

The Swedish Recycling Industries' input to the Circular Economy Act

The Swedish Recycling Industries is an industry association representing private recycling companies with a combined turnover of SEK 36 billion and over 10,000 employees at facilities across Sweden. Our members recycle both municipal and non-municipal waste.

The Circular Economy Act (CEA) has the potential to become the systemic and overarching transformation that Europe urgently needs – where waste becomes increasingly converted into valuable raw materials. This shift is essential to reduce energy consumption, environmental and climate impact, and to secure Europe's resilience and future resource supply.

For the Swedish Recycling Industries, **it is important that the upcoming CEA becomes an overarching framework**. The rollout of multiple Omnibus packages from the Commission is concerning. We see significant risks in amending numerous legislative acts in a piecemeal manner, as this may result in a patchwork of rules entering into force at different times, lacking a coherent approach. Instead, it would be desirable for the CEA to provide the necessary overarching perspective to ensure that the circular transition becomes a reality and is consistently reflected across all future legislation.

Economic viability for recycled materials

Primary materials are often cheaper to buy and use, compared to recycled ones – this represents a market failure. The low price on primary plastics, for example, often stems from low prices on oil, overcapacity, and weak regulatory incentives. **The problem with today's pricing is that it does not reflect environmental externalities and the extra steps that are required to recycle materials**, such as costs for collection, sorting, re-processing, decontamination etc. This price gap discourages circular solutions and often coincides with poorer labour conditions in extraction and processing, undermining both sustainability and social fairness.

A common narrative used by EU producers is that there is a lack of both high quality and supply of recycled materials in the EU, compared to primary materials. We seek to correct that misconception. **The issue does not lie in poor quality or lack of supply, rather it deals with a lack of willingness from producers to pay the extra cost** of using recycled materials of higher quality. In order for recyclers to reach the same quality on recyclates as for primary materials, there is a large need for new technologies, upscaling and investments to be made. These are expensive measures. Recyclers therefore need to either increase the pricing on recycled materials vs. primary ones or make long-term agreements with producers to ensure that their investments and upscaling projects will pay off, and that the high quality recyclates ultimately will be bought in the end.

To stimulate the market for recycled materials and ensure that the price differences, or producer unwillingness, does not stand in the way of circular business models, **we call for**

6th of November 2025

mandatory recycled content targets. Targets should be placed on new products placed on the EU market and should be based on post-consumer waste (PCR). Post-industrial waste (PIR) already exists on a functioning market in a circular infrastructure on sites and will not become a wasted resource, whereas post-consumer waste faces a market crisis. The targets may initially be set at a lower level, and subsequently raised progressively, in line with technological developments and the capacity of businesses to adapt.

We appreciate the work of the Commission for the increased inclusion of mandatory recycled content targets in several legislative acts that will, or have recently, come into force. However, we see the need for targets in more products to increase the incentives for recycled material use. Targets should be placed on more types of plastic products, textile products, construction materials such as gypsum and mineral wool, and on critical materials such as lithium and neodymium.

To support the European market for recycled materials, a voluntary origin label, such as “made in the EU”, could be introduced. This may strengthen the market by providing greater transparency about the origin of the material. Such a label could, for example, be applied to recycled plastics which may stimulate demand through public procurement and purchasing decisions for European recyclates compared to cheaper fossil alternatives from third countries. It is, however, important that a label such as “made in EU” has been fully assessed before putting in place and that there are third party verification that can ensure its accuracy.

In recent years, our sector has experienced numerous fires at recycling facilities, frequently caused by wrongly disposed batteries. Consequently, **recycling actors are increasingly denied insurance coverage**, despite implementing various safety measures. This situation may lead to significant financial losses. The Commission must address this by developing an insurance framework that protects the recycling sector, and by ensuring that producers contribute to covering the resulting damages. One effort in the upcoming CEA may be to introduce a European fund, paid by producers, where recycling actors may apply for funding to rebuild a recycling facility that has been damaged by a fire.

As the Commission rightly notes in the Clean Industrial Deal, the green transition will necessitate substantial investments. Resources from the forthcoming Competitiveness Fund, the State aid Framework accompanying the Clean Industrial Deal, and the Industrial Decarbonisation Bank must be eligible for supporting circularity and investments in innovative recycling facilities, for example, for textiles. In light of the Commission recommendations on tax incentives to accelerate the Clean Industrial Transition, for example, **it is important that the recycling industry is included within the scope of ‘clean technologies’, ‘clean manufacturing’, ‘industrial decarbonisation projects’, and similar concepts.**

Furthermore, we welcome the upcoming review of the VAT Directive, especially regarding reuse regulations. Tax and VAT incentives for circular products will foster greater use of recycled materials and could become a tool for levelling the playing field for recycled and primary materials.

