

Advancing an Industrial Circular Economy in the EU (2024)

Executive Summary

The European Union (EU) must embrace the principles of circularity and sustainability to ensure long-term economic prosperity and resilience. The EU has made significant progress in fostering a circular economy, yet challenges remain in realizing its full potential. This joint introduction paper by Denuo, EuRIC, FEAD and FERVER outlines four key action points aimed at driving the EU towards a circular and climate-neutral economy, with a particular focus on industrial transformation, resource autonomy, and sustainable waste management.

Action 1: European Circular Economy Act

A cornerstone for a successful circular economy in Europe is the enactment of a European Circular Economy Act (CEA), which must be designed to integrate waste management with industrial production. As outlined in FEAD's manifesto, the EU needs a legislative framework that incentivizes the use of secondary raw materials in industrial processes. This will reduce dependence on virgin materials, lower greenhouse gas emissions, and strengthen Europe's resource autonomy.

The CEA should establish legally binding targets for recycled content in key industrial sectors, accompanied by financial mechanisms such as a Circular Economy Investment Fund. By scaling up demand for recycled materials, the EU can support a sustainable manufacturing base that aligns with the European Green Deal's ambitious climate objectives. Moreover, the CEA should enforce stricter regulations on imports, ensuring that products entering the EU market comply with the same sustainability standards as domestically produced goods, thus preventing unfair competition from non-compliant imports.

Action 2: Bridge Circular Economy and Climate Policies

Recycling plays a critical role in decarbonising energy-intensive industries, such as steel and cement production. To maximise the environmental benefits of recycling, the EU must better integrate circular economy principles with its climate policies. As recommended by EuRIC, the EU should reward industries for the CO₂ savings achieved using recycled materials, particularly within the framework of the EU Emissions Trading System (ETS).

This alignment is essential to ensure that the circular economy is not viewed in isolation but as an integral part of Europe's broader climate strategy. For instance, expanding the use of recycled steel scrap in the steel industry can significantly reduce emissions while enhancing Europe's strategic autonomy. The European Parliament should advocate for economic incentives that reflect the environmental benefits of circular materials, driving investments in circular and climate-friendly value chains.

Action 3: Strengthen the EU's Resource Autonomy

Europe's reliance on imported raw materials poses a significant threat to its economic resilience and strategic autonomy. The war in Ukraine and global supply chain disruptions have underscored the urgency of securing critical resources locally. The EU must prioritize the use of domestically sourced secondary raw materials to reduce its dependency on volatile external markets.



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The CEA should include specific provisions aimed at bolstering Europe's autonomy over its supply of critical materials. This can be achieved by encouraging investments in recycling infrastructure and waste management technologies that turn waste into valuable resource. Furthermore, trade policies must protect the free flow of recycled materials while restricting exports of unprocessed waste that could otherwise be recycled within the EU, and restricting imports of recycled materials that haven't been subject to the same quality requirements as European recycled materials.

Action 4: Promote Innovation and Sustainable Practices

Effective waste management is vital for a functional circular economy. Current European waste legislation must be strengthened to ensure uniform implementation across all Member States. To achieve this, national and European authorities should be given the necessary means to enforce compliance through regular monitoring and penalties for non-compliance.

Innovation in waste management is crucial to addressing the environmental challenges posed by emerging waste streams such as electronic waste, textiles, and construction materials. As highlighted in the Denuo memorandum, advanced waste-to-energy technologies, combined with innovative recycling techniques, can contribute to both energy production and the circular economy. The European Parliament should support the development of such technologies and ensure that waste management policies are designed to foster private sector innovation while maintaining a competitive market.

Next steps

Denuo, EuRIC, FEAD and FERVER are looking forward to developing these four actions with the European Parliament during the upcoming legislature. Our respective 2024-2029 priority documents contain much more details and can be consulted online:



Aarnout Ecker
Denuo Policy Director
aarnout.ecker@denuo.be
+32485745978



Julia Ettinger
EuRIC Secretary General
jettinger@euric.org
+32489090895



Paolo Campanella
FEAD Secretary General
paolo.campanella@fead.be
+32470703832



Olivier Deweerdt
FERVER Secretary General
odeweerdt@ferver.eu
+32474700422

