

The EU's new circular economy regulation

# Boosting the Internal Market for Circular Economy

The objective of the EU's Circular Economy Regulation is to accelerate the transition towards a circular economy by leveraging the functioning of the EU internal market.

The European Commission is expected to present a proposal for the Circular Economy Act in 2026. The initiative aims to strengthen the internal market for recycled raw materials by enhancing waste and recycling legislation and by fostering demand for secondary materials. Initial indications of the forthcoming regulatory direction were outlined in the Clean Industrial Deal initiative published in March 2025.

The Confederation of Finnish Industries suggests the following:

**The circular economy is a driver of sustainable economic growth and a means to improve competitiveness and resilience in the global economy. It must be based on market-driven solutions. New products, service concepts and other innovations are primarily developed through demand and competition. Special attention must be paid to the cost-effective implementation of already adopted circular economy legislation.**

## Internal Market for Circular Economy

- The internal market should be built on company-driven digital product passports and ecodesign. Specific ecodesign requirements for product groups can support reuse and extend product lifetimes, thereby preserving the value of products, materials and resources and strengthening the EU's competitiveness and strategic autonomy.
- Creating an internal market requires the free movement of recycled raw materials across borders. Harmonising by-product and end-of-waste criteria, as well as standardising approval procedures across Member States, ensures that by-product or end-of-waste status granted in one country is recognised in others.

## Efficient Use of Recycled Materials

- Promoting biogas and nutrient recycling as part of a bioeconomy strategy supports the availability of critical raw materials and facilitates the transition to a lower-emission energy system. Utilising side streams for biogas production is integral to the circular economy, and the recovered nutrients strengthen fertiliser self-sufficiency.
- Recycled materials should be used based on a risk-based assessment rather than the precautionary principle. For example, limit values for substances harmful to human health and the environment should be assessed on a risk basis according to the intended end-use of the recycled material.
- Circular economy legislation should remain material-neutral, allowing companies to choose the most suitable materials for their products based on intended use and a comprehensive environmental impact assessment.

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## Additional information :

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## Equal Competitive Conditions

- A wide range of instruments can be utilised to promote the circular economy and sustainability in public procurement. However, broad and non-technical criteria, such as “Made in Europe”, are not appropriate or effective. Public procurement must be grounded in genuine competition, demonstrated effectiveness and the sound management of public finances. Dedicated guidelines and technical criteria may be developed to support procurement practices that are compliant with circular-economy objectives.
- The regulatory framework on packaging and packaging waste requires simplification. Current requirements related to reuse and refilling impose additional costs on European undertakings without clear or demonstrable environmental benefits.
- Online marketplaces offering products to consumers in the European Union on behalf of third-country manufacturers or sellers should be designated as economic operators and producers for the purposes of extended producer responsibility (EPR). Such a designation would align the responsibilities of online marketplaces with those of importers concerning the conformity of products and packaging prior to their placement on the Union market. As the only actor capable of monitoring the activities of companies operating on the platform, the marketplace is best positioned to ensure compliance. Strengthening platform responsibilities is feasible but would require amendments to the Union’s legislative framework.
- Furthermore, products purchased from non-EU online marketplaces may contain substances prohibited within the Union. Once such products reach end-of-life, they enter the same collection and recycling streams as compliant goods, thereby potentially hindering or preventing the use of recycled materials and compromising the integrity of Union recycling systems.

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