a customs laboratory would examine, such a consignment may present no differentiation from virgin material³. This raises a question about the fit between the instrument and the attribute. The EU's established criterion for what belongs in the nomenclature is the objective characteristics and properties of the goods, in the interest of legal certainty and ease of verification⁴.

Where an attribute is not present in the consignment, applying it through classification would mean that physically identical goods receive different CN/HS codes on the basis of claims that cannot be tested at clearance, with the determination in practice moving to post-clearance audit and to divergent binding tariff information practice between Member States. The reach of a raw-material code would also extend beyond the codes created, into rules of origin drafted by change of tariff heading, the product scope of trade defence measures, and tariff suspensions and quotas.

1.3. Mass balance and high-performance recyclates would be excluded in practice

Under a mass balance chain of custody, the recycled attribute is an allocation recorded in a certified bookkeeping system and thus needs not to correspond to any actual molecule in the shipment presented at the border. Two physically identical shipments of the same grade, from the same installation on the same day, may carry different recycled content claims. Cefic does not see how a customs code could represent this. The declarant would be required to assign a classification that no examination of the goods can confirm or refute. The same objection applies to biomass balanced products and to certain mechanically recycled high-performance polymers.

1.4. Value-chain implications of recycled-content-based customs classifications

Introducing customs codes for recycled raw materials would create immediate pressure for corresponding customs codes for the articles manufactured from them. The policy rationale is straightforward: the recycled content targets that create incentives for fraudulent claims apply primarily to finished products, not to feedstocks alone. If additional customs codes are considered necessary to support enforcement at

³ The analytical protocol referred to in footnote 9 of COM (2025) 805 final concerns a specific method for distinguishing virgin from mechanically recycled PET.

⁴ Annex, Section I, point 2(a), to Council Decision (EU) 2023/2898 of 19 December 2023, carried forward in COM (2026) 278 final, Annex, Section I, point 2(a). See also General Rule 1 CN, Annex I to Council Regulation (EEC) No 2658/87 (OJ L 256, 7.9.1987, p. 1); Case C-72/21 *PRODEX*, EU:C:2022:312, para. 28; Case C-35/93 *Develop Dr. Eisbein* [1994] ECR I-2655, para. 18.

raw material level, the same logic would extend downstream to rPET preforms, sheet, fibre and bottles. Across the polymer families covered by HS Chapter 39 and their principal downstream articles, a measure presented as a targeted adjustment would therefore result in a much broader multiplication of customs codes throughout the sector.

The precedent would also be difficult to confine to plastics. As circularity requirements are extended to other material streams, similar demands for product differentiation and reporting could emerge elsewhere, creating pressure for further expansion of the customs nomenclature.

1.5. Operational consequences for supply chains and ERP systems

The consequences would extend far beyond customs administration. In enterprise resource planning (ERP) systems, customs codes are maintained as material master data, with each material record carrying only a single customs code. Any distinction introduced at customs level must therefore be mirrored in the material master. Additional customs codes consequently require additional material records and stock keeping units, with the multiplication occurring across all relevant product categories.

The resulting costs are both operational and administrative. Stock keeping units that are otherwise identical cannot be pooled once linked to different customs codes. They require separate inventories, safety stocks, storage locations and warehousing capacity, increasing working capital requirements and storage costs without any change to the physical material handled. The same multiplication effects arise across logistics planning, accounting processes, customer documentation and reporting systems.

The impact is particularly significant downstream, where feedstock origin is generally not a basis for commercial differentiation. Today, a finished article of a given design is typically managed as a single stock keeping unit regardless of the recycled content of the polymer used in its production. Extending customs codes to such products would introduce an artificial distinction where none currently exists. At the same time, it would not improve enforcement capability, as recycled content cannot be established through physical examination by customs authorities.

2. Cefic alternative: a Customs Declaration Mechanism for Recycled Materials Verification

Against this backdrop, Cefic has developed an alternative proposal for a 'Customs Declaration Mechanism for Recycled Materials Verification'. The mechanism is based on a double-verification approach to ensure traceability of recycled-materials imports and aims to create a level playing field by verifying recycled content in imported materials and goods without introducing additional restrictions to trade flows.

The mechanism is not a new architecture. It completes and extends instruments the EU has already adopted. The Commission Implementing Decision (EU) 2026/1425 of 30 June 2026 already establishes a declaration on recycled content, completed by recyclers, converters, food business operators and importers alike, which states the percentage of recycled plastic and is annexed to the declaration of compliance under Regulation (EU) 2022/1616, with the operator's certificates attached where mass balance accounting has been applied. What Cefic proposes is to build out this existing declaration architecture and to make it verifiable at the border through the EU Single Window.

