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ACR+ POSITION ON THE EU CIRCULAR ECONOMY ACT

23 October 2025

The Association of Cities and Regions for sustainable Resource management (ACR+) connects 89 members representing local and regional authorities. Together in their cities and regions, they lead Europe's just transition to a competitive circular economy and the sustainable management of resources. With recognised expertise implementing circular economy measures, ACR+ welcomes the European Commission's commitment to introduce a Circular Economy Act.

For Europe, advancing the circular economy is imperative not only for its core benefit of waste and resource-use reduction, but also as a strategic lever to boost competitiveness, rejuvenate industrial capacity, and minimise resource and import dependency. Moreover, the transition to a circular economy is an important factor for reducing pollution, protecting biodiversity, and mitigating greenhouse gas emissions[1].

Highlighted in his report on the future of the Single Market, Enrico Letta testified that "Circular economy is the only possibility of saving the planet and changing the paradigm of present manufacturing."[2] However, achieving the full benefits of the circular economy will require broad policy measures, i.e. a revision of several EU Regulations and Directives. ACR+, which has more than 30 years of experience working on material resource management, offers recommendations based on the expertise and practices of local and regional authorities across Europe, and lessons learned during EU-funded projects.

This position paper offers recommendations on the following topics:

1. **A Circular Single Market, including:**
    a. **Better Use of Material Resources**
    b. **Circular Public Procurement**
    c. **Extended Producer Responsibility (EPR)**
2. **Tackling Waste from Electrical and Electronic Equipment (WEEE)**
3. **A Circular Built Environment**
4. **Circular Organic & Food Systems**
5. **Circular Economy for All**

[1] Capturing the climate change mitigation benefits of circular economy and waste sector policies and measures – European Environment Agency
[2] Enrico Letta - Much more than a market (April 2024)

ABOUT ACR+

The Association of Cities and Regions for sustainable Resource management (ACR+) is an international network of cities and regions sharing the aim of promoting a sustainable resource management – through prevention at source, reuse and recycling – and accelerating the transition towards a circular economy on their territories and beyond. Because the circular economy calls for cooperation between all actors, ACR+ is open to other key players in the field of material resource management such as NGOs, academic institutions, consultancies, or private organisations.

Throughout its activities, ACR+ strives to develop the expertise and skills of public authorities concerning effective waste-product-resource policies, as well as to encourage practical action. The association provides support to regional and local authorities in their new challenges and promotes cooperation and partnership to develop eco-efficient solutions.

ACR+ organises its work around five thematic areas, reflecting its members' key priorities when it comes to circular economy and offering them concrete tools and approaches to enact the transition towards waste-free circular systems in their territories and beyond.

List of abbreviations

ACR+	Association of Cities and Regions for Sustainable Resource Management	GHG	Greenhouse Gas
CDW	Construction & Demolition Waste	GPP	Green Public Procurement
CE	Circular Economy	HFC	Hydrofluorocarbon
CEA	Circular Economy Act	HORECA	Hotels, Restaurants, and Cafes
CEAP	Circular Economy Action Plan (2020)	INI	Own-Initiative Report
CMUR	Circular Material Use Rate	MEAT	Most Economically Advantageous Tender
CO2	Carbon Dioxide	PP	Public Procurement
CRM	Critical Raw Material	PPWR	Packaging and Packaging Waste Regulation
EEA	European Economic Area	SME	Small & Medium-sized Enterprise
EPR	Extended Producer Responsibility	TBA	Take Back Agreement
ESPR	Ecodesign for Sustainable Products Regulation	VAT	Value Added Tax
ETS	Emissions Trading System	WEEE	Waste from Electrical and Electronic Waste
EU	European Union	WFD	Waste Framework Directive

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A CIRCULAR SINGLE MARKET

In her Political Guidelines for the 2024-2029 European Commission, President Ursula von der Leyen writes:

> **"Working to decarbonise our economy will be part of our continued shift to a more sustainable pattern of production and consumption, retaining the value of resources in our economy for longer.**
>
> **This will be the purpose of a new Circular Economy Act, helping to create market demand for secondary materials and a single market for waste, notably in relation to critical raw materials."[3]**

Later, in the President's Mission Letter to Commissioner Jessika Roswall, she repeats this call and asserts further that the Commission "should also enhance our efforts to develop a single market for sustainable products."[4] Commissioner's Roswall highlighted the "single market for circularity" in her subsequent hearing at the European Parliament, outlining its importance for the environment as well as to "drive the economy and resilience".[5]

Better Use of Material Resources

Although we only inhabit one planet Earth, if the world consumed material resources at the rate of the European Union, we would need three.[6,7] The EU's consumption beyond planetary boundaries is unsustainable, but it also puts Europe's long-term prosperity and cohesion at risk.

Europe's reliance on the linear economic model – take, make, waste systems where our economy begins with extraction and ends with waste – pollutes our environment and fails to valorise resources in our economy. It also leads to new dependencies. The twin green and digital transitions demand many material resources of which the European continent is not naturally rich, including traditional and rare-earth minerals needed for batteries, semiconductors, zero-emission technologies, as well as medicines.

A major solution to these problems is to accelerate the transition to a circular economy. The various definitions of circular economy revolve around strategies of closing (e.g. recycle, remanufacture), slowing (e.g. reuse, repair), and narrowing (e.g. rethink, reduce) resource loops.[8] Although the traditional emphasis has been on recycling, the European Union recognises a 'waste hierarchy' where circular strategies are ranked according to their efficacy and desirability.[9] Higher "R" strategies[10] are better at preserving the value of resources, whereas lower "R" strategies lose more value. The EU must focus on preserving the highest value of its resources in order to meet its economic, environmental, climate and social objectives.

To achieve the Commission's vision of a competitive circular economy, multiple supply- and demand-side measures must be implemented. ACR+ therefore recommends the following:

[3] https://commission.europa.eu/document/download/e6cd4328-673c-4e7a-8683-f63ffb2cf648_en

[4] https://commission.europa.eu/document/download/871604c9-fc5e-46c1-be9a-dacb0e9bdb47_en?filename=mission-letter-roswall.pdf

[5] https://hearings.elections.europa.eu/documents/roswall_writtenquestionsandanswers_en.pdf

[6] https://eplca.jrc.ec.europa.eu/ConsumptionFootprintPlatform.html

[7] https://overshoot.footprintnetwork.org/newsroom/press-release-eu-overshoot-day-2024

[8] https://www.corporateleadersgroup.com/files/cisl-no_time_to_waste_report_2024.pdf

[9] https://environment.ec.europa.eu/topics/waste-and-recycling/waste-framework-directive_en

[10] From highest to lowest, the 10 "R" strategies (so called because of the first letter of their names) are: refuse, rethink, reduce, reuse, repair, refurbish, remanufacture, repurpose, recycle, recover.

Recommendation #1

Transform the implied Circular Material Use Rate (CMUR) target indicated by the CEAP into a legally binding target of at least 25% by 2035.

In the EU, the use of circular materials is underperforming. Domestic material consumption has been stable for the past 15 years, as has the production of waste: on average, 5 tonnes of total waste was generated per EU citizen in 2022, almost identical to the per capita generation in 2010.

Meanwhile, the Circular Material Use Rate (CMUR) – the share of used material resources that come from recycled waste materials – has stagnated around 11.7 per cent in the same period. This is despite the EU's 2020 Circular Economy Action Plan calling to double the CMUR by 2030 (up to 23.4 per cent).