6th of November 2025

Public procurement

Public procurement represents a powerful yet underutilised tool in the EU's transition towards a climate-neutral, circular economy. Public procurement holds significant potential to influence market demand, shift production patterns, and accelerate the uptake of recycled materials and circular products, thereby contributing to the EU's climate and circularity goals. Despite this potential, the Public Procurement Directive, only provides voluntary guidelines for considering environmental criteria in procurement decisions. As a result, tenders are often based on lowest price and environmental considerations remain inconsistently applied across Member States, failing to drive meaningful change at scale.

The upcoming revision of the Public Procurement Directive needs to be in line with the circular economy objectives, and in line with the measures in the upcoming CEA. The EU needs a life-cycle approach in public procurement to ensure that there are mandatory requirements on tenders to include carbon footprint of material extraction and production, product lifespan, energy consumption, and the end-of-life management, whether through reuse, or recycling.

Fair competition

One key challenge for a more circular economy in Sweden is the interpretation and implementation of the Waste Framework Directive. In Swedish legislation, companies of both producers and recyclers, are prohibited to offer recycling services for municipal waste from households and enterprises. Instead, the companies must be contracted by the municipalities, which possess ownership of all household waste. **The Swedish waste market is thereby among the most municipally regulated in Europe**, where private recycling actors are very limited in what they can do. As a result, actors with knowledge, resources, and technology are prevented from participating in the necessary transition. When the market is closed to competition, progress stops.

In comparison to other Member States, Denmark deregulated their waste market at the beginning of 2025 as part of their climate action plan for a green waste sector and a circular economy. The goal was to boost investment and innovation in recycling in an open market, and the results are already visible. Danish recycling companies now dare to invest and develop new solutions that strengthen recycling and improve the quality of recycled materials. Sweden, however, has moved in the opposite direction. In recent years, more waste streams have become municipally regulated, reducing competition and preventing the industry from contributing to the goals set by EU and Sweden.

To meet EU requirements and strengthen the market for secondary raw materials, we believe that the business community must be allowed to participate in the transition to a greater extent. **When the market is opened and companies are given stable, long-term conditions, investments will follow.** We therefore urge the Commission to ensure a harmonized open market where recycling companies have the right to offer services of collection and recycling for all types of waste, including household waste.

6th of November 2025

Turning waste into resources through End-of-Waste criteria

National authorities currently possess varying levels of expertise regarding legislation on waste and chemicals, which hampers the establishment of a harmonised internal market. In Sweden, **assessments of whether a material constitutes a waste or a resource are carried out differently across the country**. Supervision is conducted by local inspectors, who typically oversee a wide range of activities – from issuing permits for food stands to inspecting horse farms, or determining whether a waste shipment should be considered permissible. In the absence of EU-harmonised end-of-waste criteria, it is up to the local inspector to make that judgement. Consequently, assessments may vary significantly, and it can be very challenging to obtain approval from national authorities depending on the location within Sweden, as municipalities differ in terms of resources and personnel expertise.

An introduction of **more and harmonised End-of-Waste criteria in the EU is of high importance in the CEA**. Not only should end-of-waste criteria be set on plastics, textiles and demolition waste, as the timeline indicates, but the Commission should also focus on new and harmonised criteria for complex waste streams. Our members experience issues with assessments on complex waste streams, such as:

- Oils
- Chemicals after purification processes, such as glycol and solvents
- Acids
- Gases
- Plastics with a high content of additives
- Bottom ash and aggregates for use in concrete
- Textiles
- Contaminated soil
- Wastewater for use in industrial processes
- Incineration slag gravel
- Bed sand and street sweeping sand
- Gypsum
- Insulation plastics
- Insulation mineral
- PVC for rigid plastic pipes / window frames in the construction sector
- Other types of hard plastics in the construction sector

The current system in Sweden is insecure in terms of predictability, legal certainty, and equal treatment. An assessment of whether these materials should be classified as a product or as waste can be questioned by both the operator's and the recipient's supervisory authority. This situation creates an obstacle to investment, both in facilities and in other innovative solutions. To accelerate innovation in circularity, the legislation needs to be clarified by introducing end-of-waste criteria for these waste streams.

6th of November 2025

Furthermore, a system with mutual recognition between Member States whilst waiting for end-of-waste criteria should only be seen as a transitional solution. Due to the current challenges of varying levels of expertise at national level, we are concerned that these kinds of mutual recognition systems may only hinder the processes further. EU harmonised and regulated criteria should therefore always be the end goal.

