

EBCA position paper on the Circular Economy Act

November 2025

EBCA welcomes the European Commission's initiative for a Circular Economy Act (CEA) to further stimulate circularity and address competitiveness gaps. The upcoming CEA is an unique opportunity to reinforce sector-specific textile policies with strong, horizontal measures and to support the sector's transition to a fair and competitive circular economy.

To close the regulatory gaps and update outdated legal definitions and frameworks to solve market's constraints hampering the development of secondary materials, the CEA should aim to:

- 1) Ensure harmonisation and consistency across EU legislation to support the Single Market
- 2) Enable access to economic instruments to scale up circular business models
- 3) Update outdated definition with circularity in mind
- 4) Adopt a global value chain approach to achieve textile circularity in the EU and in the whole textile supply chain

This document outlines targeted recommendations for integrating existing EU legislative frameworks and initiatives into the upcoming CEA.

1. Ensure harmonisation and consistency among legislation

Prevent market fragmentation and administrative burden

The CEA should support the Commission's Single Market Strategy (SMS) and prevent barriers to the free movement of goods and services. It should create a genuine Single Market for circularity, especially for secondary raw materials, to boost resilience, competitiveness and decarbonisation. It can do so by focusing on more consistent implementation and interpretation of EU requirements grounded on Better Regulation principles.

Existing EU legislative measures to prioritise for horizontal enforcement include:

- Coordinate to avoid duplication with other initiatives such as the Environmental Omnibus.
- Position the Ecodesign for Sustainable Products Regulation (ESPR) as the primary framework for establishing minimum ecodesign requirements for market access. The ecodesign requirements set out in the ESPR Delegated Act (ESPR DA) on textiles must be consistently applied across EPR requirements, within fee structures and, eco-modulation incentives. ESPR label should also be avoided as it would overlap with the Digital Product Passport (DPP) and the upcoming of the Textile Labelling Regulation (TLR) revision.
- EPR fees should be reviewed and adjusted through a transparent, systematic process, involving stakeholder consultations to ensure fairness, justification, and alignment with EU policy objectives.

Harmonise requirements and enforcement defined under the Waste Framework Directive (WFD)

The CEA should harmonise requirements under the WFD by

- Establishing a digital one-stop shop for EPR registration and reporting, as previously proposed in the SMS. A centralised platform would significantly reduce administrative complexity and compliance costs, allowing businesses to redirect resources toward achieving their circularity and sustainability goals, while also enhancing transparency.
- Establishing a coordinated mechanism among Producer Responsibility Organisations (PROs) to drive efficiency and economies of scale at the EU level. This includes aligning registration procedures, data formats, reporting timelines, reimbursement mechanisms, and digitalising submission processes.
- Introducing a clear, simple, and transparent reimbursement mechanism to prevent double payment and ensure that EPR fees are paid to the PRO in the Member State where the textile product is most likely to become waste—typically where it is sold to the end consumer, in line with Recital 32 of the WFD revision.
- Harmonising the operational model for PROs to clarify ownership of textile waste, including associated revenue and cost streams. To fulfil their role effectively, producers should be responsible for organising the collection, transport, sorting, and treatment of waste. This requires PROs to take on an operational—not merely financial—role, coordinating with local authorities, waste operators, and social economy actors to maximise efficiency and scale.
- Supporting research and innovation by defining standardised funding criteria for technological development to be scalable, targeted, and efficient, building on existing research and innovation frameworks.

- Simplifying the authorised representative requirement by clarifying the designation process and eligibility criteria for acting as a producer’s representative in each Member State.
- Combating free-riding by strictly enforcing EPR registration and compliance requirements for all market actors, including non-EU-based entities such as online platforms.

2. Enable access to economic instruments to scale up circular business models

Foster investment in recycling capacity and circular business models

The competitiveness of secondary raw material markets depends on efficient collection, sorting, and recycling systems. Currently, the labour-intensive nature of sorting and preparing materials for recycling limits scalability and cost-effectiveness. The CEA should prioritise investments in automated sorting technologies capable of classifying post-consumer waste by fibre type, colour, and fabric construction, and preparing it for recycling by removing metal parts, disassembling, or cutting materials to meet recyclers’ specifications.

