FNADE POSITION
Circular Economy Act

July 23, 2025

FNADE, the French federation for waste management and environmental services, fully supports the ambition of the Circular Economy Act (CEA) to position the EU as the world leader on circular economy. We welcome the European Commission's recognition of the strategic role of the waste management sector in ensuring the EU's industrial competitiveness, sovereignty, and resilience, especially in an unstable geopolitical context that threatens the integrity of value chains and the supply of raw materials.

The commitments of the Commission to create a single market for secondary raw materials, to make recycling and circularity of materials more competitive and strengthen the EU's industrial resilience, are excellent signals sent to EU industry. FNADE sets out its priorities and puts forward concrete measures to address the current demand crisis for European recycled materials, which remains to date the most significant obstacle to establishing a truly circular economy.

Three pillars for an ambitious and operational Circular Eocnomy Act:

1. **Recognise the circular economy as a driver of resilience and sustainable competitiveness in the EU**
   The waste management industry provides essential services and produces circular resources. It directly contributes to securing supplies of recycled metals, plastics and textiles, fertilisers, etc. and to reducing other strategic dependencies, including critical raw materials. It is therefore essential that this sector be considered an industry on its own and systematically associated to the development of any new industry-related regulations.

2. **Strengthen the market for recycled materials to boost our sovereignty**
   The EU recycling industry is facing a structural imbalance between production capacity for recycled materials that is sufficient to meet targets and demand that is too low to ensure the sector's long-term viability. This imbalance is particularly acute for plastics and textiles. A strong circular industrial policy is therefore necessary to address this crisis, reinforce the EU recycling industry before it disappears, and create new capacities to secure the EU's supply of secondary critical raw materials.

3. **Design waste management policies in line with their specificities**
   It is necessary to streamline the rules governing Extended Producer Responsibility (EPR) schemes at the European level, taking into account the French experience in their roll-out and implementation. In France, this has often penalised waste management operators and failed to achieve the intended environmental objectives. EPR schemes must be embedded within an industrial recycling strategy; they must be limited to cases of market failure (i.e., when recycling is less competitive than other treatment options); they must be strictly financial in nature. It is also vital that Producer Responsibility Organisations (PROs) operate under a balanced governance structure in which waste management companies are fully involved. Furthermore, we call for considering the specificities of hazardous waste and waste containing substances of concern. A dedicated framework should be established to address their circularity and decontamination, in order to avoid the risks of downgrading or normalising these waste streams, which would compromise human health, the environment, and the quality of recycled materials.

Recognise circular economy as a driver of resilience and sustainable competitiveness accross the EU

Include waste management operators within the European value chain

The EU must foster a vision of competitiveness that is driven by social and environmental ambition. This sustainable approach to competitiveness should guide our international partners towards fair production conditions that go beyond purely economic criteria. In this context, sustainable waste management is a strategic lever. It allows to reconcile territorial resilience, industrial innovation and social fairness.

Moreover, the international context and the urgent need to transform our economic model to meet climate objectives are pushing the EU to secure its supply of materials. Waste treatment and recycling operators must be fully recognised as strategic links in the European value chain. They are not merely waste service providers, but value creators and industrial players, exposed to significant technical and economic risks in a context of growing pressure on raw materials.

Our priorities:

1. **Fully recognise the strategic role of the waste management industry,** which must be included in discussions on an equal footing with raw material producers and manufacturers. Their expertise in recycling is essential to closing material loops and reducing dependence on imports.
2. **Create markets for recycled metals.** Introduce mandatory minimum recycled content targets in key industrial sectors (steel, copper, aluminium, lithium, rare earth elements…), following the example of plastics. This would help secure volumes, stabilise prices, and accelerate investments in sorting and decontamination technologies.
3. **Finance the technological upgrading of recycling facilities.** Support the development of advanced technologies such as alloy-specific sorting, local refining, and the treatment of rare earth elements and impurities (e.g. aluminium, copper, photovoltaic panels) that are crucial to ensuring material sovereignty.
4. **Strengthen the collection of and secure strategic waste streams.** This is particularly important for lithium batteries (scattered volumes), electric cables (require suitable industrial outlets), and photovoltaic panels (require quality sorting and the recovery or rare metals).
5. **Adopt a holistic approach to the circular economy.** For example, instead of being sent to landfills, incineration bottom ash can be recycled and used in civil engineering works (e.g. road subbase), contributing to resource efficiency.
6. **Avoid counterproductive measures such as export bans on metals.** Such bans would severely impact the economic viability of recycling operators, contradicting market needs, and would likely result in retaliatory measures from non-EU countries. The core issue, that must be addressed as a priority, is the insufficient demand for recycled metals in Europe.