Improved waste shipment processes

A well-functioning waste market, where waste can be traded both within and between EU countries, is essential for achieving greater circularity. **Cross-border waste shipments are also crucial for the effective recycling of materials in Europe.** One Member State alone cannot possess all types of complex recycling processes. Instead, waste must be able to cross borders to the Member State with the best available technology for recycling at that time, and in line with innovation agreements among companies etc. This is particularly relevant for the recycling of complex products, such as wind turbine blades, where it is not economically viable for all Member States to invest in that kind of recycling.

A current hinder for effective cross-border waste shipments is the divergent implementation of EU legislation across Member States. For example, **EU rules and criteria for determining whether waste should be classified as hazardous or non-hazardous are interpreted differently.** The Swedish Environmental Protection Agency has also suggested to implement the revised Waste Shipment Regulation differently than other Member States, by suggesting a ban of all waste shipments destined for disposal and landfill with regards to the principle of proximity and self-sufficiency. This kind of separate regulation in the EU results in certain types of waste shipments being restricted to or from Sweden, while similar shipments pose no issue between other EU countries. If the implementation of EU legislation is fragmented, certain Member States and recycling companies may experience competitive disadvantages on the EU internal market, ultimately leading to certain waste streams becoming incinerated instead of being recycled in another Member State. This undermines the circular economy in general. Updating the list of green-listed waste, where more waste fractions are added, as well as introducing more and harmonised EoW-criteria is of utmost importance for more efficient and harmonised waste shipments in the EU.

Another issue is the **long processing times for notifications of waste shipments**, at the Swedish Environmental Protection Agency. It may be seen as simply a national measure, but the Swedish recycling sector also hears large complaints from neighbouring Nordic countries, stating that the limited resources of the Swedish authorities are negatively affecting their businesses as well. In today's system, **it can take up to eight months** from the submission of an application for a waste shipment until the recycling company receives an approved permit for transport.

The risks associated with long notification processes include broken contracts with customers or suppliers, lost revenues, missed business opportunities, and recycling companies facing substantial fines for failing to deliver materials as agreed. Without waste shipments, recycling cannot take place, and valuable resources risk being landfilled, incinerated, or even illegally dumped instead of being reused.

6th of November 2025

A digitalised system is welcomed and can lead to improvements, but if national authorities do not have the resources to manage a large demand, the problems may still occur. Therefore, **we urge the Commission to take a more comprehensive approach to market surveillance and to ensure consistent enforcement of EU legislation.** This would enhance the prospects for fair competition and increased circularity across the Union. Varying interpretation of EU legislation and varying degrees of knowledge and resources at national authorities cannot and should not stand in the way of the circular economy.

Export restrictions are not the solution

The Swedish Recycling Industries are concerned about the increased protectionism in the EU and the export restrictions being discussed for various materials, such as steel scrap and black mass from batteries. **Access to international markets is vital for the recycling sector** to continue operating effectively. Just like in other industries, materials must be able to be traded freely on an open market to ensure competitiveness and job creation.

The current case of an insufficient demand for recycled materials within the European market must be addressed by actions aimed towards the underlying issue of market failure, instead of further limiting the market for recycled products. We believe that open international markets can enhance resource efficiency and promote a global circular economy.

Extended Producer Responsibility schemes

The current use of Extended Producer Responsibility (EPR) schemes often fails to take into account the polluter pays principle, meaning that the full costs of collection, sorting, treatment, decontamination and recycling are not covered by the producers. More than often, a Producer Responsibility Organisation (PRO) will offer low producer responsibility fees to producers, in order to get more producers to join their PRO. A result of this is that municipalities may have to raise their municipal taxes for citizens to be able to cover the costs for recycling. It may as well lead to cheaper waste management, in terms of sorting and recycling options, which ultimately leads to a lower quality on the recycled materials. Furthermore, **today's use of EPR schemes does not result in achieving the goals of circularity**, such as the collection and recycling targets set up by the EU.

A harmonised revision of current EPR schemes, as well as a harmonised and revised approach to new EPR schemes, is necessary in the upcoming CEA. **Both existing and upcoming EPR schemes need to be based on eco-modulation**, with the same criteria applied in all Member States. Producers need more incentives to design their products for better recycling, without the unnecessary use of composite materials, for example. Producers need incentives for the use of recycled materials in new products, as well as making sure that they can be reused and repaired. Therefore, producer responsibility fees should be differentiated and based upon these factors, where producers get advantages for eco-modulation and disadvantages for choosing fossil primary materials etc. We appreciate that the Commission has started this work in, for example, the Packaging and Packaging Waste Regulation, and we believe that this work should continue for other products too.

