

FNADE POSITION

Circular Economy Act

6 November 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 recycled raw materials (RRM), 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 lack of demand for European recycled materials, which remains to date the most significant obstacle to establishing a truly circular economy.

Four pillars for an ambitious and operational Circular Economy 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 RRM to boost our sovereignty

The EU recycling industry is facing a structural imbalance between production capacity for RRM 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. To address this crisis, it is necessary to put in place a strong circular industrial policy, reinforce the EU recycling industry by systematically including strong mirror clauses and limiting imports of virgin materials where justified, in order to secure the EU's supply of RRM, including critical materials.

3. Restructure the framework of EPR schemes to promote circularity

It is necessary to streamline the rules governing Extended Producer Responsibility (EPR) schemes at the European level, taking into account the French experience, characterised by a costly, complex model, lacking industrial vision, which failed to achieve the intended environmental objectives. EPR schemes must be embedded within an industrial recycling strategy; they must be implemented only in cases of market failure (when recycling is less competitive than other treatment options); they must be strictly financial in nature. Producer Responsibility Organisations (PROs) must operate under a balanced governance structure in which waste management companies are fully involved.

4. Ensure a specific framework for hazardous waste and substances of concern

It is paramount that the EU recognises the specificities of hazardous waste and waste containing substances of concern. A dedicated framework should be established to ensure their safe management, protect human health and the environment, and prevent risks of dilution or spreading of these substances in recovery channels. We also ask for the utmost vigilance with regards to the risks of downgrading or normalising these waste streams.

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. **Strengthen market opportunities within the EU 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 modernisation and technological innovation 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 of rare metals).
5. **Adopt a holistic approach to the circular economy**, as each stage of treatment offers a new opportunity to recover materials. For example, incineration bottom ash can be recycled and used in civil engineering works (e.g. road subbase), instead of being sent to landfills. This furthermore justifies the inclusion of incineration with energy recovery in the EU taxonomy.
6. **Refrain from implementing counterproductive measures such as export bans on metal scrap**. Such bans would severely impact the economic viability of recycling operators and the recycling rates of metals. The core issue, that must be addressed as a priority, is the insufficient demand for recycled metals in Europe.

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 the European production of post-consumer, mechanically-recycled plastics fell by 7,8% between 2022 and 2023.

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 "Made in Europe" RRM. 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 dynamic and integrated market for RRM** by setting up and strengthening mandatory minimum recycled content targets in selected sectors (packaging, automotive, textile, construction, etc.), by prioritising RRM recycled in Europe to achieve these targets, by establishing economic incentives such as a "circular VAT" for products containing RRM, and by integrating non-price criteria into EU public procurement legislation.
- 8. Ensure a level playing field by introducing robust mirror clauses.** Whenever the EU sets mandatory minimum recycled content targets, it is essential that mirror clauses apply to imported materials and products. This would guarantee that waste processed outside the EU meets the same environmental, social and quality requirements, and that exporting countries comply with equivalent rules on waste management and recycled content obligations.
- 9. Better control imports of RRM and ensure a level playing field** by implementing separate customs codes, in particular for virgin and recycled plastics, backed by physical inspections and strict sanctions.
- 10. Establish a proximity and preference principle for high-demand European RRM**, 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.
- 11. Embed circularity in all new and existing regulations**, from eco-design to end-of-life treatment (e.g. REACH, regulations on end-of-life vehicles, batteries, etc.).

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 RRM. 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 vehicles and parts, 700 000 € must be spent on products incorporating recycled content.

Harmonise rules to strengthen the internal market for RRM

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 RRM. 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:

- 12. Harmonise End-of-Waste criteria at EU level and accelerate their development and adoption**, with common requirements on quality, traceability and safety. Any mutual recognition mechanism would carry a serious risk of race to the bottom.
- 13. Increase transparency on the traceability and quality of material flows**. As such, we support the development of a digital product passport provided that it is implemented in a proportionate manner and in coordination with the European recycling industry, in order to ensure that it is useful for circularity whilst avoiding the administrative burdens observed with previous tools (such as the SCIP database).
- 14. Ensure the quality of RRM**. 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, 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:

- 15. 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 a fragmented, incoherent and often impractical framework. For example, the 95% purity requirement for by-products under the WFD (component material category – CMC 11) hinders well-established solutions.
- 16. Support demand for circular fertilisers and local bioenergy**: economic incentives towards their use would strengthen the economic viability and attractiveness of these sectors.
- 17. 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 as well as clarify the regulatory framework. It is essential to limit the number of bio-based and biodegradable resins put on the market. Indeed, a plastic is only biodegradable in industrial conditions. Conversely, it poses problems of degradation in the natural environment. In any case, it does not add any organic value to compost.