Strengthen the market for recycled materials to enhance our sovereignty

Making waste management a matter of sovereignty

The EU material and energy recovery industry has made significant investments to meet the EU's climate and circularity targets. However, these efforts are currently undermined by insufficient demand, particularly for recycled plastics, driven by the influx of low-cost virgin raw materials. Moreover, the planned ban on exports of plastic waste to non-OECD countries by the end of 2026 risks worsening the crisis by limiting treatment options to incineration or landfill.

In 2023, the price of certain recycled plastics fell by 50%, and demand remains weak in the face of competition from cheap imported virgin plastics. As a result, only 13.4% of European plastic production is recycled, and nearly half of the plastic waste collected is incinerated, largely due to poor product design. The consequences are already visible: around ten recycling companies have gone bankrupt in the Netherlands in recent years, and, across the EU, mechanical recycling fell by 7,8% in 2023, a first in many years.

To overcome this deadlock, Europe must shift from a logic of waste management to a logic of strong, predictable, and regulated stimulation of demand for recycled materials. A first step in this direction would be to make the 24% circular material use rate (CMUR) target by 2030 set out in the Clean Industry Pact a binding target.

Our priorities:

7. **Create the right conditions for a market for recycled materials by** imposing and strengthening mandatory minimum recycled content targets in selected sectors (packaging, automotive, textile, construction, etc.), by establishing economic incentives such as a "circular VAT" for products containing recycled materials, and by integrating non-price criteria into EU public procurement legislation. Until a regulatory framework ensuring fair competition between virgin and recycled materials is fully operational, urgent measures are needed, including greater flexibility in State Aid rules for existing recycling facilities.
8. **Improve surveillance of imports of recycled materials and ensure a level playing field** by implementing separate customs codes for virgin and recycled plastics, backed by physical inspections and strict sanctions.
9. **Align all circularity-related regulations** across the entire value chain, from eco-design to end-of-life treatment (e.g., REACH, End-of-Life Vehicles Regulation (ELVR), Batteries Regulation, etc.)
10. **Establish a proximity and preference principle for high-demand European recycled materials**, in order to prevent market distortions while ensuring the best possible treatment for European waste. This proximity principle could be embedded, for instance, in EU public procurement rules or in instruments such as eco-modulation.

In the field of public procurement, France's Anti-Waste Law for a Circular Economy (AGEC) Law, adopted in 2020, requires public purchasers to allocate a minimum proportion of their annual spending to products that are reused, repurposed, or contain recycled materials. For example, for vehicles and spare parts, this proportion will rise to 70% by 2030. In other words, for an annual expenditure 1 000 000 € on vehicules and parts, 700 000 € must be spent on products incorporating recycled content.

Harmonise rules to strengthen the internal market for recycled materials

Rules governing End-of-Waste (EoW) status currently vary from one Member State to another. This fragmentation hinders the proper functioning of the internal market and restricts the flow of secondary raw materials. The EU must establish a stable, harmonised and robust regulatory framework to accelerate the development of EoW criteria at EU level while clearly distinguishing between the challenges linked to non-hazardous waste (e.g competitiveness, standardisation) and those specific to hazardous waste (e.g. risk management).

Our priorities:

11. **Harmonise End-of-Waste criteria at EU level**, with common requirements on quality, traceability and safety. Any mutual recognition mechanism would carry a serious risk of race to the bottom.
12. **Increase transparency on the traceability and quality of material flows**. We support the development of a digital product passport while advocating for proportionate implementation to avoid the administrative burdens observed with previous tools (such as the SCIP database).
13. **Ensure the quality of recycled materials.** We support a European approach based on the traceability of substances from the design stage, a standardised method for quality measurement and coherent rules on thresholds, emissions and treatments.