By addressing recycling infrastructure, the CEA can create a direct link between ecodesign requirements and the actual capacity to recycle textiles, reinforcing alignment with EU waste legislation and supporting a coherent policy framework across the value chain. Therefore, EBCA recommends the following actions:

- Assess investment gaps to meet minimum recycled content targets under the ESPR. Current estimates¹ indicate a need for €19 billion in capital investments to scale textile recycling infrastructure.
- Facilitate access to EIB loans for the textile sector, especially for innovative recycling technologies, advanced materials, and digital product tracking.
- De-risk capital expenditures (CapEx) for scalable mechanical and chemical recycling through blended finance models that combine EPR contributions with public and private funding.
- Provide legal certainty for the textile recycling ecosystem to boost investor confidence. Establish EU-wide financial incentives such as targeted tax regimes, reduced VAT for circular business models or adapted VAT systems for second-hand goods to avoid double taxation
- Reduce risks for early investors by making the recycling sector more attractive. The EU should draw on international best practices to design effective support mechanisms.
- Use the CEA to incentivise companies to exceed ecodesign requirements through:
 - Leveraging the CEA to create support mechanisms to incentivise companies to go above and beyond coming eco-design requirements, such as eco-modulation of EPR fees or reduced VAT:
 - Targeting incentives, such as preferential public procurement, reduced fees, or fast-track approvals, which should be embedded across legislative and financial

¹ JRC Study, *Feasibility study of measures to incentivise improved textile waste management with a long term perspective*, June 2025, <https://publications.jrc.ec.europa.eu/repository/handle/JRC139566>. Please note that this assessment does not consider footwear. However, as footwear are included in some EPR schemes, funding and investment support should also be extended to ensure a comprehensive approach to circularity across all textile-related products.

instruments to reward more sustainable fibers as defined in the ESPR DA and recycled content performance;

This integrated approach will stimulate innovation, accelerate market uptake, and support a competitive, high-value circular economy in the EU.

Stimulate demand through recycled content requirements

Minimum recycled content requirements can play a critical role in driving demand for secondary raw materials. To balance design considerations, competitiveness, and technical limitations, these requirements should be introduced at the portfolio or company level in the upcoming ESPR Delegated Act on Textiles. This approach would provide the necessary flexibility for businesses to integrate recycled content based on product feasibility and performance.²

To ensure companies can meet the minimum requirements, the EU should ensure that all types of recycled content, post-industrial, pre-consumer, and post-consumer, from both EU and non-EU source, should be eligible. While recycling plants may not be feasible in every Member State, sorting facilities can be deployed more widely to ensure feedstock availability.

Enhance competitiveness and scaling supply of recycled fibers

The availability of high-quality, competitively priced recycled fibres is essential for a successful circular textile economy. Currently, recycled fibres often cost more than virgin materials and may suffer from quality degradation, particularly with mechanical recycling.

Although many brands are committed to using recycled materials, the market lacks sufficient supply at the right price and quality. Addressing this requires coordinated action to improve competitiveness, availability, and uptake.

The CEA should lead the deployment of textile recycling infrastructure through a coordinated European approach. Key actions include:

- Investing in advanced sorting and pre-recycling technologies to reduce processing costs and improve fibre quality.
- Scaling up separate collection, sorting, and preparation for recycling, particularly through EPR schemes, to ensure consistent feedstock supply.
- Leveraging regional strengths: for example, southern Europe's mechanical recycling capacity and northern Europe's chemical recycling advancements.

3. Update outdated definition with circularity in mind

Re-evaluate current waste-related concepts and its definitions

EU waste legislation was originally developed in the context of linear economic models. As the EU transitions toward a circular economy, it is essential not only to adopt new legislative tools and industry practices but also to re-evaluate and modernise existing waste-related definitions.

² EBCA has commissioned a legal analysis concluding in the compatibility of this approach with a product legislation, [see here](#).