The structure is not novel. Under the carbon border adjustment mechanism (CBAM), the EU already regulates embedded emissions, an attribute of the production process which likewise cannot be determined by examining the goods, and it does so without creating a single new customs code. Steel produced in an electric arc furnace and steel produced via a blast furnace are declared under the same code; the attribute is carried by registry data linked to the declaration, not by the nomenclature. The obligation rests on an authorized declarant established in the EU, or on an indirect customs representative acting for an importer that is not; operators of installations in third countries may register voluntarily so that their verified data can be used but are placed under no direct EU obligation; and verification is carried out by accredited verifiers rather than by public authorities. Cefic proposes the same architecture for recycled content, without the financial adjustment.

Rather than adding new customs codes at product/material level, the proposed approach focuses on the trade parties involved, thereby facilitating customs controls while avoiding artificial product differentiation. This is decisive for proportionality: the obligation falls only on operators who choose to make a recycled content claim, whereas a separate customs code splits the classification for every operator trading the polymer, including the large majority making no claim at all.

The mechanism also delivers the trade data objective that a customs code cannot. Because the declaration carries a percentage, recycled content can be multiplied by the weight of the consignment to give the actual recyclate tonnage entering the EU, which is the methodology Implementing Decision (EU) 2026/1425 already applies. A customs code would not be able to perform such detailed data.

Importantly, the proposed mechanism is designed to be technology-neutral, treating all recycling methods/pathways equally. It also aims to simplify compliance and reduce regulatory burden by building, wherever possible, on existing certification schemes. Conceptually, the proposal relies on certificates that confirm that goods were produced from recycled feedstock and specify the percentage of recycled material used in production. Such certificates are already issued under established schemes based on segregation, controlled blending or mass-balance approaches, including schemes such as ISCCPLUS5, RedCert26 or SCS7 and SCS Recycled Content Certification. The mechanism therefore uses data that regulated operators are already required to produce, rather than creating a classification determination that no operator currently makes.

The mechanism is designed to minimise extraterritorial reach. No operator is obliged to make a recycled content claim, and material carrying no claim is imported exactly as it is today, under the same customs code and with no additional formality. Where a claim is made, the EU does not authorise the foreign producer but recognises the certification scheme under which that producer is certified and places the enforceable obligation on the declarant established in the EU. The same requirements apply to material produced within the EU, consistent with the equal treatment of EU recyclers, converters and importers under Implementing Decision (EU) 2026/1425. What the mechanism regulates is the evidence the EU accepts at its own border in support of a voluntary claim, which is squarely within its own competence.

A de minimis threshold expressed in net mass should apply from the outset. The EU's experience with the CBAM is instructive: a threshold of fifty tonnes per importer per year was found to exempt around ninety per cent of importers while retaining coverage of some ninety-nine per cent of the emissions concerned.

⁵ <https://www.iscc-system.org/certification/iscc-certification-schemes/iscc-plus/>

⁶ <https://www.redcert.org/en-us/schemes/redcert2-for-the-chemical-industry/>

⁷ <https://fr.scsglobalservices.com/services/recycled-content-certification>

That threshold had to be introduced by amendment two years after adoption, having initially been set by consignment value, which produced burden without coverage. An equivalent mass-based calibration for recycled polymers should be built into the mechanism from the start rather than retrofitted.

2.1. Detailed description of the alternative solution:

The following section describes in detail what is needed for the individual steps outlined above. The explanation starts from the end as the different elements are coming here together.

I. EU Customs Requirements

The ‘Customs Declaration Mechanism for Recycled Material Verification’ is built around the idea that only customs declaration for products containing recycled content must include a dedicated certification that identifies the presence of recycled material. Additionally, to allow for verification of the presence of recycled content at the EU border, the EU importer of record must provide the standard code, a new Recycled Material Authorised Operator (RMAO) registration number related to the supplier of the recycled in its customs declaration and the reference number of the Recycled Material Declaration (RMD) covering the consignment in its customs declaration. The inclusion of the declaration reference is essential: it attaches a quantified, shipment-specific claim to the customs entry, rather than an operator-level attribute alone.⁸

Verification is carried out automatically at the point of declaration through the EU Customs Single Window Certificates Exchange System (EU CSW-CERTEX) established by Regulation (EU) 2022/2399, which already allows national customs authorities to access non-customs certificates, licences and permits held in EU systems through a single interface. Three checks are performed, all of them automated:

- that the RMAO registration exists, is valid and has not been withdrawn;
- that the declaration reference exists and corresponds to the consignor, consignee and commodity declared;
- that the recycled tonnage declared is recorded for the registration holder for the current period.

No shipment would be stopped as no volume limit applies. To be clear, Cefic does not propose an ex-ante allocated entitlement of the kind applied to fluorinated gases, which would amount to a quantitative restriction. Where no valid declaration accompanies a consignment, the recycled content is simply recorded as zero, and the goods are imported normally under the applicable code, with no recycled content recorded.