We recommend the Commission to **transform this non-binding target indicated by the CEAP into a legally binding target of at least 25 per cent by 2035**. To achieve this, the EU must drastically improve its performance. Data from Eurostat shows that in the decade between 2013 and 2023, the CMUR increased from 11.2 to 11.8 per cent – only 0.6 points.[12] Therefore, much faster progress must be achieved at EU-level. Furthermore, inspection of EU data reveals a notable disparity between Member States. The Netherlands, a frontrunner, reached a CMUR of 30.6 per cent in 2023, while Romania lagged at 1.3 per cent.[13]

Significant steps toward a higher EU-27 CMUR can be achieved by "raising the floor" and increasing the performance of Member States with the lowest CMURs. A 2023 study by the European Environment Agency found that increasing recycling from 40 per cent of all treated waste to 70 per cent, decreasing material inputs into the economy by 15 per cent, and cutting fossil fuel resource use by a third would increase the CMUR to 22 per cent by 2030, almost meeting the CEAP's initial target.[14] Therefore, setting a 2035 target of 25 per cent should be considered both ambitious and achievable.

[11] https://www.eea.europa.eu/en/analysis/indicators/waste-generation-and-decoupling-in-europe

[12] https://ec.europa.eu/eurostat/databrowser/view/cei_srm030/default/table?lang=en

[13] Ibid.

[14] https://www.eea.europa.eu/en/analysis/publications/how-far-is-europe-from

Recommendation #2

Adopt a binding target to reduce residual waste generation.

In full alignment with the core principles of the circular economy, the EU should adopt a binding target to reduce residual waste generation. Such a target would help to avoid the leakage of resources toward disposal, and would drive better management of all waste streams, including WEEE, bio-waste, and others. Current estimates place the average EU residual waste generation around 250kg per capita per year, but in many municipalities – including large ones – this figure is already around or below 100kg per capita per year. Targets using absolute measures (in kg) have the merit of being easy for managing authorities to monitor, as opposed to ratio-based targets (in %) where the scope of municipal waste varies among Member States.

It is important to consider that "residual waste" should not only be limited to common residual household waste (e.g. the white bag in Brussels), but also other mixed residual fractions like street bins, street cleaning, littering, mixed bulky waste, and sorting residues. This avoids transfers between sources and provides a more accurate perspective of what is not sorted.

Member States should make the residual waste reduction target operational by assigning targets to local authorities, with the possibility to adjust them depending on the context (tourism, assimilated waste, typology, etc.). Flanders (Belgium) is a good illustration of this method, with four different categories having different targets ranging from 83kg to 197kg per capita per year.[15]

[15] https://ovam.vlaanderen.be/lokaal-materialenplan-2023-2030, p.8

Recommendation #3

Foster a competitive single market for recycled materials by:

a. **Implementing financial incentives for circular materials, including:**

   i. Reduced VAT rates on circular goods.

   ii. Tax credits for manufacturers using circular materials.

The EU sets a minimum standard Value Added Tax (VAT) rate of 15%. However, Article 98 of the VAT Directive allows Member States to apply reduced rates to goods and services listed in Annex III, to a minimum of 5%. Recycled goods and recycling services should be listed in this category. This would promote both the treatment and purchase of recycled materials over virgin materials, providing an effective incentive for companies and consumers.

As part of the Clean Industrial Deal, the European Commission has proposed tax credits to manufacturers investing in strategic sectors (e.g., clean manufacturing, decarbonisation projects). These credits provide direct reductions in corporate tax liability – a simple, certain, and timely mechanism that encourages businesses to prioritise sustainable investments. Considering the strategic value of the circular economy to fostering European resilience (derisking our economy from fragile supply chains and foreign dependencies, while reducing instability from volatile commodity prices), investments into circular materials should be included within the scope of these tax credits.

Likewise, tax credits should support circular infrastructure, such as public investments in sorting and recycling facilities, reuse centres, as well as circular economy incubators.[16]

ACR+ also asks the European Commission to investigate the feasibility of carbon credits for CO_2 emissions avoided through circular processes. According to the European Environment Agency, the extraction and processing of non-energy and non-agricultural raw materials alone accounts for 18% of the EU's total consumption-based greenhouse gas emissions.[17,18] Bearing in mind the significant climate impact of material extraction and processing, the circular economy should eventually become integrated into the EU's carbon credit system, rewarding companies and other supply chain actors who mitigate emissions by adopting circular processes, recycled materials, remanufacturing, etc.

b. **Addressing supply-side barriers to the competitive availability of secondary materials,** such as regulatory fragmentation, lack of investment incentives, and high energy prices.

A major barrier impeding the circular single market is the high upfront cost and complexity of reverse logistics infrastructure and systems needed to collect, transport, and process secondary materials. The value and quality of secondary materials is upheld by the systems and technologies available to handle them, with more effective technologies requiring greater upfront investment. The private sector entities will only consider these investments if they can be confident about their future returns, with many leading businesses and investors from different sectors calling for regulatory certainty, clear pathways and standards in the Circular Economy Act.[19] Without clear investment signals, high operating costs persist, driving up the end-cost of circular materials as well as products derived from circular components. The result is that virgin materials are typically cheaper than recycled or circular materials.

[16]See also the Tax Shift strategy to shift tax burden from labour to pollution: https://www.noord-holland.nl/bestanden/pdf/Appendix%201%20NSC%20resolution%20Towards%20a%20Circular%20Economy_The%20taxshift%20principles%20dd%2012%20April%202023%20sent.pdf

[17]https://www.eea.europa.eu/en/analysis/publications/improving-the-climate-impact-of

[18]Furthermore, the UN says that the extraction and processing of minerals, fuels and food contribute over 90% of biodiversity loss and water stress. Source: https://www.unep.org/news-and-stories/story/were-gobbling-earths-resources-unsustainable-rate

[19]Businesses and investors from different sectors have called for a strong Circular Economy Act, including EDF, Ingka Group (IKEA), Rockwool, Signify, Velux, Volvo, and the Danish Chamber of Commerce: https://www.corporateleadersgroup.com/reports-evidence-and-insights/letters/business-and-investors-call-eu-deliver-effective-clean

Recommendation #4

Carry out an assessment of the integration of municipal waste incineration into the Emissions Trading System, considering possible unintended effects on circular economy objectives and the efficacy of existing national and regional policy instruments.

The EU Emissions Trading System (ETS) incentivises companies in certain sectors to reduce greenhouse gas emissions in a cost-effective way, requiring them to buy emission credits for each tonne of CO_2 they emit. Waste incineration is currently excluded from the ETS.

ACR+ recommends the European Commission to **undertake a thorough impact assessment regarding the integration of waste incineration into the ETS**, provided that it includes a careful analysis of potential consequences for circular economy and materials policy.

In particular, the assessment should consider how ETS integration might affect existing instruments aimed at reducing incineration, such as separate collection obligations, landfill and incineration bans, and taxes. The assessment should also consider whether ETS integration could create perverse incentives (e.g. favouring the incineration of biogenic waste over composting, or higher incineration costs leading to greater use of landfilling).

The (cost-)effectiveness of ETS integration should be weighed against that of current national and regional waste policy tools. Legal compatibility and any potential impacts on financial flows must also be evaluated.

Recommendation #5

Fully implement the Ecodesign on Sustainable Products Regulation (ESPR), extending the first Working Plan to address missing product groups and closing loopholes for online retailers.

The Ecodesign on Sustainable Products Regulation (ESPR) is a landmark legislation of the previous Commission that will benefit consumers of almost all products available in the single market. The 2025-2030 ESPR Working Plan confirms the list of products that will be tackled first, as well as horizontal measures such as repair. However, the initial priority product groups and horizontal measures do not fully meet the potential of the ESPR and must be addressed.