Currently, EU legal frameworks define recycling strictly in relation to waste, excluding secondary raw materials, i.e. materials that are ready for reuse and intended to be transformed into new products. EBCA recommends legally recognising secondary raw materials³ as valid inputs in the recycling process. This recognition is critical to support a more free movement with fewer restrictions and administrative burden, enable their classification as tradable commodities and unlock cross-border flows, thereby creating a stronger basis for creating a Single Market for circularity / market for secondary raw textiles materials as the inclusion is a precondition to scale recycling and reuse, cut waste, lower input costs, and boost resilience and decarbonisation.

Since not all waste qualifies as secondary raw material, the definition of recycling should be updated to explicitly include the processing of both waste and secondary raw materials.

Accordingly, we propose the following.

- ‘recycling⁴’ means any recovery operation by which waste is reprocessed into products, materials or substances whether for the original or other purposes. ***It also includes the process of transforming secondary raw materials into final materials that are directly usable for the manufacture of products.*** It includes the reprocessing of organic material but does not include energy recovery and the reprocessing into materials that are to be used as fuels or for backfilling operations.
- ‘secondary raw materials’ means ***a material that can be used instead or alongside virgin raw materials including, but not limited to, i) products, components and materials that, after having been used or discarded, are recovered through a treatment process, ii) waste that has ceased to be waste under the End-of-Waste Criteria and iii) by-products.***
- To ensure legal clarity, we recommend adding ‘preparation for recycling’ to the waste hierarchy as a key phase prior to the recycling process. ‘preparation for recycling’ means ***pre-processing recovery activities to prepare waste for direct use in recycling processes, including but not limited to, cleaning, cutting, fragmentation and disassembly.***

It is essential to emphasise that each sector has distinct production processes, and assumptions regarding the practical application of raw materials definitions and finished products cannot be universally applied across all industries.

Accelerating the work by the Joint Research Centre on common End-of-Waste (EoW) criteria, allowing for the uptake of a market for secondary raw materials.

- The definition of the EU EoW criteria for textiles should apply ***after*** preparation for recycling, so that treated materials can be transported as secondary raw materials, not as waste. At the moment, once textiles are prepared for recycling, their status shifts from low value unsorted textile waste to high-value secondary raw materials, which become not only attractive to textile recyclers, but also become a tradeable commodity within free markets
- Reforming textile waste classification based on material quality, intended industrial use, economic viability, and the environmental impact of recycling and recovery processes.

³ Please note that sectoral legislation such as the PPWR (art. 3.1 (47)) and the proposal for a regulation for end of life vehicle (art. 3.1 (25)) have introduced a proposal for a definition of secondary raw materials. Our proposal builds on this approach and introduces sector-specific recommendations.

⁴ Definition amendment from the WFD from art. (art. 3.17)

- Facilitating intra-EU shipment of secondary raw materials destined to be treated as part of the Trans-Regional Circularity hubs to be set up by Q4 2026.
- Providing guidance to steer investments that are eligible for national recovery funds and fall within Europe's industrial strategy towards waste management and the establishment of recycling infrastructures.

4. Adopt a global value chain approach to achieve textile circularity in the EU

Ensure secondary raw materials are recognized as non-waste materials globally.

It is essential that secondary raw materials are internationally recognised as non-waste materials. Trade codes should be revised or established to specifically incorporate secondary raw materials, as they may differ in appearance from their virgin counterparts, to ensure these materials can circulate effectively across borders and support a truly circular textile economy, a global value chain approach is needed.

Support circularity initiatives beyond the EU.

The recognition and integration of secondary raw materials into international trade systems must be matched by efforts to build circularity beyond EU borders. Given the global nature of our industry, it is essential that the EU supports the development of circular economy activities outside of the EU by:

- Linking the CEA with the Clean Trade and Investment Partnerships announced in the Clean Industrial Deal to ensure the deployment and support of clean infrastructure in our supplying countries.
- Supporting renewable energy, clean manufacturing system including global SWITCH initiatives focused on water and waste management in sourcing countries
- Exploring partnerships with third countries for implementing post-industrial and post-consumer recycling solutions outside the EU.