

April 15, 2026

*Dear Executive Vice-Presidents Ribera and Séjourné,
Dear Commissioner Roswall,*

Over the past years, Europe has made significant progress in building a circular economy: from the right to repair and banning the destruction of unsold goods to stopping waste exports to non-OECD countries and setting plastic recycled content requirements. As S&D, we have successfully ensured that producer responsibility and the Polluter Pays Principle lie at the heart of these policies.

However, the challenge remains more urgent than ever: the European economy still is almost 90% linear. Our industries are suffering from highly volatile virgin commodity prices in an increasingly unstable world. And globally, 60% of greenhouse gas emissions and over 90% of global biodiversity loss stem from resource extraction and processing. At the same time, Europe lacks the necessary infrastructure for scaling up reuse and recycling. **Just as Europe has led on cutting carbon emissions, we must now apply the same ambition to how we extract, use, and dispose of resources.** The **Circular Economy Act**, as also highlighted by both the Letta and Draghi report, offers us a unique opportunity, one that we cannot afford to miss.

Together, we must build a true **Freedom Economy** that benefits our citizens, businesses, and our planet alike.

A Freedom Economy, that:

1. Advances Europe's strategic autonomy

The upcoming **Circular Economy Act** is our chance to make circularity the new normal, reduce our reliance on unreliable (material) imports - including fossil fuels, critical raw materials, and fertilisers -, and accelerate Europe's efforts towards stronger **independence**. To succeed, two aspects are key: Harmonising **End-of-Waste Criteria** and aligning **Extended Producer Responsibility (EPR) schemes** across Europe.

Completing our single market starts with harmonisation. Harmonising collection and sorting processes, for example, is indispensable to achieve efficient cross-border waste handling and recycling. However, for any harmonisation efforts, we must **build on the most ambitious approaches already in place across Europe**.

On the one hand, this means **using the most effective End-of-Waste criteria, accompanied by revised CEN standards and CN codes**, as basis for common standards across Europe which will create a strong single market for secondary raw materials.

On the other hand, the **most ambitious EPR schemes should be used for setting common minimum requirements across product/waste categories** - ensuring that best-practises are shared, and a race to

the bottom is prevented. In this, **transparency** regarding how EPR fees are calculated and how they are used for waste treatment; as well as **harmonised and mandatory eco-modulation criteria** should be a key principle.

2. Boosts competitiveness, innovation, and the success of Europe's industry, SMEs, start-ups and social enterprises

Europe must become the world's leading circular continent. This provides a unique economic opportunity for the **whole diversity of European businesses** - from large-scale industries to SMEs, start-ups, and social enterprises. Already today, 4.3 million Europeans are employed in sectors relevant to the circular economy. There are already many positive examples and innovative solutions across Europe that can be built on. If done right, with **collaboration along the whole value chain** as core principle, boosting Europe's circularity will not only lower input costs across industries, but create **a large number of new jobs**, particularly in the labour-intensive repair, and recycling sectors.

But the reality looks different: at a time when we need to significantly expand the necessary infrastructure and scale up circular solutions, **European recycling, repair and reuse sectors are in a deep crisis**. We therefore support the EU Commission in its efforts to use **public procurement** as a key instrument to strengthen the circular business case. **Sustainability and made-in-Europe requirements** do not only reinforce our European circular value chain and the competitiveness of our industry, but also contribute greatly to our strategic independence and the achievement of our climate goals. At the same time, such requirements must be designed carefully to avoid financial challenges (such as for municipal enterprises), especially in a transition period where secondary raw materials may still be significantly more expensive or scarce.

It is essential that valuable resources, critical raw materials and rare earths embedded in products placed on the Union market, are recovered and retained within the Union at their end-of-life stage. To achieve this, export restrictions for certain resources may be an effective way forward. To further boost the market, EU **recycled content targets should be extended** beyond plastics to other materials and various sectors, such as electronics and construction – in addition to such a measure expected under the ESPR delegated act for textiles.

With fast fashion and other waste-intensive products overwhelming the European market, recycling alone won't solve the crisis. A comprehensive Circular Economy Act must therefore also consider **EPR schemes, including for distance and online sellers, as an instrument that prioritizes waste prevention and fully funds reuse activities - aligning with the EU waste hierarchy's core principles**.

Lastly, in the spirit of harmonisation, we call on the EU Commission to **amend the WEEE** and turn the current directive into a regulation. This would also further boost the recovery of critical raw materials in electronic waste.

3. Champions the health of Europeans

To protect citizens, ensure recyclability, and create non-toxic material cycles, the **Chemicals Strategy for Sustainability** must be fully integrated across all product lifecycles and waste regulations - backed by clear information requirements. One way to do so is **the consideration of chemicals in EPR systems and subsequently eco-modulation fees for products placed on the EU-market via all channels**.

4. Protects our natural resources

With **6 out of 9 planetary boundaries having been exceeded**, there is an urgent need to accelerate our efforts **beyond greenhouse gas reduction targets** - Europe also needs ambitious goals to reduce our material footprints in general. Besides resource-efficient design, **targets for process efficiency and resource use during the manufacturing phase, as well as for waste reduction, reuse, repair, and recycling** are critical for achieving a **level of material consumption that allows all to live well within planetary boundaries** - as S&D has argued since 2015.

Crucially, the CEA should also align circularity goals with the great potential of the **EU's Bioeconomy Strategy** - while ensuring natural resources are used sustainably according to the **cascading principle**, maximizing efficient uses, and protecting nature's regenerative capacity.

5. Makes the lives of Europeans more affordable and sustainable choices easy

To make the reuse of products cheaper, support the second-hand sector, and incentivise the uptake of secondary raw materials more broadly across sectors, we support a **review of the VAT directive**, as already announced by the Clean Industrial Deal. Lowering VAT rates across Member States and avoiding double application for second hand products, in combination with EPR design as well as efforts on national taxation in specific sectors could **significantly increase both market share and gross profit margins of reuse and repair business models**, while boosting the **affordability of second-hand products**.

Additionally, when designing EPR schemes to prioritize waste prevention and reuse, allocated funds should also support instruments that **help citizens use their products for longer and save money** - for example through an EPR-financed **"Repair Bonus"**.

We look forward to crucial discussions in the coming weeks and to working together on this matter.

Sincerely,

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MEP Vytenis Andriukaitis
MEP Sakis Arnaoutoglou
MEP Thomas Bajada
MEP Mohammed Chahim
MEP Christophe Clergeau
MEP Helène Fritzon
MEP César Luena
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