

FoodDrinkEurope's feedback to the Circular Economy Act public consultation

We support the European Commission's ambition to create a single market for secondary raw material by exploring opportunities for harmonization, incentives for uptake and assessing how waste management practices can be improved.

FoodDrinkEurope has always called for a coherent policy framework which helps boost research, development and innovation, and promote circular innovation by combining public funding with stable market conditions, clear regulation, and opportunities for industrial scale-up. We also want to recall that the key objectives of policy intervention should be 1) increasing the uptake of circular material¹ and making secondary raw materials less costly than their virgin counterparts.

As our sector is preparing for compliance with the Packaging and Packaging Waste Regulation, we see the Circular Economy Act as the strategic framework which:

- Strengthens existing instruments (such as Extended Producer Responsibility and the Waste Shipment Regulation)
- Proposes bold measures to incentivize a more circular use of products, without accumulating legislative requirements.
- Tackles disparities between Member States in terms of waste management infrastructure and endorse practices which help the EU meet recycling targets.

Harmonization and simplification should remain overarching themes, and the consultation already identifies areas where more can be done.

Finally, it is important that it ensures a level playing field on a global market, strengthens enforcement and oversight to ensure that all products on the EU market, regardless of origin, comply with EU product- and safety rules and requirements.

Our recommendations in detail:

1. **Preserve and update the minimum EPR criteria in the Waste Framework Directive.** We take note of the recognition of EPR as a key enabler of circularity. The CEA should aim at strengthening the link between EPR and tangible improvements to waste management infrastructure. Two main ways to do so are 1) require all PROs (regardless of ownership) to meet minimum requirements in Article 8a of the WFD 2) adding transparency and fee earmarking principles to the current minimum requirements.
 - a. **No exemptions from EPR minimum requirements:** PROs should always operate under a producer mandate, in line with Article 8a of the Waste Framework Directive (WFD). State-owned PROs in particular should not be allowed to allocate the EPR fees they collect from producers to the state fund and should be obliged to respect all minimum requirements of the WFD. This

¹ At least 24% by 2030 -

ensures the achievement of the PROs' core objectives and priorities as well as the optimal set-up, i.e., cost structures without cross-subsidisation/mutualization of cost. These systems should operate as not for profit and industry-led, also in support of better sorting of the related materials.

- b. **Principle of earmarking:** To ensure all food and beverage packaging types have a chance to be recycled at scale by 2035, the CEA should make sure that funds collected through EPR are reinvested into collection and sorting of the packaging type they are paid for. This would also ensure companies pay the proportionate cost for EPR fees. Such level of granularity will be key for achieving recycling at scale under the PPWR – this was not envisaged when the 2018 WFD was adopted.
 - c. **Principle of transparency:** We suggest PROs be transparent when it comes to price setting and the use of fundings. PROs should transparently report on the use of funds on a regular basis (at least yearly) to producers and to the European Commission. This could be done through an amendment to **Article 8a (3)(e)** of the Waste Framework Directive.
 - d. **Producer input:** Independently of their ownership (incl. state-owned PROs), PROs should always consult producers in order to make decisions. A right to be consulted could be reflected in **Article 8a (6)**, going beyond regular dialogue.
 - e. **Progress tracking:** The process should include regular reviews and annual targets to track progress and ensure that investments deliver results. This transparency can reinforce efficiency by fostering an efficient EPR scheme among PROs. At the same time, producers need transparency and accountability to ensure competitiveness, and to ensure that their investments lead to tangible improvements in waste collection and recycling.
 - f. **The Circular Economy Act should ensure that all countries implement a risk-based control system** to guarantee that all companies obligated to contribute to EPR schemes comply. This will help maintain a level playing field.
2. **Use the full potential of the single market:** To develop a true circular, single market it is paramount to remove trade barriers between Member States.
- a. Despite the recent revision, we believe that further potential lies in the Waste Shipment Regulation. Intra-EU shipments of waste for recycling could be made less complex, in particular for pre-consented facilities.
 - b. In addition, the CEA should remove and ensure that there are no local preference rules, favoring local use of secondary raw materials. Recyclates cannot always be used where they are generated. Restricting flows means valuable materials may be wasted, incinerated, or landfilled rather than recycled. Producers required to meet recycled content targets under the PPWR may face bottlenecks in markets where the availability of high-quality

recyclates is limited. This could drive up local prices compared to other Member States with a more abundant supply of suitable feedstock.