Currently **missing product groups** include footwear, detergents, and paints, among others. According to a report by the European Environment Agency, footwear accounts for at least one fifth of all greenhouse gas emissions and one third of resource use and water pollution in the entire textile industry.[20] Likewise, plastics pose a huge threat to human health and the natural environment, and improvements to this group would have significant downstream effects on other products.

ACR+ welcomes the European Commission's decision to conduct a study assessing how Ecodesign can enhance sustainability and support eco-modulation of extended producer responsibility (EPR) fees under the Waste Framework Directive. Upon conclusion of the study in 2027, we urge the European Commission to prioritise these additional product categories.

[20] https://www.eea.europa.eu/en/analysis/publications/textiles-and-the-environment-the-role-of-design-in-europes-circular-economy-1

We also ask the European Commission to take action to **close the loopholes that allow low-quality goods to flood the single market via online retail platforms**. Online marketplaces are used by a growing number of consumers, attracted by benefits such as convenience, choice, and price. However, many of these products breach European regulations on safety, chemical contents, labelling, and Ecodesign. Without proper controls, the online marketplace may continue to offer a backdoor for illegal environmental dumping.

To address the Ecodesign shortcomings of online retail, ACR+ recommends the introduction of a legal requirement to always have an economic operator in the EU or EEA that is responsible for legal compliance of products sold into the single market. This could also be achieved through the recognition of digital marketplaces themselves as economic operators.

Recommendation #6

Extend horizontal requirements on repairability and recyclability in the ESPR.

The first ESPR Working Plan prioritises horizontal requirements on repairability and recyclability. Repairability focuses exclusively on energy-related products and sees the introduction of a welcomed 'repair score', as well as requirements to provide repair and maintenance information to independent operators and end users. For recyclability, the current focus is on electrical and electronic equipment.

ACR+ recommends the extension of horizontal requirements on repair to as many product groups as possible. Comprehensive repair information for a larger scope of products would improve the competitiveness of the repair market and improve accessibility for end-users. This information could be standardised within Digital Product Passports, for instance showing: disassembly maps, wiring and electronic board diagrams, lists of necessary equipment, technical instructions, information on national repair registries and the EU repair platform (to be set up by the European Commission in 2027, per the Right to Repair Directive[21]).

Recommendation #7

Promote phosphorous recovery by:

a. **Linking phosphorous recovery initiatives with the Critical Raw Materials Act (CRMA) which recognises the element as a critical raw material.**

b. **Assessing phosphorus recovery through thermal treatment, which may effectively destroy organic pollutants and ensure safer phosphorus recycling.**

Phosphorous is listed by the European Commission as one of 20 critical raw materials (CRMs) and is identified as non-substitutable and of high economic importance. The EU's own source of phosphate rock is very scarce and limited to Finland, rendering the bloc greatly dependent on imports for its principal use in agricultural fertilisers.

Biomass waste streams such as sewage sludge originating from wastewater treatment, animal manure, animal by-products and food waste contain large amounts of phosphorous. Currently, phosphorous is only partly recycled from these biomass waste streams, predominantly from animal manure as organic fertiliser. To reduce the demand for mineral phosphorous from non-renewable phosphate rock, it is imperative to further increase the recycling/recovery rate from phosphorous-rich biomass waste streams.[22]

The inclusion of phosphorous in the CRMA list provides a basis for comprehensive recovery and recycling policies, which are the only means of mitigating import dependency. ACR+ calls for the European Commission to **assess the feasibility of phosphorous recovery through thermal treatment of biomass ashes** including from sewage sludge, poultry manure ash, and meat and bone meal ash.

[21] https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32024L1799

[22] https://research.kuleuven.be/portal/en/project/3E160749

Circular Public Procurement

Public procurement is valued annually at EUR 2 Tn, representing about 14 per cent of EU GDP. As identified by the 2025 Clean Industrial Deal, public procurement is a crucial tool to support competitiveness and decarbonisation of key industrial sectors, including construction, plastics, textiles, steel, and aluminium, among others. Building on the 2020 Circular Economy Action Plan, the Circular Economy Act should harness the significant influence of public procurement to boost circular economy across the European Union.

Currently, around 60% of procurement procedures use lowest price as the only award criteria for public contracts.[23] Regulatory ambiguity often drives contracting authorities to prioritise short term cost savings and faster procurement over quality, sustainability, and innovation. This lack of clarity hinders the development of lead markets for decarbonised as well as circular products. The European Parliament's recent own-initiative report (2014/2103(INI)) recognises this shortcoming: "awarding public contracts based solely on the lowest price might encourage unfair competition and that this is at the expense of quality, sustainability and social standards".[24]

In addition to circular economy benefits, green public procurement (GPP) can also mitigate CO_2 emissions at marginal additional costs to procuring authorities. Recent academic research shows that the use of low-carbon cement and steel (defined as carrying 80 per cent lower emissions than conventional products) is projected to increase total public procurement costs by only about 0.2 to 0.5%, and construction-specific procurement costs by about 1 to 2.2%, offering significant potential for emissions reductions at accessible costs.[25]

[23] https://single-market-economy.ec.europa.eu/single-market/public-procurement_en

[24] https://www.europarl.europa.eu/doceo/document/TA-10-2025-0174_EN.html

[25] However, in Member States where labour costs are comparatively lower (particularly Slovakia, Poland, and the Czech Republic) the fraction of procurement expenses arising from material costs exceeds these averages, representing a possible barrier to green public procurement and signalling a need for a tailored approach that considers the economic and labour landscapes of Member States.

Source: Public procurement construction steel and cement EU FINAL

Recommendation #8

Revise the Public Procurement Directives to strengthen sustainable public procurement, with consideration of the European Parliament's own initiative report (2024/2103(INI)), by:

a. Prioritising quality and sustainability over lowest price.

Introduce a mandatory approach to evaluate tenders using a price-quality ratio. This should be applied (except for specific contracts, e.g. insurance or finance contracts) using the full scope of Life Cycle Assessments (LCA) or Life Cycle Costing (LCC) tools. This is consistent with the view of the European Parliament, expressed in the own-initiative report (2024/2103), paragraph 18b: "Insists that more contracts should be awarded based on the best price-quality ratio, through use of Most Economically Advantageous Tender (MEAT), meaning that tenders should be evaluated not only on price but also on factors such as quality, regional impact or continuity of supply of complex and essential services".

Guidelines should be established for all product categories, with priority given to **high-impact** sectors such as construction and information & communication technologies where greenhouse gas emissions and environmental externalities are significant.

To limit the use of the lowest price as the only award criteria, a **comply or explain mechanism** should be introduced in the revised Directive following the examples of the Netherlands and Ireland. This should be supported by compliance mechanisms, enforcement measures, and sanctions where necessary to ensure accountability and transparency.

To increase the ambition level of this mechanism, a phased approach can be adopted, starting with specific product categories and gradually expanding as markets and authorities mature. This allows for incremental adjustments based on feasibility and financial criteria. Markets and product categories with a significant environmental impact shall be prioritized. A dedicated reporting framework shall be established to monitor progress and set incremental targets.

Additionally, to ensure that sustainability plays a central role, **substantial weighting for quality criteria** should be introduced. This is also consistent with the view of the European Parliament, which

"adds that non-price consideration should be given a substantial weight in the total rating and final decision on award of contracts".

