ERRIN European Regions Research and Innovation Network

ERRIN input

EU Circular Economy Act

INPUT PAPER

European Regions Research and Innovation Network

ERRIN response to the Circular Economy Act Public Consultation

The European Regions Research and Innovation Network (ERRIN) welcome the European Commission's work towards the forthcoming EU Circular Economy Act and appreciates the opportunity to contribute to its development.

Key recommendations

To summarise the main recommendations, ERRIN advocates for the EU to:

- **Introduce binding targets for circular material use.** Setting clear goals will create a strong market demand for high-quality recycled materials and drive industrial uptake.
- **Standardise end-of-waste and by-product criteria.** Harmonised end-of-waste criteria, by-product definitions and digital material passports will increase transparency, reduce administrative burdens and enable scalable, homogenous secondary material streams.
- **Use taxation to incentivise circularity**. Apply lower taxes to recycled materials and strategically reduce costs for circular repair services and businesses to stimulate adoption.
- **Develop a clear, long-term, material-specific vision and roadmap**, so that businesses can invest and create the desired future.
- **Ensure a stable policy landscape for the new circular markets to emerge and grow.**
- **Identify and indicate relevant EU funds and financial incentives** that are currently available to support new circular infrastructure and markets. The next MFF should keep a clear focus on investments in R&I directed to developing, testing and implementing new circular solutions.
- **Promote sustainable biobased prefabrication and circular building materials.** By committing to biobased industrial construction (prefabrication), it will be possible to build quicker, cheaper and healthier for both the end-user and environment.
- **Introduce mandatory pre-demolition audit** to support selective demolition and separate waste collection, ensuring demolition projects are sustainable, safe and compliant with regulations while maximizing opportunities for material reuse and recycling.
- Lead by example through introducing **mandatory circular economy criteria with reporting requirements for public procurement** above EU thresholds.
- **Align EU procurement directives with the Circular Economy Act** by giving substantial weight to quality and sustainability criteria. Introduce clear, implementable requirements that promote circular solutions, to make circularity a standard requirement in public procurement.
- Ensure that **circular criteria in public procurement are simple to implement** at both product and design stages.
- **Support regional and local authorities as circular innovation testbeds.** Provide incentives and initial investment support for local authorities to pilot circular solutions through public procurement.

Introduction

ERRIN is closely following the topic of the circular economy through its Bioeconomy Working Group, actively fostering collaboration and knowledge exchange among its members.

Building on ERRIN's extensive network of regional and local innovation ecosystems, this input paper reflects the perspectives and expertise of several leading European regional and local authorities actively advancing circular economy solutions, including Capital Region of Denmark (DK), Central Denmark and City of Aarhus (DK), Cities Northern Netherlands (NL), Helsinki-Uusimaa Regional Council (FI), Southwest Finland (FI), Trøndelag (NO), Västra Götaland (SE).

These contributions have been further complemented and enriched through a dedicated ERRIN meeting, held on 21 October 2025, that brought together over 70 regional and local stakeholders from across Europe. The discussion provided a broad and representative view of the challenges, opportunities and needs that regional and local actors face in implementing circular economy solutions on the ground.

The thriving role of innovative regions in the circular economy

As the European Commission prepares future legislation to accelerate the transition towards a circular economy, ERRIN urges the inclusion of clear recognition and support for regional and local ecosystems and European innovation networks as key enablers of systemic change. The future-proof economy is primarily created at the regional level. It is at this scale that public authorities, businesses, knowledge institutions and civil society work together to translate policy into action, develop circular solutions, and close material loops.

Cities and regions therefore play a decisive role in delivering the circular economy on the ground, connecting strategic objectives with operational reality, enabling cross-sectoral collaboration and ensuring that circular practices become embedded in local economies and communities.

To support mutual learning, ERRIN also urges the EU to actively promote cooperation between key actors, including regions and cities, through initiatives such as Regional Innovation Valleys (RIVs), the Circular Cities and Regions Initiative (CCRI), the proposed Trans-Regional Circularity Hubs, and capitalise on the learnings of the EU Preparatory Action Innovation for place-based transformation 2024-2026, supporting territories to set up policy experimentation aiming at transformative and systemic policy transformation for achieving circularity.

Long-term funding and investment incentives are vital for regional circular economy ecosystems and skills development. For that reason, allocation of cohesion funds (e.g., ERDF & JTF) in the Multiannual Financial Framework (MFF) to the regional level is key to maintain proven effectiveness and impact.

Circular materials – From regulatory fragmentation to harmonised certification

The **lack of mutual recognition of end-of-waste criteria** for circular materials across Member States means that cross-border trade is the exception, causing regions to miss out on the potential of circular materials and preventing economics of scale in secondary raw material markets. This slows the mainstreaming of circular practices down and leads directly to increased use of virgin raw materials and higher emissions. The EU needs to generate a demand of high-quality recycled materials and stimulate the market to use more secondary materials in manufacturing. To reduce Europe's material footprint, ERRIN recommends that the EU consider **introducing a binding target for circular material use** in the EU Circular Economy Act – going one step further from the ambitions set out in the EU Circular Economy Action Plan from 2020.