- c. As identified in the 2025 single market strategy, overlapping legislation leads to high compliance cost and avoidable administrative burden. This is why we ask for the CEA to **avoid double regulation** (e.g. overlapping PPWR, REACH, Food Contact Material (FCM)) **and simplify reporting obligations**. With this in mind, the CEA should refrain from adding additional requirements when it comes to packaging design, ensuring food and drink businesses have legal certainty as they focus on compliance with the PPWR. We, therefore, call the European Commission to prioritize the effective implementation of existing legislation introducing new requirements.
3. **Unconditionally support the achievement of circularity targets set in the Packaging and Packaging Waste Regulation.** We consider the PPWR an advance when it comes to collection practices. **However, there are still loopholes which undermine EU's path to recycling 65% of all packaging by 2035 as well as the recycling at scale requirements.** The Circular Economy should, for instance:
 - a. Repeal the possibility for Member States to derogate from their own recycling targets by an additional 5 years.
 - b. Target inefficient material loops to minimise material dependence across sectors, avoiding capitalising on others' circularity efforts.
 - c. Harmonize the collection of paper packaging across the EU and set clear collection rules, e.g., separate collection of paper and plastics². This would provide greater legal certainty for food manufacturers innovating in sustainable packaging and increase recycling rates for paper packaging.
 - d. Foresee that Member States should support investments into recycling infrastructure to ensure recyclability at scale by 2035 and foster closed-loop recycling. The upcoming MFF can support this through reform provisions in the National and Regional Partnership Plans.
4. **Set out financial incentives for a circular economy.** This includes addressing structural barriers such as double taxation and adapting accounting standards to better reflect circular business models. Moreover, enhancing the competitiveness of circular products is critical. This could be achieved via capital allowances and circular economy tax credits, as well as reduced VAT rates for recycling services. Lower VAT on recycling also makes secondary raw materials more price-competitive with virgin raw materials, boosting demand EU-wide. **More concretely this would mean:**
 - a. Extend the tax incentives to permit reduced or zero rates for recycled materials, as well as waste collection and recycling services, in a harmonized way. Eliminate VAT embedded in the value of recycled goods used as inputs.

² According to the 2024 JRC [study](#), single-stream collection of dry recyclables achieves the worst environmental performance across all the impact categories considered in the assessment, followed by dual-stream systems when paper and cardboard is commingled with metal, plastic, and beverage cartons.

- b. Use the Update of the General Block Exemption Regulation (GBER) to make circular tax credits exempt from prior Commission approval.
- c. FoodDrinkEurope also supports the creation of a dedicated Competitiveness Fund toolbox for a circular economy to establish a well-resourced EU-level funding pipeline to support recycling infrastructure, innovation, and technology deployment. This toolbox could be deployed alongside infrastructure funding from the Innovation Fund and Horizon Europe.
 - Along the lines of the Critical Raw Materials act, the CEA should include a section on strategic projects, with criteria that apply across sectors, including projects which contribute to uptake of secondary raw materials in packaging, linked to the PPWR targets.

5. Food waste considerations under the Waste Framework Directive: We regret that considerations regarding food waste prevention have not been reflected in the consultation questionnaire. Our members are investing in effective food waste prevention strategies, helping retain value in line with the food waste hierarchy. However, they find the following inconsistencies to be fixed in the Waste Framework Directive.

- The food waste reduction targets under the WFD should be recalibrated to reflect the realities of food production. Without adjusting production volumes, the current 10% reduction target risks acting as a cap on production growth, even when food waste is repurposed for industrial uses such as feed or energy. To ensure targets are fair and achievable, and don't compromise growth and competitiveness of the food sector, we support calculating food waste reductions in proportion to food produced, not as fixed nominal values.
- In establishing reduction targets, unavoidable food waste – such as that generated from mandatory sampling, hygiene protocols, or non-edible components – must be accounted for separately.
- We also urge the Commission to swiftly adopt delegated acts to ensure harmonised, reliable, and comparable food waste measurement methodologies across Member States by 2026. This is critical to ensure consistent implementation and fair tracking of progress.
- We encourage the European Commission to clarify that materials repurposed within the food and feed chain should not be classified as waste. Clear legal definitions would reduce regulatory uncertainty and avoid burdensome “waste-type” authorization. Such clarification should also consistently be applied in other legislation e.g. energy. At the same time, food waste, when it cannot be avoided or used for food, should be redefined as a valuable bio-based feedstock within the bioeconomy. This approach aligns with the waste hierarchy and supports circularity by promoting the use of unavoidable food waste for applications such as pet food, feed, bio-based packaging or other industrial uses.

- Finally, we welcome the flexibility granted to Member States to choose their baseline year, which allows early efforts to be recognised and accommodates inconsistencies in historical data.