Current text (Public Procurement Directive 2014/24/EU Article 67.2)

> *"The most economically advantageous tender from the point of view of the contracting authority shall be identified on the basis of the price or cost, using a cost-effectiveness approach, such as life-cycle costing in accordance with Article 68, and may include the best price-quality ratio, which shall be assessed on the basis of criteria, including qualitative, environmental and/or social aspects, linked to the subject-matter of the public contract in question."*

Proposed amendment

> *"The most economically advantageous tender from the point of view of the contracting authority shall be identified on the basis of the price or cost, using a cost-effectiveness approach, such as life-cycle costing in accordance with Article 68, and* ***shall be based on*** *the best price-quality ratio, which shall be assessed on the basis of criteria, including qualitative, environmental* ***and*** *social aspects* ***including regional impact****, linked to the subject-matter of the public contract in question."*

European Parliament own-initiative report (2014/2103(INI))

> *"38. Notes that awarding public contracts based solely on the lowest price might encourage unfair competition and that this is at the expense of quality, sustainability and social standards;* ***insists that more contracts****, especially for intellectual services,* ***should be awarded based on the best price-quality ratio****, through use of MEAT criteria, meaning that* ***tenders should be evaluated not only on price but also on factors such as quality, regional impact or continuity of supply of complex and essential services****; adds that* ***non-price considerations should be given a substantial weight*** *in the overall rating and final decision on the award of contracts, especially for engineering services, which are essential to ensure high-quality, profitable projects in the long term, while protecting innovation and deterring the submission of abnormally low tenders"*[26]

[26] https://www.europarl.europa.eu/doceo/document/TA-10-2025-0174_EN.html

Good practices

In the Netherlands, Ireland, and Spain, contracting authorities who do not use the best price/quality ratio must justify these decisions in the procurement documents.

b. Introducing mandatory GPP criteria and targets.

Legal uncertainty regarding the inclusion of social and environmental criteria in tenders often results in vague award criteria, leading to less ambition and innovation. This lack of clarity hinders the development of lead markets for circular and decarbonised products. The evaluation of the 2014 Public Procurement Directives showed that 14 Member States reported that only 25% of their contracts contained green procurement criteria.

Mandatory GPP criteria and targets should be established through sector-specific legislation, rather than incorporated into the revised Directive. They should build upon the existing EU GPP criteria and reflect national examples of good practice, such as the Netherlands' MVI Criteria Tool.[27] **Comprehensive guidance should also be provided to support the integration of environmental aspects** throughout all stages of the procurement cycle. In addition, ACR+ recommends the definition of **a target on GPP** uptake to ensure an effective integration of sustainability, thereby fostering long-term environmental and social benefits. This target could be that 100% of public contracts incorporate at least one environmental clause by 2030. Targets on mandatory social clauses should also be investigated; in France, a social clause as a condition of performance is mandatory in all contracts above the European thresholds.[28]

The use of mandatory criteria would contribute to **harmonisation across Member States**, thereby making it easier for economic operators to participate across borders and further developing the **circular single market**. At present, less than 5 per cent of all contracts are awarded across borders due to differences in national legislation,

[27] https://www.mvicriteria.nl/en

[28] https://www.economie.gouv.fr/daj/guide-sur-les-aspects-sociaux-de-la-commande-publique ; https://www.economie.gouv.fr/files/files/directions_services/daj/marches_publics/oecp/aspects-sociaux/Guide-aspects%20sociaux_fiche1.pdf

language, and administrative complexities. **Tenders Electronic Daily (TED)** could be updated to function as a **single entry point**, connecting with national tendering platforms to enhance information exchange and improve accessibility.

The European Commission should **establish a monitoring system to track the uptake of GPP** by Member States and assess the contribution of public procurement to the circular material use rate (CMUR), ensuring progress toward the 25% by 2035 target recommended by ACR+.

c. Introducing a proximity principle to support circular supply chains.

Public procurement rules, **based on the equal treatment principle**, often prevent contracting authorities from prioritising local products, often resulting in the procurement of goods from distant sources. Exploring the **exceptions to this principle for local needs** at the sub-national level is a viable solution, balancing fair competition with environmental benefits.

Introducing a **proximity principle** as an award criterion would align the goals of the circular economy and environmental protection, fostering more efficient value chains, greater transparency, and more regional economic growth. A clear example is the procurement of local food, but this principle could also be extended to plastics and textiles. Contracting authorities should also be given flexibility to decide when to prioritise **local services including repair**, remanufacturing, and other circular activities. The revision of the Public Procurement Directives should consider targeted exceptions to the principles of non-discrimination and equal treatment, to enable the use of proximity-based criteria where justified.

d. Providing public authorities with EU-funding to build capacity and know-how.

Contracting authorities require **training and capacity building** to scale up GPP. Areas that should be covered include needs assessment, conducting preliminary market consultations, negotiation procedures, using tools such as LCC, and understanding how to use the MEAT principle. Strengthening the **professionalisation** of public procurement is therefore essential. Moreover, the European Commision could support Member States in setting up regional hubs, such as the 'Guichet vert'[29] in France, to provide technical support to local and regional contracting authorities and implementing dedicated programmes such as France's GreenTech program[30] to assist SMEs and start-ups to innovate and align with GPP requirements.

Financial support is essential for facilitating GPP implementation. EU funding mechanisms should be leveraged to help contracting authorities effectively integrate sustainable procurement practices and ensure lead markets for circular and decarbonised products.

Good practices

- Reuse of obsolete ICT equipment by the Norwegian Agency for Public and Financial Management – reuse of ICT (from ProCirc Interreg NSR funded project).
- Post-consumer textiles for the refurbishment of office chairs – post-consumer textiles (from ProCirc Interreg NSR funded project).

[29] https://laclauseverte.fr/le-guichet-vert/

[30] https://greentechinnovation.fr/greentech-innovation/

Recommendation #9

Prioritise circular solutions (including secondary raw materials) within the introduction of "Made in Europe" criteria in public procurement.

The European Commission's 2025 Competitiveness Compass outlines the executive's motion to propose the introduction of a European preference in public procurement for strategic sectors and technologies. This measure is intended to boost demand for circular products, services and works, and shift the European economy toward a model of competitive sustainability, while rewarding early movers. Public procurement is a strategic lever to boost the demand for secondary raw materials and should be utilised to achieve the European Commission's overall objective.

The recent European Parliament INI on the EU's Public Procurement Directives reiterates this call, outlining the Parliament's wish to "support exploring how public procurement can serve as a targeted tool to **stimulate demand for innovative and sustainable European-made products and technologies**, and to anchor industrial capacity within the EU", while cautioning "against the use of procurement for protectionist purposes".[31]

ACR+ asks the European Commission to prioritise circular products within the scope of "Made in Europe" criteria in public procurement, harnessing the medium of public procurement as an effective tool to stimulate innovation and competitive sustainability within the EU. We call for an explicit emphasis on circular products, services, and works, in order to boost demand and create lead markets.

Extended Producer Responsibility (EPR)

Since their inception, Extended Producer Responsibility (EPR) schemes have mobilised resources for separate waste collection. However, improvements to EPR are necessary to move further up the waste hierarchy by contributing to prevention and re-use. A revision of EPR schemes would help the EU transition to a circular economy that supports its industrial and environmental goals all while promoting a resource-wise approach to material use. ACR+ therefore welcomes the European Commission's decision to address EPR within the CEA and offers the following measures for consideration.

Recommendation #10

Redefine EPR to include the full cost coverage of a product's end-of-life, including unsorted waste and littering/illegal dumping clean-up costs.

In an EPR system, producers' contributions should be enough to cover the costs of running the system (administration, communication, and waste management) to meet existing targets. However, EPR fees are not always sufficient to cover all the operational costs linked to the items put on the market, which end up falling on local authorities. In addition, for most products (except SUP items) local authorities assume the financial burden linked to the clean-up, transportation, and treatment of items which are littered or illegally dumped in public spaces.