European standards for end-of-waste and by-product criteria, as well as **harmonised EU-wide certification and traceability systems** (digital material passports), would enhance circularity by allowing for economics to scale through transparency, reduced administrative burdens, larger volumes and more homogenous secondary raw material streams. Importantly, assurances should also include recognition of the environmental advantages of secondary raw materials (e.g. lower carbon footprint, biodiversity), to ensure that these benefits are reflected in their market value compared with primary resources. This would make clear, transparent and reliable documentation about the treatment and testing of the materials available for consumers, businesses and public procurers.

The use of recycled materials in closed-loop resource cycles strengthens the EU's strategic autonomy and reduces dependency on critical raw materials. However, **regulatory fragmentation discourages local actors and stakeholders** from participating in and contributing to circular economy through investment in recycling and reuse. Especially for small operators, regulatory fragmentation makes participation in cross-border circular markets unfeasible by raising costs and increasing administrative complexity.

Taxation should serve to enhance circular economy. The EU Circular Economy Act should specify that recycled materials should be subject to **a lower overall tax burden** than their virgin equivalents. Reduced taxation should also be used strategically to create demand for circular repair services and business.

Furthermore, **producer responsibility** should be extended to all sectors and harmonised across all Member States. While Extended producer responsibility (EPR) schemes' aim to encourage manufacturers to **integrate recyclability and circularity into product design,** thereby reducing the burden of public procurers, this link remains week in practice. Product design is still largely driven by other priorities, and waste management systems often remain detached from production systems. As a result, the potential of EPR to drive circular product design is not fully released. Local authorities also must retain a clearly refined role in EPR legislation to ensure equal access to services (especially rural and archipelago areas), clear and consistent communication to citizens and operational resilience, including preparedness for emergencies (e.g. disruption in logistics). Municipalities and public actors

are better equipped to ensure service equity and long-term planning than fragmented private- sector systems.

ERRIN members also highlight the importance of ensuring that goods imported to the EU must meet the same standards as those within the EU.

Towards circular industries and companies for a competitive Europe

Sustainable and circular industries can work as a practical route to competitiveness and resilience. By reducing dependence on imported inputs and cutting waste-related transport, circularity lowers structural costs and strengthen regional economies.

For the Circular Economy Act to be effective, the EU should:

1. **Set a clear and effective long-term vision and strategy** on phasing out undesired business models and practices. Only then, space is made for new and future-proof economic activity.
2. **Develop a clear, long-term, material-specific vision and roadmap**, so that businesses can invest and create the desired future.
3. **Ensure a stable policy landscape for the new circular markets to emerge and grow.** The EU has a vital role in stabilising this. It should **mandate Member States** to integrate circular economy principles in all public policies at all levels. For example, by integrating circular economy strategy with the energy transition, agriculture, construction, trade and industrial R&I strategies.
4. Identify and indicate **relevant EU funds and financial incentives** that are currently available to support new circular infrastructure and markets. The next MFF should keep a clear focus on investments in R&I directed to developing, testing and implementing new circular solutions.
5. **Initiate public-private investments** to accelerate breakthrough circular technologies and provide market-trust.
6. **Invest in industrial-scale repair, refurbishment and material recovery**, particularly in electronics, furniture and construction.
7. **Provide technical support** and further strengthen the *Right to Repair* to ensure that consumers have access to affordable spare parts and repair services.
8. **Promote training sessions** and strengthen initiatives such as the New European Bauhaus to involve inhabitants in changing attitudes and harnessing the power of culture to contribute to consumption patterns and sustainable living.
9. **Leverage the experience of Europe's frontrunners** in circular economy to strengthen EU trade and industrial policy, by being in close contact with them. The regional scale is the most effective to do so.

Prioritised sectors – Where to create change

ERRIN welcomes a focus on e-waste, recognising its importance for critical material recovery and environmental protection. Regions report that there is still limited awareness among citizens about the negative effects of e-waste, insufficient local infrastructure to include e-waste in circular material streams and high dependency on external markets.