Strengthen well-established circular value chains

When recovered into fertilisers, soil improvers, biomethane or bio-based inputs, bio-waste strengthens the resilience of EU agriculture, reduces dependence on fossil-based inputs, and contributes to the EU's energy and climate sovereignty.

Our priorities:

14. **Revise existing legislation to remove regulatory obstacles.** The Waste Framework Directive (WFD), the Nitrates Directive, the Fertilising Products Regulation and the Animal By-Products Regulation form afragmented incoherent and often impractical framework. For example, the 95% purity requirement for CMC 11 (by-products under the WFD) hinders well-established solutions. Likewise, the current recognition procedure for agricultural by-products as secondary raw materials is ineffective: not a single application was successful in the past three years, hindering the commercialisation of innovations such as struvites or biochar.
15. **Support demand for circular fertilisers and local bioenergy:** mandatory minimum recycled content targets in agriculture and incentives towards biomethane use would strengthen the economic viability and attractiveness of these sectors. However, lengthy authorisation procedures, cross-border transport regulations and the lack of a harmonised EU biomethane market continue to hamper their development.
16. **Clarify the definition of bioplastics** by clearly distinguishing bio-based plastics (as opposed to fossil-based plastics) from biodegradable plastics. The latter disrupt recycling streams when incorrectly sorted. A clear definition would help streamline identification, treatment and regulation. It is also essential to limit the proliferation of biodegradable resins and ensure their recyclability. Indeed, biodegradable plastics do not add any organic value to compost.

French EPR schemes: an implementation that ignores economic balances

The French model of Extended Producer Responsability (EPR), currently comprising 24 schemes, is a striking example of flawed and inappropriate implementation which disrupts markets and economic balances without delivering meaningful environmental outcomes. This assessment was confirmed in a recent report by French State inspection bodies[1].

Our priorities:

17. **Limit the creation of new EPR schemes to clearly demonstrated market failures.** The proliferation of EPR schemes, often introduced without proper impact assessments, unnecessarily complicates the system. EPR expansion should focus solely on poorly performing or underdeveloped value chains where it can act as a credible and effective policy lever.
18. **Allow only financial PROs and ensure balanced governance.** Currently, the governance of PROs is dominated by producers, often leading to decisions based on cost reduction rather than environmental performance. To ensure a management which is both transparent and aligned with recycling and circularity goals, PROs should operate solely as financial mechanisms and include all stakeholders in their governance structures.
19. **Establish an independent regulatory authority at national level.** Effective EPR oversight requires a dedicated authority that has the power to verify data, audit PROs and impose sanctions for non-compliance. With neither real powers nor independent access to data, current bodies, such as ADEME in France, which lack a legal mandate and resources, cannot ensure fair competition between operators and transparency of performance.

- The implementation of the EPR scheme for Construction Products and Materials for the Building sector (PMCB) has proven largely ineffective. This setback stems from **the existence of a pre-existing, well-structured upstream collection and recycling system**, which was disrupted by **major changes in operational practices**, notably the free take-back obligation. This requirement led to a **decline in source separation** by waste holders, undermining both the coverage of treatment costs and the competitiveness of secondary raw materials prices. A moratorium has been decided to redefine the framework conditions of this EPR scheme.
- A report of the French Court of Auditors highlighted the **lack of stakeholder representativeness in the decision-making bodies of PROs and the resulting negative impact on the achievement of recycling and circularity targets**. This report also pointed to the **ineffectiveness of enforcement and control mechanisms[2].**
- On 12 March 2025, the French government proposed a bonus scheme for the incorporation of recycled plastic, ranging from 450 € to 1 000 € per tonne of recycled plastic incorporated by producers. This bonus scheme applies to several EPR schemes (packaging, WEEE, toys, etc.) and aims to **support the use of recycled plastics by directly supporting producers.**

[1] Inspection générale de l'environnement et du développement durable (IGEDD), *Performances et gouvernance des filières à responsabilité élargie du producteur*, Rapport n° 015523-01, juin 2024, disponible en ligne : https://www.igedd.developpement-durable.gouv.fr/IMG/pdf/015523-p_rapport_publie_cle01f1cb.pdf