Since cost coverage is dependent on capture rate, for waste streams with very different rates of collection (e.g. tires (90 %) compared to WEEE (40 %)), the cost of implementing real full cost coverage is very different. However, despite these difference, EPR systems should all aim at full cost coverage to avoid the financial burden on municipalities. As it is designed now, the system only imposes producers to cover the costs of sorted waste, which can create a conflict of interest as the less is collected, the less fees must be paid. Including the treatment of unsorted waste within the cost coverage definition would prevent this. Legislation should thus provide a clear definition of the full cost coverage principle, including litter costs for products beyond single use products.

[31] https://www.europarl.europa.eu/doceo/document/TA-10-2025-0174_EN.html

Recommendation #11

Mandate EPR to finance waste prevention, repair and reuse and clearly define cost-coverage for these activities to delineate the limits of producer responsibility.

Current EPR systems fail to contribute to financing more resource-efficient options such as waste prevention, reuse, repair, refurbishment, or remanufacturing. This lack of support for strategies higher up the waste hierarchy partly explains the limited progress on circularity achieved in the past. The absence of specific prevention and reuse targets (except for packaging waste) further hinders this. While the EU's new Packaging and Packaging Waste Regulation (PPWR) requires that part of the EPR budget supports prevention and reuse measures, it does not mandate a meaningful funding share. Therefore, the Circular Economy Act must **mandate EPR to finance waste prevention, repair, and reuse** stages of a product's life cycle, with the amount necessary to achieve the relevant policy goals and targets. Quantified targets on prevention and reuse should also be developed.

Prevention measures should include awareness-raising, lifetime extension through repair and reuse, research and innovation, and stimulation of circular business models (e.g. product-service combinations, rental schemes). For example, France has introduced the *Bonus Réparation*, a national repair fund financed entirely by EPR fees, which directly subsidizes the cost of repairs for electric and electronic appliances, clothing, and footwear.

Recommendation #12

Review the governance of EPR schemes to ensure that public authorities have a seat at the table in scheme design and decision-making.

Following the partnership principle, one of the key principles of the management of EU funds, all relevant stakeholders (public authorities, civil society organisations, and economic actors and social partners) should participate in the design and implementation of EPR schemes.

In addition, EPR systems should adopt a governance approach where public authorities have a key role, considering the need for control and oversight, and considering the typical waste management competence of local authorities. Although they play a key role in the implementation of EPR schemes on the ground, municipalities often feel "detached" from the decision-making process regulating these schemes. Therefore, producer organisation should better connect with the city level to understand and recognise the real costs and challenges they face.

By Ilvy Njiokiktjien - Stichting Repair Café, CC BY-SA 3.0, https://commons.wikimedia.org/w/index.php?curid=24316530

TACKLING WASTE FROM ELECTRICAL AND ELECTRONIC EQUIPMENT (WEEE)

Waste from electrical and electronic equipment (WEEE) is one of the fastest growing sources of waste. Including a wide range of equipment such as appliances, phones, computers, servers, refrigerators and more, WEEE consists of a complex mix of materials – some of which pose environmental and health risks if not treated properly. In the EU today, only about 40% of WEEE is recycled.

The EU's WEEE Directive sets targets for collection, recovery and recycling, and makes prevention of WEEE a priority. Although the amount of WEEE collected has increased significantly in the last decade, this increase is mainly due to the increased amount of equipment sold in the EU. Nearly half of the WEEE generated in Europe is still not collected, and the majority of Member States do not reach the collection target set out in the Directive.

The Commission's 2025 evaluation of the WEEE Directive identified five shortcomings, related to its scope, collection of WEEE, recovery of critical raw materials (CRMs), EPR scheme harmonisation, and treatment requirements across the EU-27. To help improve the Directive, ACR+ recommends the following measures:

Recommendation #13

Revise the Waste Electrical and Electronic Equipment Directive (WEEED), focusing on the following challenges:

a. **Treatment of WEEE:**

i. Focusing on qualitative recycling together with quantitative recycling, as well prevention, prolonging use, repair, and re-use.

Although quantitative targets must be stressed in the future of WEEE treatment (in 2022, only three Member States met the Directive's 65% collection target (based on the amount placed on the market in the past three years) - Bulgaria, Latvia, and Slovakia), qualitative treatment is fundamental. High-quality recycling of critical raw materials (including but not limited to copper, rare earth elements, gallium, germanium, and tungsten) offers great economic but also environmental benefit. For refrigeration equipment which contributes to global warming through leaks of hydrofluorocarbon (HFC) refrigerants, the avoided emissions potential by high-quality recycling are so large as to be of national importance.[32]

Strong EPR schemes would be an effective tool to incentivise circular design of electrical and electronic equipment, encouraging manufacturers to produce products that last longer, can be easily disassembled, valorised, or repaired.

ii. Reinforce separate collection, taking measures to preserve the equipment during deposition and transport.

The current WEEE Directive collection target is largely unmet, owing to economic factors, illegal trade, lack of infrastructure, and low public awareness, as well as differing interpretations and calculation methods which further complicate collection. The revisions must standardise these methods in order to provide reliable data to national authorities for better monitoring. Citizen information campaigns should also be funded to increase public awareness.

[32] https://climate.ec.europa.eu/eu-action/fluorinated-greenhouse-gases/about-f-gases_en

iii. Ensuring proper handling and treatment of hazardous materials present in WEEE and promoting the recovery of these materials.

Hazardous materials found in WEEE can significantly contribute to GHG emissions (e.g. through the leak of hydrofluorocarbon (HFC) refrigerants, as described above), as well as soil and water pollution. Improper handling and treatment of WEEE can release toxic substances that affect human and ecosystem health and significantly contribute to GHG emissions, with severe cases damaging local environments beyond repair.

Moreover, improper handling of WEEE is a serious concern for municipal waste management authorities. European waste managers have seen a significant increase in fire incidents, largely due to the proliferation and poor handling of lithium batteries: In France, the number of fires in waste treatment facilities linked to lithium batteries doubled between 2019 and 2023; in Austria, between 180-240 fires in waste facilities are caused by batteries each year, and in Germany, up to 30 fire incidents per day occur in waste collection vehicles and in waste treatment facilities, with 80% attributed to lithium batteries.[33] These incidents not only cause economic damage (ultimately paid for by local taxpayers) and major disruptions, but they also pose a serious health and safety risk to frontline workers and local communities.

iv. Increase security in facilities where WEEE is stored, preventing theft and vandalism.

To combat theft, harmful scavenging, and vandalism of WEEE, EPR schemes should financially contribute to actions that secure collection points. In the city of Tallinn (Estonia), Producer Responsibility Organisations cover the maintenance of waste collection points, including vandalism. Other Member States, notably France, have introduced a ban on cash transactions for metal scrap and WEEE, thereby limiting illegal scavenging. However, the cross-border transaction of scrap metals (an activity that in turn distorts Member States' respective collection rates) remains a problem that only harmonised EU-level regulation can fix.

b. Collection and recovery of critical raw materials (CRMs):

i. Define waste streams rich in CRMs (e.g. e-waste, end-of-life vehicles) and promote their separate collection.

The current recycling targets in the WEEE Directive do not effectively encourage the recovery of secondary raw materials. Meanwhile, low overall collection means a lost opportunity for the recovery of CRMs. The revised WEEE Directive should develop a comprehensive list of CRM-rich waste streams and implement measures that result in their separate collection. Throughout these processes, the qualitative integrity of WEEE must be preserved, both for re-use and recycling.

ii. Promote the Ecodesign of products rich in CRMs, facilitating disassembly.