However, regions also recommend giving priority in the EU Circular Economy Act to sectors such as:

1. **Construction and housing**
    - Promote sustainable biobased prefabrication and circular building materials. By committing to sustainable biobased industrial construction (prefabrication), it will be possible to build quicker, cheaper and healthier for both the end-user and environment. Also, through sustainable biobased prefabrication, transport movements and nitrogen (NOx) emissions will decrease which benefits nature quality requirements from the Birds and Habitats Directive, and relaxing permit procedures that are now under tension.
    - Harmonise Life Cycle Assessment (LCA) methodology further, to mitigate unfair differences in how LCAs are calculated and interpreted, with special attention for questionable lump-sum end-of-life scenarios.
    - Introduce mandatory pre-demolition audit to support selective demolition and separate waste collection, ensuring demolition projects are sustainable, safe and compliant with regulations while maximizing opportunities for material reuse and recycling.
2. **Plastics**
    - Restrict imports of low-quality, non-circular plastics.
    - Increase recycled content and encourage the use sustainable biobased content where relevant;
    - Apply “plastic-free where possible” principles.
    - Stimulate demand for recycled, sustainable and circular biobased plastics through uniform and mandatory recycled and sustainable biobased content.
3. **Water technology**
    - Encourage industrial water reuse and advanced treatment to address freshwater scarcity.
4. **Agriculture and nutrient cycles**
    - Recover nutrients from organic waste and human excreta to replace imported fertilisers.
5. **Critical raw materials**
    - Mandate recovery and reuse of strategic materials, ban exports outside the EU and require recycled content in products.

Public procurement

Circular public procurement can drive significant market transformation, stimulate innovation, and support climate and societal objectives. However, clear, mandatory, and actionable criteria are essential to unlock its full potential. For that reason, ERRIN urges the EU Circular Economy Act to help public authorities to **use public procurement as a channel to enhance circularity**.

Yearly, public authorities in the EU spend around 14% of GDP on the purchase of services, work and supplies. The public sector can use procurement to boost jobs, growth, and investment in circular economy. Hence, it must be ensured that the **upcoming public procurement directive revision is in line with the Circular Economy Act** and actively contributes to promoting circular economy criteria.

Despite its huge potential to support the green transition at local and regional level, there are still some barriers to circular procurement such as:

- Regulatory complexity and lack of standardised methods for CO_2 and sustainability measurement, making it difficult to establish fair and comparable criteria across suppliers.
- Knowledge and capacity gaps within public authorities. Although commitment is strong, further development of expertise and tools is needed to translate circular ambitions into concrete, verifiable criteria.
- Market immaturity in several sectors. In some sectors, the market is not sufficiently mature to meet circularity requirements, which makes it difficult to set ambitious yet realistic criteria.
- Competing priorities: Circularity must often be weighed against other critical considerations such as safety, hygiene and legal compliance, which can limit its influence in procurement decisions.
- Limited follow-up capacity and missing supplier data transparency. Public administrators lack the internal resources to monitor and verify whether suppliers deliver on their promised CO_2 reductions and sustainability commitments. Suppliers may lack the ability or willingness to provide transparent documentation on product lifecycle, reuse potential, or recycled content, making it difficult to assess circularity.
- Economic incentives favouring virgin materials over reuse or recycling.

To overcome the described barriers, ERRIN would recommend the EU to:

- Lead by example through introducing **mandatory circular economy criteria with reporting requirements** for public procurement above EU thresholds.
- **Align EU procurement directives with the Circular Economy Act** by giving substantial weight to quality and sustainability criteria. Introduce clear, implementable requirements that promote circular solutions, to make circularity a standard requirement in public procurement.
- Ensure that **circular criteria are simple to implement** at both product and design stages.
- Promote and support **municipalities as testbeds for circular innovations**, with incentives for piloting and initial investments.

Conclusion

The circular economy can drive green jobs, growth, climate mitigation, biodiversity and investment, but progress is slow without stable, long-term funding. To effectively advance the circular economy across Europe, **stable and long-term funding for regional circular economy ecosystems and expertise development is essential**. This should be supported through EU instruments such as the upcoming Framework Programme (FP10), Competitiveness Fund, and the Cohesion Fund. Future EU circular economy frameworks should more strongly integrate regional innovation ecosystems, acknowledging their key role in translating policy into practical solutions.

The forthcoming Circular Economy Act must therefore provide a coherent, stable and forward-looking framework that supports long-term investment, harmonised regulation and cooperation across sectors and borders. It should **empower regional and local authorities** to act as catalysts of systemic change, bridging the gap between European policy and tangible outcomes for citizens and businesses. With targeted funding, streamlined regulation and recognition of regional leadership, Europe can unlock the full value of circularity, strengthening strategic autonomy, reducing resource dependency and creating sustainable prosperity for future generations.

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ERRIN (European Regions Research and Innovation Network) is a Brussels-based platform that gathers around 120 regional organisations in more than 20 European countries. ERRIN aims to strengthen the regional and local dimension in EU Research and Innovation policy and programmes. ERRIN supports members to enhance their regional and local research and innovation capacities and further develop their research and innovation ecosystems.

The ERRIN members primarily collaborate through 12 Working Groups (WGs) and two Task Forces (TFs), covering both thematic areas and overarching policy issues. The WGs and TFs are based on members' priorities and current funding opportunities. The WG and TF meetings are at the heart of ERRIN's activities, as this is where our members meet regularly to exchange information, present regional examples, build new partnerships, develop joint projects, network and much more.