

CALL FOR EVIDENCE FOR AN IMPACT ASSESSMENT

This document aims to inform the public and stakeholders on the Commission's future legislative work so they can provide feedback on the Commission's understanding of the problem and possible solutions and give us any relevant information that they may have, including on possible impacts of the different options.

TITLE OF THE INITIATIVE	Circular Economy Act
LEAD DG (RESPONSIBLE UNIT)	DG ENV B3 ('From Waste to Resources') and DG GROW I4 ('Sustainable Products')
LIKELY TYPE OF INITIATIVE	Regulation
INDICATIVE TIMETABLE	Q4-2026
ADDITIONAL INFORMATION	Clean Industrial Deal Competitiveness Compass

This document is for information purposes only. It does not prejudice the final decision of the Commission on whether this initiative will be pursued or on its final content. All elements of the initiative described, including its timing, are subject to change.

A. Political context, problem definition and subsidiarity check

Political context

The circular economy is key to boosting the EU's economic security, resilience, competitiveness and decarbonisation. 'Going circular' is also what the [broader public](#) see as the most effective solution to environmental challenges. However, progress towards circularity has been insufficient so far. Greater efforts were required, as underlined in the recent calls from European industries in the [Antwerp Declaration](#), the European Council in the [Budapest Declaration](#), the European Parliament and in the reports of [Enrico Letta](#) and [Mario Draghi](#). The [Political Guidelines 2024-2029](#) of Commission President von der Leyen, the [Competitiveness Compass](#) and the [Clean Industrial Deal](#) again confirmed the EU's commitment to accelerate the transition towards circularity and announced the Circular Economy Act (CEA) to be adopted by the end of 2026. With this initiative, the Commission aims to reinforce the single market for waste and secondary raw materials, increasing the supply and demand of quality secondary raw materials at competitive prices, and 'getting the economics right' for these markets.

Problem the initiative aims to tackle

The EU is dependent on the import of many raw materials, including critical ones, its resource efficiency is insufficient, and environmental externalities from the linear economy are not internalised. To reduce this dependence, improve our competitiveness, and reduce pressures on the environment, a strong circular economy is essential. However, progress towards a circular economy has been too slow, with the circularity rate in the EU economy being essentially stagnant over the last 15 years (from 10.7% in 2010 to 11.8% in 2023). The supply and demand of secondary raw materials is insufficient or imbalanced, both in terms of quantity and quality. This low uptake of secondary raw materials has both regulatory and economic causes: the price of the secondary raw materials is often higher while their quality is often lower. As a result, they cannot compete with the primary raw materials without targeted economic incentives, a conducive legislative framework, and strong verification and compliance mechanisms. Additionally, the single market for secondary raw materials and waste is fragmented, which puts burden on economic operators and prevents circularity and economies of scale from unfolding. Therefore, the main problem that the CEA seeks to address is the slow transition to circularity in the EU.

This problem is driven by several regulatory and market failures. Firstly, heterogeneous interpretations and implementation of EU rules by Member States create a fragmentation of the single market, making it costly for businesses to convert waste into valuable secondary raw materials and preventing economies of scale. Secondly, higher prices of secondary raw materials do not reflect their lower environmental impacts. Thirdly, consumers and sellers of secondary raw materials face information constraints and asymmetries, behavioural biases, transitional costs and risks of fraud. Fourthly, unaccounted waste streams and 'leakages' of secondary raw materials, including critical raw materials, lead to mixed or 'incorrect' waste streams being incinerated, landfilled and (illegally) exported. By tackling issues of legal uncertainty and removing single market barriers, the CEA aims to reduce burdens and ensure simplification.

Basis for EU action (legal basis and subsidiarity check)