Complementing the new WEEE Directive, the ESPR Working Plans should prioritise the Ecodesign of CRM-rich product groups. The key horizontal priorities of repairability and recyclability should be extended laterally across these product groups, facilitating their disassembly and the efficient and economical material recovery.

iii. Enhance innovation, research, and development in terms of technologies, processes and recovery of CRMs.

In addition, the European Commission must invest in R&D of new technologies to enhance the processing and recovery of CRMs. ACR+ welcomes the increase to the Horizon Europe budget within the European Commission's 2028-2034 multiannual financial framework proposal and asks the European Commission to designate meaningful funding for innovation regarding the processing and recovery of CRMs.

[33] https://fead.be/position/lithium-battery-fires/

A CIRCULAR BUILT ENVIRONMENT

How a city is built is key in the framework of the circular transition. The built environment refers to buildings, infrastructure, and public space, and touches on both the construction and demolition/deconstruction value chains. Adopting circular solutions and strategies in the built environment can produce benefits including in terms of GHG emissions reductions, more sustainable land use and energy consumption, and even improved wellbeing of citizens.

Overall, the European Commission should encourage a shift from merely managing the large volumes of construction and demolition waste to maximising the recovery, reuse and effective integration of secondary materials. Policies and funding mechanisms should support technologies and approaches that both enable the identification and collection of valuable resources (building information modelling, reuse inventories, reverse logistics, centralised reuse hubs) and facilitate the matching of available secondary materials with forecast demand through coordinated platforms such as monitored marketplaces.

Green Public Procurement can also play a decisive role by setting ambitious, binding criteria that stimulate large-scale demand for recycled materials and, crucially, by promoting the direct reuse of construction elements. The integration of tools such as GRO[34], developed by Flanders and later adopted by the other two Belgian Regions, should be further explored to provide common guidelines for the inclusion of a circular and climate resilient approach in public construction projects. Other types of procurement, i.e. innovation, can foster the development of climate-friendly and resource-wise solutions, such as WEGVELEGGERS[35] by Losser in the Netherlands.

Recommendation #14

Exclude backfilling from the Waste Framework Directive 'material recovery' target.

Construction and demolition waste (CDW), when measured in volume, is the largest waste stream in the EU. It accounts for more than a third of all waste generated in the EU, consisting of a wide variety of materials including concrete, bricks, wood, glass, metals and plastic. As the lowest-quality form of recovery, backfilling fails to adequately valorise construction and demolition materials. Moving up the waste hierarchy is an essential and impactful measure, given the large quantities of waste in question.

ACR+ recommends the European Commission to **redefine the preparing for re-use, recycling and other material recovery target** in Article 11(2) (b) of the Waste Framework Directive to **exclude backfilling activities** as these fail to fully valorise construction and demolition waste materials and constitute only the lowest-quality form of recovery. The latest data (from 2018-2020) shows that the EU-27 average of recovered CDW was 88%, including backfilling, although certain Member States such as Sweden lagged at 43%. This target, excluding backfilling, should be updated for 2035, maintaining an ambitious but achievable goal.

[34] https://gro-tool.be/gro-2025/?lang=fr

[35] https://www.wegverleggers.nl/project/broekhoekweg-in-losser-veiliger-en-groener

Following the latest JRC study[36], which states that with best available technologies, it is possible to raise the preparing-for-reuse and recycling rate to about 83% (excluding soils/dredging spoils), **ACR+ suggests raising the target of recovered CDW, excluding backfilling measures, to at least 80%.** Furthermore, the target should be accompanied by a common methodology and monitoring process to gather significant data from Member States. More reliable data will empower the European Commission to perform more effective monitoring of progress towards these targets.

Current text (Waste Framework Directive Article 11.2(b))

> *"By 2020, the preparing for re-use, recycling and other material recovery, including backfilling operations using waste to substitute other materials, of non-hazardous construction and demolition waste excluding naturally occurring material defined in category 17 05 04 in the list of waste shall be increased to a minimum of 70 % by weight"*

Proposed Amendment

> *"By **2035**, the preparing for re-use, recycling and other material recovery, **excluding** backfilling operations using waste to substitute other materials, of non-hazardous construction and demolition waste excluding naturally occurring material defined in category 17 05 04 in the list of waste shall be increased to a minimum of **80 %** by weight".*

Recommendation #15

Introduce mandatory pre-demolition audits and mandatory inventories for separate waste collection, facilitating better monitoring for selective demolition practices.

Despite the potential for this waste to be valorised and recovered across the EU, the rate of recycling and recovery varies in Member States from less than 10% to over 90%. Pre-demolition audits help to ensure that a demolition project is carried out sustainably, safely, and in compliance with regulations. Construction and demolition waste is considered a priority waste stream under the Waste Framework Directive, and its reduction and recycling are crucial parts of the transition to a circular economy. By carefully considering the materials present in a building before its demolition, mandatory audits can identify opportunities for waste reduction, material reuse and recycling, contributing to the circular economy.

ACR+ recommends the European Commission to **include mandatory pre-demolition audits** as a concrete measure that Member States shall take to promote selective demolition, as mentioned in **Article 11.1 of the Waste Framework Directive**. Considering the number of Member States with mandatory pre-demolition audits (Austria, Belgium, Czechia, Finland, France, Hungary, the Netherlands, Romania, and Sweden) and others that have adopted a voluntary approach, this recommendation is highly feasible.

Furthermore, ACR+ highlights that public procurement is a strong lever to push for selective deconstruction efforts and the reuse or recycling of materials and building elements.

The Commission should also support methodologies that match the forecast demand of secondary materials with the available supply of construction and demolition waste. Such methodologies may make use of technological solutions such as drones[37] and digital product passports. Some frontrunner public authorities are already making efforts towards this direction. For instance, as part of its circular economy strategy for the construction sector, Grand Avignon is carrying out an extensive mapping of all worksites (ongoing and future) in the area to gain a clear view of future supply and demand of construction materials, to ease the matching between these two. On top of this, the region will establish a public reuse centre where these materials can be temporarily stored.

[36] https://publications.jrc.ec.europa.eu/repository/handle/JRC135470

[37] The Interreg Europe project INERTWASTE gathered a good practice where drones and reality capture technologies were employed to document the existing structure of a building to be renovated, with the technology allowing estimations of reusable materials (i.e. wood cladding, windows, wooden flooring) in the existing building to be considered in the new design. https://www.interregeurope.eu/sites/default/files/2025-09/INERTWASTE_Transnational_Learning_Document_4.pdf

Reuse inventories can identify whether different materials can be sold or used for other purposes within sites and can significantly reduce the waste generated. Separate collection of materials on construction and demolition sites will facilitate a single market for secondary materials. Introducing mandatory inventories and data collection about the type and weight of these different materials is a key step to support the needs of companies further down the value chain who can benefit from discarded materials. Public reuse centres can provide an additional support, helping to overcome logistical difficulties such as the lack of storage space for materials.

Current text (Waste Framework Directive Article 11.1)

> *"[...] Member States shall take measures to promote selective demolition in order to enable removal and safe handling of hazardous substances and facilitate re-use and high-quality recycling by selective removal of materials, and to ensure the establishment of sorting systems for construction and demolition waste at least for wood, mineral fractions (concrete, bricks, tiles and ceramics, stones), metal, glass, plastic and plaster."*

Proposed amendment

> *"[...] Member States shall take measures to promote selective demolition, **including mandatory pre-demolition audits**, in order to enable removal and safe handling of hazardous substances and facilitate re-use and high-quality recycling by selective removal of materials, and to ensure the establishment of sorting systems for construction and demolition waste at least for wood, mineral fractions (concrete, bricks, tiles and ceramics, stones), metal, glass, plastic and plaster."*

Good practices

- Free and Hanseatic City of Hamburg - Pre-demolition Audits (PDA) (funded by Interreg Europe – KARMA).
- Provence-Alpes-Côte d'Azur - Deconstruction project supported by reuse inventory in France (funded by Interreg Europe – INERTWASTE).
- Obligation for selective demolition of buildings in Denmark.