6th of November 2025

Several Member States does not achieve the collection and recycling targets for plastic packaging, which results in large fees to the Commission via the Multiannual Financial Framework (MFF). The Swedish Recycling Industry does not per se oppose the use of the MFF for this purpose, but it may not be the best approach for reaching great results. Instead, **producers and their PROs should be held accountable if they fail to achieve EU targets** and the price of inaction should be paid by them. A sanction placed on PROs if failing to do so could be a strong incentive to improve the downstream processes for products placed on the EU market. To make further improvements, we believe that the revenues from the fees or sanctions should be reintroduced to the recycling industry which, for example, can be used to develop new and improved recycling technologies.

When introducing new EPR schemes, it is important that a full impact analysis have been performed. An EPR scheme can, when based on eco-modulation, lead to increased circularity for products and materials that would otherwise have a negative market value. For recycled materials that already have a positive market value and therefore can be easily traded on the EU market, it is not important to introduce an EPR scheme. Conclusively, **materials that have a positive market value when becoming waste should be excluded from new EPR schemes**. Due to potential changes in market value, there should also be a continuous revision of when an EPR scheme may be needed.

The organisation of PROs also reflects the ability to increase circularity. In several Member States, it can exist 10 or more PROs for the same product/waste type, making it hard for producers to choose between PROs at the same time as PROs would want to lure producers in by offering low fees etc. Likewise, a monopoly situation with only one or two PROs may result in stagnant efficiency. Keeping the number of PROs at reasonable levels are therefore essential. As of now, it is hard for an outsider to gain insights for reasons behind fee changes and similar matters concerning a PRO. **We call for improved monitoring and control of the PROs** with full transparency of both involved actors and where the money of the PRO is spent.

PROs should be prohibited from having an operational role in the same market that they regulate and should only grant financial support but no contracting, as it would lead to a monopoly situation undermining the recycling industry to invest and innovate. The role of PROs in data collection must be strictly limited to fulfilling the core missions of the EPR scheme – namely for auditing purposes, monitoring waste management operators, and ensuring traceability of waste flows. Additionally, PROs should always be **non-profit**. In the end, **recyclers must also retain the right to buy, sell, and own the waste that they manage**.

Waste management in the EU

Having a harmonised view on waste management, and its infrastructure, in the EU is important. There are several Member States who experience national issues with operating efficient waste management systems and waste infrastructure. This may obstruct the circular economy in general in the EU.

A harmonised system with minimum criteria for waste management may therefore be relevant for countries who are lacking behind, in order for them to speed up national measures.

6th of November 2025

However, a **harmonisation should not hinder lead countries efforts in their further development of waste management**, and it should not force them into taking several steps back from the right direction. The same principle applies to methodologies in collection, sorting and treatment options that Member States and companies may invest into. It is important that a harmonised waste management does not hinder innovative solutions.

Revision of the WEEE Directive

The upcoming revision of the Directive on Waste Electrical and Electronic Equipment (WEEE), accompanying the CEA, is very welcomed. We need to accelerate the collection and recycling of WEEE, and more needs to be done to reach the EU targets.

The focus of the revised WEEE Directive should not be to set new targets, considering the fact that Member States already misses the existing ones. A change of scope and improved definitions, however, can be helpful in some ways. Category 4 in the WEEE Directive, that includes everything from solar panels to washing machines, which are products that consists of various materials and different recycling opportunities, does not contribute effectively to meeting the targets. To therefore create more specified categories, connected to the set targets, and that are based upon material composition and treatment methods could be beneficial.

With that said, to make a lasting reform **we call for the revision of WEEE to focus on the many challenges for the CEA to tackle**, regarding the economic viability, EPR schemes and waste shipment processes, since these can also be applied to the barriers for effective recycling of WEEE.

In addition to what has been described regarding EPR schemes, it is important that producers ensure proper disposal of their products. The risks of fires at recycling facilities are increasing, with significant economic impact as well as deathly outcomes as a result. Fires occur mainly due to wrongly disposed batteries and WEEE in the mixed residual waste when they get mixed with flammable materials. An inclusion of **large awareness campaigns** towards end consumers about proper disposal of WEEE should therefore be an integral part of EPR schemes.

To further decrease the risks of fires, and decrease the risks of wrongly disposed WEEE, measures need to be taken for single-use and disposable products that contain batteries. **We call for a ban on single-use small electronic products, such as vapes and greeting cards.** Both Belgium and the United Kingdom have acted as frontrunners for the EU to follow, since they have already introduced bans on vapes. Further limiting the use of disposable battery products are important. The new Batteries Regulation states that batteries need to be removable, but even with removable batteries in a small single-use products, such as a greeting card, it is not sure that the risk of wrongly disposed batteries does not occur. Consumer may still not remove the batteries and place them in the right container, even if they are supposed to do so. The existence of products such as a singing greeting card is not essential on the EU market and may lead to considerable danger to people. Placing a ban on such products can therefore be an easy gain towards achieving improved recycling efficiency of WEEE in the revised directive.