[2] Cour des comptes, *Rapport public annuel 2020*, Tome I, « La gestion publique », Partie 2 : « Les éco-organismes : une performance à confirmer, une régulation à renforcer », février 2020, p. 427, disponible en ligne : https://www.ccomptes.fr/sites/default/files/2023-10/20200225-RPA-2020-tome-I_0.pdf

Mechanical and chemical recycling: Choosing the right technology

Chemical recycling has sparked growing hope in recent years within European debates on plastic circularity. Despite still lacking industrial maturity and being highly energy-intensive and carbon-emitting compared to mechanical recycling, it may have a complementary role to play, especially in processing hard-to-recycle plastics for further use in demanding applications (for example flexible polyolefins used in food packaging).

The generic term "chemical recycling" encompasses a range of distinct technologies (dissolution, solvolysis, pyrolysis, gasification), each at varying stages of industrial maturity. Each technology offers specific benefits, particularly in terms of purification and treatment of complex resins. However, they also entail significant environmental, energy and economic limitations.

Our priorities:

20. **Ensure complementarity with mechanical recycling.** Chemical recycling must not, under any circumstances, compete with material streams already recovered through mechanical recycling, which is more mature, efficient, and less carbon intensive. Priority access to feedstock must be preserved for existing recycling sectors, and any incentive that could encourage the degradation of sorted material streams must be avoided.
21. **Regulate the development of chemical recycling** with clear requirements and robust certification. This includes establishing harmonised methodologies for calculating recycled content and accurately assessing the environmental impacts of the various technologies (particularly thermal techniques such as pyrolysis, which are highly energy intensive, or processes that rely on the use of solvents).
22. **Support the emergence of an integrated and sustainable European sector.** This involves proportionate R&D support between mechanical and chemical recycling and strengthening separate collection systems for complex plastics so that mechanical solutions can operate to their full potential.

In February 2025, the European Commission authorised France to support chemical recycling programmes with funding of up to 500 M€, targeting specific types of plastic waste such as trays, films, bottles, and textile materials containing polyester. We believe that such support efforts must remain proportionate and that this type of aid should not be denied to other recycling techniques which have already proven effective and offer at least an equivalent level of environmental performance.

Ensure a tailored framework for the treatment, recovery – including energy recovery – and intra-EU shipment of hazardous waste

The circular economy and the development of treatment methods adapted to the specific nature of waste enable waste management companies to optimise processing and enhance the recovery of products and materials. However, waste management companies do not produce this waste and, therefore, cannot control the quality on incoming streams or the potentially hazardous substances they contain.

Hazardous waste management companies contribute to territorial resilience and to securing Europe's resource sovereignty. However, they remain responsible for ensuring the appropriate treatment for all hazardous waste they receive, in accordance with their hazardous properties or the dangerous substances they contain.

Whether the waste originates from imported products or is generated in Europe, it is essential to treat the processing, recovery and circularity of hazardous waste as a specific and distinct regime.

Our priorities:

23. **Review the intra-EU shipment regime for hazardous waste** to ensure it is specific and adapted. Currently, the regulation imposes a general ban on transfers covered by "disposal" codes (D) within the EU. This creates issues for hazardous waste management, as necessary operations such as incineration fall under these codes. Yet, hazardous waste transfers are essential because treatment facilities are not evenly distributed across the EU. Industrial sites located in under-equipped regions must be able to access treatment facilities in other Member States to maintain the competitiveness of EU industry.
24. **Safeguard the core mission of our sector, which is to protect human health and the environment.** In this regard, we draw attention to the risk of reclassifying certain waste, especially hazardous waste, as non-hazardous, or even as "products". Such downgrading results in a loss of traceability and opens the door to inappropriate treatments or uses, potentially leading to the spread of pollutants and hazardous substances into the environment and among the population. The drive for greater circularity must not come at the expense of health and environmental safety. We fully support the circularity of materials, but not the recirculation of toxic substances.

Italy lacks sufficient hazardous industrial waste thermal treatment capacity. Current national capacity stand at around 300 000 tonnes while approximately 521 000 tonnes are exported to other EU countries.