Legal basis
<p>Article 114 of the Treaty of the Functioning of the European Union (TFEU) is expected to be the legal basis as it enables the EU to adopt measures that strengthen harmonisation, ensuring a level playing field within the single market while supporting the transition to circularity. These measures will address the problems driving the single market's current fragmentation related to secondary raw materials, waste and products. Additional measures might emerge from the impact analysis, which may rely on a different legal base.</p>
Practical need for EU action
<p>The current context requires EU intervention to remove the single market barriers for waste, secondary raw materials and products and to support the EU circular economy business case. The problem cannot be adequately addressed by Member States due to the need for regulatory simplification and harmonisation across the EU. Without an EU approach, circularity will not be able to reach the scale required to be competitive and economically viable. The problem is sometimes even exacerbated by Member States and sub-national authorities through heterogeneous interpretations and implementation of existing legislation. Another important component is the export of waste and secondary raw materials, which also requires EU intervention. Only EU-level actions can ensure a level playing field in the single market and create the conditions for the necessary economies of scale. More coordination across Member States has shown to be insufficient to overcome the fragmentation of the single market. The absence of EU-level actions would largely maintain the status quo, putting at risk the EU recycling industries and thus increasing the dependence on non-EU manufacturers to achieve the EU's green, digital, defence and economic security objectives. Action at EU level would provide added value by simplifying the regulatory burden and administrative practice and creating a faster, more coordinated framework to facilitate investments in circularity and job creation, increase the efficiency of these investments and strengthen the EU's economic security.</p>
B. Objectives and policy options
<p>The CEA aims to increase circularity in the single market. The baseline scenario (status quo) already includes legislation advancing circularity (e.g. Waste Framework Directive, Ecodesign for Sustainable Products Regulation Packaging and Packaging Waste Regulation). However, these initiatives cannot unfold their potential unless the barriers to circularity in the single market are removed and there is sufficient and cost-effective supply of high-quality, verifiable secondary raw materials.</p> <p>The CEA aims to help create sufficient supply and demand for secondary raw materials (including critical ones) and a true single market for waste and secondary raw materials. Both supply and demand-side legislative and non-legislative measures will be analysed, complemented by simplification of procedures and reduced administrative burdens. The CEA's interventions can be structured around two main pillars:</p> <ul style="list-style-type: none"> • First, it will address e-waste (electronic and electrical equipment), the fastest growing waste stream at 2% per year, of which less than 40% is recycled, to ensure its effective collection and recycling and to generate market demand for the secondary critical raw materials they contain. Existing rules may need to be revised to make them fit-for-purpose and simpler. • Second, a mix of interventions to foster the single market for waste, secondary raw materials and their use in products could be considered. This may cover, among others, the reform of end of waste criteria; the simplification, digitalisation and extension of extended producer responsibility schemes; and setting mandatory, targeted, impactful, and implementable criteria for public procurement of circular goods, services and works to stimulate EU demand.
C. Likely impacts
<p>The transition to a circular economy will have a positive impact in diversifying and greening supply chains and contributing to economic security. Circular practices help to reduce costs for EU manufacturing companies, which typically spend more than twice as much on materials as on labour or energy. Furthermore, circular practices are essential to achieve climate neutrality by 2050 since they will contribute with at least 20-25% of the greenhouse gas emissions required to achieve this target, notably by lowering emissions from the land, energy and industry sectors, and lowering the need for carbon capture and industrial removals. The public also benefits from a circular economy: it can lower the cost of living thanks to increased reuse, repair, and more durable products; it helps to improve health and protect the environment through reduced emissions, waste, and pollution; finally, promoting circular business models can help create new jobs, especially in SMEs.</p> <p>The costs and benefits of the various options will be investigated and quantified as far as possible. The initiative will seek to identify measures for burden reduction and simplification. Special attention will also be paid to analysing the impacts on SMEs, the EU's competitiveness and international trade.</p> <p>The initiative is expected to support the following Sustainable Development Goals: goals 8, 9, 12 and 13.</p>

D. Better regulation instruments
Impact assessment
<p>The Commission will carry out an impact assessment to assess different policy options and their likely impact. External support studies will contribute to underpin the analysis and the impact assessment. It will include a thorough economic, environmental and socio-economic assessment.</p>
Consultation strategy
<p>The purpose of the consultation activities is to collect evidence and views from stakeholders (e.g. businesses, non-governmental organisations, civil society organisations), public authorities and the general public through:</p> <ul style="list-style-type: none"> i) This call for evidence and the accompanying public consultation. Replies to this call for evidence can be made in any of the 24 official EU languages. ii) Targeted consultations with Member States, social partners, specific stakeholders and experts. <p>Targeted stakeholder workshops will be organised, as appropriate, targeting in particular SMEs (e.g. making use of networks such as the Enterprise Europe Network and the cluster collaboration platform).</p> <p>Eight weeks after the closing of the public consultation, a factual summary will be published on 'Have your say'. A synopsis report of all consultation activities will be published as an annex to the impact assessment.</p>
Why we are consulting?
<p>The consultation aims to ensure that all relevant stakeholders, public authorities and individuals can provide their views, evidence and experience regarding circularity in the single market to support the preparations for the CEA. This will also improve the evidence base underpinning the initiative and enable the Commission to take into consideration information and views on the problems and potential solutions.</p>
Target audience
<p>All individuals, public authorities and stakeholders (e.g. businesses, non-governmental organisations, civil society organisations) within and outside the EU are welcome to contribute to this consultation. Contributions are particularly sought from:</p> <ul style="list-style-type: none"> • the public; • Member States' national and sub-national administrations (including market surveillance authorities); • individual businesses (including SMEs) and business associations from the sectors representing various manufacturers, recyclers and other waste management operators; • European, international and national trade associations; • social partners; • producer responsibility organisations; • standardisation organisations; • certification bodies; • non-governmental organisations and civil society organisations; • research & scientific institutions; • third country trading partners.