Data reconciliation is performed annually, when the aggregate recycled tonnage declared to customs per RMAO registration number is compared against the certified balance that has been submitted by each RMAO registration holder. This follows the logic already established for CBAM, under which goods are imported throughout the year, and the annual declaration reconciles them against verified data. It resolves the difficulty that a certified balance for a running period is established only retrospectively, and it avoids any need to block consignments against a figure that does not yet exist.

This reconciliation is the substantive control. Fraudulent recycled content claims are detected by comparing declared volumes against certified balances, not by laboratory analysis of the consignment. It requires no

⁸ This also applies to certain export situations to non-physical territories and outward processing schemes.

examination of the goods, and it is possible only because the declaration carries a quantified claim. A customs code-based system could not produce such record. Discrepancy at reconciliation would trigger audits and, where warranted, the revocation of a recycled content claim previously attributed to that consignment or even to withdrawal of the registration and the consequences set out in Part III.

A de minimis threshold should apply. Importers whose aggregate annual imports of covered materials fall at or below a threshold expressed in net mass are outside the mechanism entirely: no registration reference is required in the customs declaration, no RMD need accompany the consignment, and no reconciliation is performed. The threshold is calculated on the net mass recorded in the customs declaration, aggregated per importer over the calendar year, so that a single figure governs the whole of an operator's exposure. Material imported below the threshold is not thereby treated as virgin; it is simply outside the scope of the claim mechanism, and no recycled content is recorded for it in the trade statistics.

II. Scheme for Obtaining the RMAO registration

- a) To obtain an RMAO registration, a recycled material supplier must be certified under an EU-recognised recycled-content certification scheme drawn from a Commission approved list, with all schemes subject to harmonised minimum governance requirements. Certification should be carried out against ISO/EN standards. A designated EU authority periodically would be auditing certifiers to ensure compliance ('audit the auditors'). The Commission would be empowered to suspend or de-list schemes that fail governance or performance reviews. Audit depth requirements should be differentiated and calibrated to the traceability methodology employed by the operator. Embedding robust governance standards into the mechanism from the outset is essential to ensure its long-term credibility and to maintain the confidence of industry, regulators and the public alike.
- b) RMAO registration follows from certification. The EU-recognised recycled-content certification body notifies the recognised certification to an established EU register, which records it and issues a unique RMAO registration number. No separate application to an EU authority is required of the operator, and no EU authority grants or refuses the registration. For operators established in the EU, the procedure may be linked to the AEO self-assessment framework, allowing them to leverage existing customs simplification benefits.
- c) The competent EU authority will conduct annual sample checks of at least ten import declarations for which recycled material was claimed, per RMAO registration holder. That figure is a minimum rather than a ceiling: there shall be no upper limit, preserving full enforcement flexibility, and the frequency should be increased proportionally for trade flows identified as high risk, including where the period-end reconciliation has disclosed a discrepancy, or where the registration holder is within its first full year of operation.

III. Governance, Implementation and Enforcement

- a) **Implementation:** To implement the mechanism, the Commission would need to establish a secure and interoperable EU database to facilitate RMAO registration, certification tracking, and annual reporting. Moreover, customs IT systems will need to be updated to recognise the RMAO registration number and RMDs and perform automated verification against the EU database which is a connection through EU CSW-CERTEX rather than a new customs system and follows a route Member States have already implemented for other non-customs formalities. Customs authorities and traders would need to be trained in using the new system.

- b) **Monitoring:** The Commission should also use the mechanism to actively monitor trade flows of recycled materials and publish quarterly reports detailing imports and exports under the existing customs codes to which the recycled material belongs, expressed as recyclate tonnage derived from declared percentages.
- c) **Enforcement:** Enforcement does not rest on the new framework alone. A false recycled content claim engages the declarant's liability for the accuracy of the information provided in the customs declaration under Article 15 of the EU Customs Code, with the attendant exposure to national penalties and to reassessment of authorised economic operator status. The claim is verifiable without examining the goods: the declaration reference either exists and corresponds to the parties and commodity declared, or it does not, and the volumes claimed either reconcile against the certified balance at period end, or they do not. Consequences also reach beyond the declarant, since a false claim puts the supplier's registration and the recognition of its certification scheme at risk. Because the quantified claim originates with the certified producer rather than with an importer who may have no knowledge of the feedstock, responsibility rests where the relevant knowledge sits.

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About Cefic

Cefic, the European Chemical Industry Council, is the forum of large, medium and small chemical companies across Europe, accounting for 1.2 million jobs and 13% of world chemicals production. On behalf of its members, Cefic's experts share industry insights and trends, and offer views and input to the EU agenda. Cefic also provides members with services, like guidance and trainings on regulatory and technical matters, while also contributing to the advancement of scientific knowledge.