Design the framework for EPR schemes to promote circularity

The French model of Extended Producer Responsibility (EPR), currently comprising 24 schemes (compared to 5 mandatory EPR schemes at EU level), is a striking example of flawed and inappropriate implementation which disrupts markets and economic balances without delivering meaningful outcomes in terms of environmental performance. This assessment was confirmed in a recent report by French inspection bodies¹ and two reports from the French National Assembly² and Senate³.

Our priorities:

- 18. Reserve the creation of new EPR schemes for and focus their intervention to clearly demonstrated market failures.** That is, when the costs of the various waste management options are not aligned with the waste hierarchy and circularity objectives (when landfill or incineration is less expensive than sorting and recycling, or when raw materials from primary extraction remain cheaper than RRM). The proliferation of EPR schemes, often introduced without proper impact assessments, unnecessarily complicates the system and creates market distortions in various forms, particularly in mature and efficient markets. EPR should therefore be considered a policy instrument of last resort, applied only when no credible and more effective alternative can achieve comparable environmental outcomes.
- 19. Allow only financial PROs.** Intervention must be limited to financial incentives and clearly separated from operational waste management (including the centralisation of waste management contracts) or advisory activities. This separation is essential to preserve market openness and fair competition, which are the main drivers of profitability and continuous innovation.
- 20. Ensure that all stakeholders are represented in the governance of PROs.** Currently, the governance of PROs brings together exclusively producers, further leading to decisions based on cost reduction rather than environmental performance. To develop shared industrial strategies and ensure a management which is both transparent and aligned with recycling and circularity goals, it is essential to ensure that the entire value chain is involved in EPR governance, including waste management and recycling companies in the decision-making process. This is a prerequisite for ensuring that EPR systems contribute to the implementation of an industrial approach to resource circularity.
- 21. 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, which lack a legal mandate and resources, can neither ensure fair competition nor 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 organisational 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 RRM prices. **A moratorium has been decided to redefine the framework conditions of this EPR scheme.**
- All 3 above-mentioned reports (by French inspection bodies in 2024, the French National Assembly in 2024 and the Senate in 2025) point to the **ineffectiveness of EPR schemes in achieving environmental objectives and the lack of**

¹ Inspection générale de l'environnement et du développement durable (IGEDD), Inspection générale des finances (IGF), Conseil général de l'économie, de l'industrie, de l'énergie et des technologies (CGE), *Performances et gouvernance des filières à responsabilité élargie du producteur*, Report n° 015523-01, June 2024, available online: https://www.igedd.developpement-durable.gouv.fr/IMG/pdf/015523-p_rapport_publicie_cle01f1cb.pdf

² Assemblée Nationale, *Rapport d'information sur l'évaluation de l'impact de la loi n° 2020-105 du 10 février 2020 relative à la lutte contre le gaspillage et à l'économie circulaire*, Report n° 2696, 29 May 2024, available online: https://www.assemblee-nationale.fr/dyn/16/rapports/cion-dvp/l16b2696_rapport-information

³ Sénat, *Rapport d'information : La loi AGECL cinq ans après : redonner confiance en l'économie*, Report n° 786 (2024-2025), 25 June 2025, available online: <https://www.senat.fr/notice-rapport/2024/r24-786-notice.html>

results from sanction and control mechanisms. Some of them also highlight the need to better involve the industrial value chain, particularly recyclers, in the governance of PROs.

- **Bonus scheme – Eco modulation of fees.** On 5 September 2025, the French government adopted 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 would apply to several EPR schemes (packaging, WEEE, toys, etc.) and aims to **support the use of recycled plastics by supporting demand for plastic RRM.**

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:

- 22. 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.
- 23. 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).
- 24. 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:

- 25. 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.
- 26. 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.

FNADE, the French federation for waste management and environmental services, is the professional organisation representing the private resource and waste management industry. As a major player in the circular economy, the waste industry produces recycled materials, fertilisers and green energy, substituting natural resources and fossil fuels. It provides solutions to major environmental and climate challenges.

FNADE in figures: 269 private member companies; 54 669 employees in France; 11,8 billion in revenues; ~1,1 billion in investments. FNADE is a member of FEAD, the European Waste Management Association.