

A Single Market Approach to Circularity

Workshop on the Circular Economy Act - 28 January 2026

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The transition to a circular economy has become a strategic priority for Europe. It is central to achieving climate objectives, improving resource efficiency, strengthening industrial competitiveness and enhancing long-term economic security. The EU has developed an extensive policy framework for circularity, with ambitious targets and new regulatory instruments. Yet despite this progress, the circular transition has proven difficult to deliver at scale.

The core challenge is not a lack of ambition, but the gap between objectives and implementation. Circularity depends on systems that function in practice, across borders and on a commercial scale. However, progress has been constrained by weaknesses in how existing rules are enforced, aligned and designed to support investment and growth. The forthcoming Circular Economy Act (CEA) therefore represents an opportunity to shift the focus from adding new ambitions to creating a framework that makes circularity work as an organising principle of Europe's economy.

Circular value creation relies on the ability to move products, materials and resources efficiently, predictably and safely through value chains that span multiple countries. For circular solutions to succeed, regulation must be coherent, consistently applied and supportive of scale. Incremental adjustments or additional targets will not be sufficient if the underlying framework remains fragmented or difficult to operate within. A strong Single Market approach is therefore essential. The Circular Economy Act should create strong markets for recycled materials, promote circular products, simplify regulations and remove barriers across Europe

Effective enforcement is a cornerstone of a functioning circular economy. Uneven or inconsistent enforcement undermines trust in the system and distorts competition, disadvantaging compliant companies while allowing illegal or substandard practices to persist. At the same time, overly complex requirements and divergent interpretations create administrative burdens without delivering proportional environmental benefits. A stronger focus on coordinated, proportionate and risk-based enforcement is therefore essential to succeed.

Closely linked to enforcement is the need for **alignment and harmonisation**. Circular value chains are inherently cross-border, yet they remain constrained by fragmented national practices, overlapping obligations and unclear interfaces between product, waste and material regulation. This fragmentation increases transaction costs, limits economies of scale and reduces the attractiveness of circular investments. Clear definitions and consistent application of EU rules are essential to allow circular solutions to flow freely and predictably across Europe.

A third decisive factor is the ability to **scale up circular business models**. Many circular solutions already exist, including reuse systems, remanufacturing, high-quality recycling and service-based models. However, these often remain confined to niche markets. Regulatory uncertainty, low demand for recycled materials and limited access to predictable material flows make it difficult for companies to invest and grow. Scaling requires long-term predictability, sufficient volumes and the ability to compete on equal terms with linear alternatives. Regulation must therefore support market formation and scale, not only compliance. For instance, we believe that free and fair competition, open waste markets and reduced administrative burdens for waste shipments will strengthen the financial basis for circular investments in Europe.

For these reasons, **the legal basis of the Circular Economy Act will be decisive**. Anchoring the Act in the Internal Market legal basis under Article 114 TFEU provides the strongest foundation for harmonised rules, legal certainty and a level playing field across Member States. Many of today's bottlenecks stem not from insufficient ambition, but from divergent national implementation and interpretation of EU rules. An Internal Market legal basis is essential to address these structural barriers and to ensure that circular solutions can scale across borders.

Circularity must also be understood as integral components of the **EU's economic security agenda**. Reducing strategic dependencies on critical materials cannot be achieved solely through diversification of supply or stockpiling but requires stronger and more efficient circular value chains within Europe. Such value chains depend on large, stable and cross-border flows of secondary materials, as well as reliable access to the technologies, inputs and infrastructure needed to process them. Approaches that rely on export restrictions or excessive administrative controls risk fragmenting markets, distorting price signals and weakening the business case for investment in recycling, refining and advanced material recovery. Economic security is best served by reinforcing the Single Market for secondary materials, through harmonised rules, predictable regulatory conditions and efficient, digitalised procedures that enable scale, investment and cross-border operations while maintaining high environmental standards.

Ultimately, the success of the Circular Economy Act will depend on its ability to translate ambition into operational reality. This requires strengthening the conditions under which circular systems can function at scale and also promoting the use of circular products and materials. Enforcement, alignment and market functionality must therefore be treated as central pillars of the Act, not as secondary implementation issues.

Within this broader framework, **waste legislation, product legislation, harmonised and simplified EPR schemes, standardisation and information tools such as digital product passports** all play a central role. Together, they shape how products are designed, how materials are collected and classified, and how resources can circulate and re-enter value chains. When these frameworks are aligned, predictable and fit for scale, they can reinforce each other and support market confidence, investment and value retention throughout the lifecycle. When they are fragmented or poorly coordinated, they risk creating new bottlenecks rather than enabling circular solutions. The four Nordic business and industry federations cooperate to explore how waste regulation, standards, definitions, producer responsibility systems and product passport requirements can be strengthened and aligned to support the objectives of the Circular Economy Act. This will deliver tangible results for competitiveness, resilience and resource efficiency.

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