Recommendation #16

Support circular business models in the built environment, creating lead markets for secondary materials.

To support the transition to a circular economy, business models and governance structures play a significant role. Circular business models in the built environment retain the value of assets over time and enhance natural capital, protecting the stock of Earth's soils, waters, and resources. In the built environment, circular business models currently operate in three stages of the value chain: design, use, and recovery.

Examples of circular business models include the **"product as a service"** model, which is already notably employed by companies in the steel sector, as well as light fittings and HVAC (heating, ventilation, and air conditioning) systems.

The European Union can **support circular business models** by setting public procurement criteria, simplifying permits and regulations for circular practices, and engaging in **consumer education**. Furthermore, the EU should crack down on misleading communications or circular claims by linear businesses in order to promote innovation and generate consumer trust.

Direct financial incentives can also be instigated by the European Commission, supporting the creation of lead markets through measures including direct subsidies and VAT reductions. These reward companies using secondary materials by lowering their relative costs compared to those who still use virgin materials, thereby making circular practices more competitive. The VAT for second-hand products could even be abolished entirely, avoiding double taxation on the same asset and providing favourable market conditions for their use.

ORGANIC MATERIAL & FOOD SYSTEMS

Soil health and nutrient circularity are essential for resilient food systems and EU climate goals. Bio-waste is a key resource, yet large amounts are still landfilled or incinerated instead of being recycled into compost and digestate. This represents both an environmental burden and a missed opportunity.

Clear targets, stronger reporting, and economic measures are needed to drive separate collection and ensure high-quality recycling. At the same time, compost and digestate must be fully recognised as essential fertilisers, supported by subsidy schemes and fair market conditions. Removing regulatory barriers and creating fiscal incentives will enable producers and farmers to scale up their use.

Recommendations also address the prevention of food loss and waste. Reducing edible food waste aligns with the core principle of the circular economy – keeping resources in use for as long as possible and preventing valuable materials from becoming waste. Preventing food loss not only preserves resources and reduces emissions but also strengthens the foundation for efficient biowaste management and nutrient recycling.

The following recommendations outline concrete actions to reduce waste, strengthen nutrient recycling, and improve soil health. Together they form a practical roadmap for embedding nutrient circularity at the heart of Europe's food systems.

Recommendation #17

Adopt binding targets for the amount of bio-waste allowed in residual waste streams.

Member States should introduce and improve separate collection systems for bio-waste to ensure the EU's 55% recycling target for municipal waste by 2025 is achieved, if not exceeded. Overall, separate collection and recycling targets can only be achieved by addressing the largest component of municipal solid waste: bio-waste.

Setting a target on the quantity of bio-waste in residual waste prevents competition between separate collection schemes, home/community composting schemes, and food waste prevention efforts altogether. A relative collection target is unfavourable because it may favour centralised collection, while Member States with high generation of garden waste would have to contribute less effort on food waste, and it might clash with prevention targets. Therefore, a target based on absolute numbers (in kilograms), which is also easier for authorities to calculate, is favoured.

The LIFE BIOBEST project proposed a target of 25kg per capita per year of bio-waste in mixed/residual waste by 2030, and 15 kg per capita per year by 2035. This recommendation is based on available best practices such as the city of Milan.[38]

[38] https://zerowasteeurope.eu/wp-content/uploads/2024/06/Jun24_240618_LIFE-BIOBEST_WP3_D3.1_Guideline_Bio-waste_SeparateCollection_Annex1-BP_Submitted.pdf

Recommendation #18

Adopt a legally binding target for the quality of bio-waste entering the recycling process.

As foreseen by Article 22(3) of the Waste Framework Directive, a European standard for the quality of bio-waste entering organic recycling processes, for compost and for digestate, is an important step. A control value should be set on accepted physical impurities in bio-waste sent for composting or anaerobic digestion. This control value could be monitored through visual inspection supported by recurring compositional analyses of the bio-waste fraction.

Maintaining impurities below a threshold of e.g. 5% is essential to the production of high-quality end products. Furthermore, removing impurities at the start of the composting and anaerobic digestion process would lead to reduced treatment costs with higher chances of valorisation and uptake by agriculture sector, improving trust in compost derived from bio-waste.

This recommendation would require controls of sorting quality and correction mechanisms. In addition, it emphasises the need for more individual schemes such as door-to-door collection and eventually smart containers to allow high quality control.

Recommendation #19

Increase the cost competitiveness of bio-waste management by:

- applying sufficient disposal taxes to landfill and incineration,
- introducing refund systems that reward high-quality bio-waste sorting.

There is currently no fair competition across the EU when it comes to managing biowaste. As a result, it is often cheaper to send waste to incineration or landfill than to invest in effective systems for separate collection and treatment. This happens because the environmental and social costs of waste disposal are not fully included in the overall cost of waste management. When these negative impacts are ignored, cheaper but less sustainable options remain more attractive, slowing down the shift toward circular systems that keep resources in use.

Providing financial support and officially recognising compost as a reliable fertiliser would encourage farmers and markets to use it more widely.

Recommendation #20

Grant legal certainty to circular fertilisers by establishing clear end-of-waste status once quality requirements are met. National quality assurance schemes and systematic monitoring of contaminants should be put in place to ensure trust in these products.

Recommendation #21

Introduce fiscal tools to stimulate the uptake of circular fertilisers.

This can include reduced VAT rates on recycled nutrients, eco-taxes on synthetic fertilisers, monetisation of externalities, and support through ecolabels and green public procurement.

Recommendation #22

Establish subsidy systems for farmers using compost and digestate to regenerate soils and sequester carbon, prioritising the use of high-quality compost.

Current plans for the post-2027 Common Agricultural Policy remove eco-schemes and rural development programmes and leaves Member States to choose their environmental priorities while soil health is under risk throughout the EU. The budget for the subsidy systems promoting soil health through organic fertilizers are thus no longer guaranteed by the EU, leaving the choice and the financial burden of subsidizing organic fertilizers to the single Member States. This is in contrast with the EU Soil Strategy for 2030 which has among others the goal to "ensure that all EU soil ecosystems are healthy and more resilient, enabling them to continue delivering essential services" by 2050.

Therefore, we recommend re-introducing ring-fenced budget mechanisms in the post-2027 CAP to ensure that farmers receive the necessary financial incentives to use organic-based fertilizers such as compost and digestate as input factors for food production, supporting the ongoing effort to restore soil health and the goal of achieving healthy soils in EU by 2050.

Recommendation #23

Tackle unfair Take Back Agreements (TBAs) that shift food waste management responsibility to suppliers.

Take Back Agreements (TBAs) are contracts between retailers and suppliers (in most cases primary producers) stipulating that suppliers must take back unsold or nearly expired food products when the retailer is not able to place them on the market. Although they are legal business arrangements, TBAs create unfair conditions for primary producers. For example, supermarkets can demand that unsold bread or fruit be returned to suppliers — even when the food was delivered as ordered and is still safe to eat.

This practice causes waste because it removes responsibility from retailers to deal with excess supply of food items: they can overstock shelves to look full, knowing they won't bear the loss if food remains unsold. Suppliers who sign TBAs to ensure their products find a buyer are often unable to sell or repurpose the products, leading to unnecessary waste generation and costs for managing food waste at the producer level. This practice has been legally removed in some Member States for some product categories (e.g. bread and bakery products in Slovakia) but remains in place in others, particularly in Scandinavia. Going against the circular economy principle of removing waste from production systems, and against the principle of keeping resources in use the longer time possible, TBAs represent an hinderance to circularity of food (production and consumption) in Europe.

Therefore, ACR+ recommends **a comprehensive EU-wide ban of all formal and informal TBAs in the food sector, except when products are proven unsafe from a food safety standpoint**. In such exceptional cases, retailers should have to prove that returned goods fail to meet food safety standards — not simply that they didn't sell. To make this process transparent and fair, digital traceability tools, such as blockchain or batch-tracking systems, could record the condition of goods at each stage.

Retailers should also be encouraged to improve their demand forecasting, using data on seasonality and sales trends to order only what they can sell. National legislators should ensure that the waste management principle "The actor holding the food is responsible for its waste" is adhered to. This would prevent retailers from shifting the responsibility and costs for food waste management up the food supply chain and would help to rebalance power between producers and large retail chains.

Recommendation #24

Harmonise EU Value Added Tax (VAT) rules to fully exempt food donations and allow full VAT recovery on donated items.

At present, rules on Value Added Tax (VAT) for food donations differ widely across EU countries. In some Member States, such as Bulgaria[39], France[40], Greece[41], and Hungary[42], donated food can be VAT-exempt (often only when donated to known organisations such as food banks). In some other Member States like Austria and Denmark, businesses must still pay VAT on food they donate.[41] This inconsistency discourages donations: it is often cheaper for companies to declare unsold products as "damaged" and recover the VAT from the tax-exempted damaged/unsold food items, rather than donate them and lose money on due taxes to the government.

A unified EU system should be introduced to make food donations tax-neutral or even financially preferable to disposal. This means:

- Enforce European/national legislation that incentivizes food donations of food surplus with full VAT recovery on donated items, applicable to all food value chain operators, from primary producers to retailers and HORECA actors. When food surplus is generated at the producer/processor/retailer level, diversion towards food banks should be made compulsory. A penalty (tax) for dumping food should be paid otherwise, with the tax being higher than the costs of redistribution.

- Review the list of food categories that can be donated and harmonize legislation throughout Europe in this respect.

To reduce paperwork, standard electronic receipts or donation invoices should be introduced, making it simple for donors to prove the transaction. Businesses that donate in accordance with food safety rules should also be protected from liability, encouraging them to act without fear of penalties.

[39] https://lex.bg/laws/ldoc/2135533201

[40] https://www.legifrance.gouv.fr/jorf/id/JORFTEXT000041553759/

[41] https://www.e-forologia.gr/lawbank/document.aspx?digest=1BF72D34FECFF3F8.28B4F588A6A8&version=2014/02/17

[42] https://net.jogtar.hu/jogszabaly?docid=A0700127.TV

[43] https://www.foodrus.eu/wp-content/uploads/2024/04/R10.-Briefing-on-the-prevention-of-FW-by-fiscal-instruments.pdf

The role of regional and national food banks in rescuing food surpluses and redistributing it to other users (in line with the circular economy principle of avoiding (food) waste generation) should be fully recognised by regional and national authorities, supporting the food banks both logistically (facilities, transport, energy costs) and financially (costs of operations) in performing their activities. Many food banks in Europe are financially strained, as their activities rely on donations from individuals and foundations, with little or no support from the public and private sectors.

Recommendation #25

Create strong regional food redistribution hubs to connect donors and recipients.

Across Europe, food redistribution networks such as food banks and social enterprises are vital to prevent food waste and help those in need. However, they are often underfunded, understaffed, and poorly coordinated. Many networks rely entirely on volunteers and donations, lacking vehicles, cold-chain storage facilities, or a steady supply chain. As a result, much surplus food still ends up being wasted simply because there is no physical and human capacity to run the system. This reduces the circularity of the food production-consumption system, since food is not in the mainstream distribution channels.

The following actions can be taken to prevent this:

- Develop financial schemes where the operational costs of food banks and their network organisations (i.e. social enterprises, charities, volunteer associations) to collect and redistribute surpluses are covered – partially or in full – by taxes levied on food sector businesses by public authorities (i.e. PAYT (Pay-as-you-throw) system). This ensures that taxes gathered for the purpose of collection, treatment and disposal of food waste are recirculated/reinvested into finance redistribution activities.

- Make sure that businesses are incentivised to donate food and that a full VAT refund is guaranteed to donating businesses.

- Require businesses to draft food surplus redistribution strategies in order to comply with the requirement prescribed by law (e.g. Garot Law in France, Gadda Law in Italy).

CIRCULAR ECONOMY FOR ALL

Finally, the EU should utilise its social market economy and democratic system of governance to facilitate a circular economy transition that benefits all citizens and all regions as well as Member States. This includes by ensuring that circular jobs are well paid, safe, and secure, and that existing workers in industries that are likely to shrink as a result of the transition are afforded ample opportunities for up-skilling and re-skilling. These are key considerations because, as seen in other labour sectors, without adequate numbers of suitably skilled workers, the circular economy cannot expand. Furthermore, to combat social reluctance and to promote both political and financial investment into the circular economy, it will be essential to prepare for and address any adverse labour effects.

Recommendation #26

Analyse the strong job creation opportunity of the circular economy to provide economic and social benefits to disadvantaged populations across the EU.

The circular economy will generate many new jobs and require workers to perform them. A study quoted in the Circular Economy Action Plan found that the transition to a circular economy would create approximately 700,000 new jobs in Europe (compared to the baseline economy) as a result of additional labour demand from recycling plants, repair services, and rebounds in consumer demand from savings generated through collaborative actions.[44,45] When compared against linear waste management practices, circular practices generate much greater employment. An analysis by RREUSE shows that for every 10,000 tonnes of used goods, incineration creates one job, landfilling creates six jobs, recycling creates 36 jobs, and reuse generates 700 jobs.[46]

Furthermore, although the transition to a circular economy will create many new jobs, it is unclear whether the population currently possesses the necessary skills to perform them. It is therefore crucial for national and local authorities across the EU to invest in upskilling and reskilling the European workforce to ensure that businesses have the skills they need for this transition.

The European Commission should aim to ensure that new employment opportunities are distributed equitably across regions and across Member States. Funds dedicated to regional development should help regions to implement circular economy strategies and reinforce their industrial value chains. Furthermore, support to the EU's outermost regions should take special consideration of these territories' dependency on resource imports, waste exports, and the impact of tourism when designing their circular economy pathways.

ACR+ recommends the European Commission to conduct a territorial analysis of the impacts of the EU's circular economy transition, similar to the international assessment done by the Dutch government.[47] The EU's analysis should identify and anticipate opportunities for circular economy employment opportunities across the European Union, particularly examining how circular economy could revitalise deindustrialised areas. The EU should support "net losing" regions experiencing job and income losses, and address skills mismatches between workers' expertise in linear roles and the demands of emerging circular positions.[48] Successfully distributing the benefits of circularity will also increase the visibility of the European project, increasing overall trust in the work of EU institutions.

[44] https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1583933814386&uri=COM:2020:98:FIN

[45] https://circulareconomy.europa.eu/platform/sites/default/files/ec_2018_-_impacts_of_circular_economy_policies_on_the_labour_market.pdf

[46] https://www.rreuse.org/publications/job-creation-in-the-re-use-sector-data-insights-from-social-enterprises

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