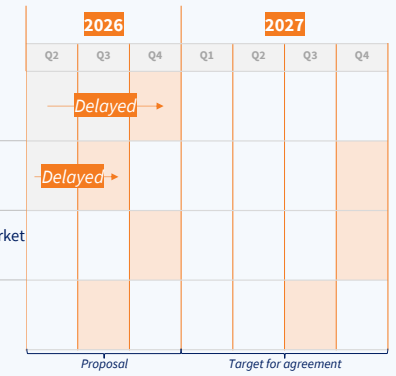
A New European Industrial Policy for the Circular Economy

Concept Map

TEHA and **CONAI** developed the Study "A New European Industrial Policy for the Circular Economy" with the aim of contributing to the **current European regulatory momentum** on the circular economy, starting from the recognition of the **challenging context** currently affecting the **EU's Secondary Raw Materials (SRMs) value chains**

- The "**One Europe, One Market**" roadmap brings together, within the **next 2 years' timeframe**, **4 complementary initiatives** that will have major implications for EU Secondary Raw Materials (SRM) value chain:

MEASURES	DESCRIPTION
Critical Raw Materials Centre	Joint purchasing, strategic stockpiling and raw-materials intelligence
Public Procurement Act	Procurement rules supporting strategic investment and EU competitiveness
European Products Act	Harmonised product rules, market surveillance and standards
Circular Economy Act	Single Market for waste and secondary raw materials



- The European circular economy landscape reveals **several critical challenges** related to the **achievement of EU targets**, the **supply-demand dynamics** of Secondary Raw Materials, and **international competition** from lower-cost materials entering European production cycles.

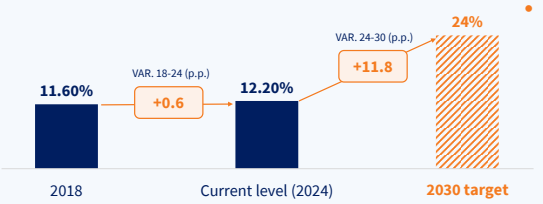


Figure 1. Circular material use rate in EU (% of material resources recovered). 2024 last year available. *Source: Eurostat, 2026.*

- EU 2030 target appears **out of reach**, signalling a **misalignment** between policy targets and industrial reality

- **40%** of EU Secondary Raw Materials' trade comes from abroad (worth **€9 billion** in 2025) while EU is a **net exporter of waste** (**+€46.5 billion** cumulated waste trade balance between 2015–2025). This highlights **strategic dependence** and a mismatch in endogenous industrial demand
- Between 2011 and 2024, Secondary Raw Material **prices** were **x12 times** more **volatile** than demand. Some value chains were particularly exposed to price dynamics and supply-demand mismatches. In **plastics**, **7%** of installed recycling capacity was lost over the past three years, while plant closures increased by **50%** in 2025 alone

The value at stake is significant: for the first time, the Study quantified the **economic and societal value** of EU recycling value chain: **direct, indirect** (supply-chain activation) **and induced** (consumption-driven) **impacts**, value enabled downstream through **inputs** from **7 strategic manufacturing value chains***, as well as the **net benefits generated for EU society**

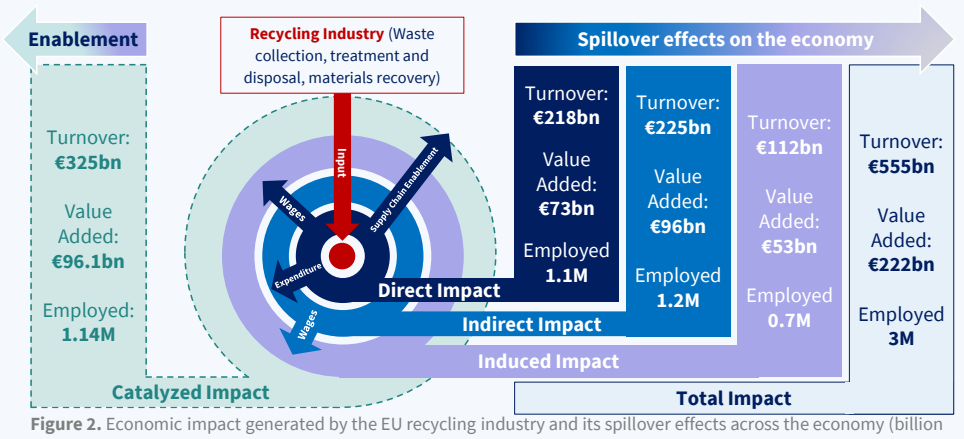
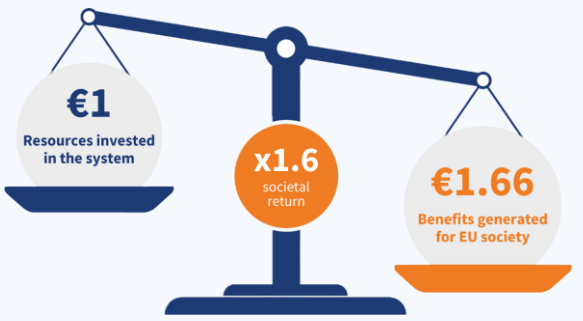


Figure 2. Economic impact generated by the EU recycling industry and its spillover effects across the economy (billion euros and million employed). *Source: TEHA Group elaboration on proprietary model and Eurostat, 2026.*

- Europe's recycling industry supports **€555bn** in **annual turnover** and **€222bn** in **value added**, while **enabling** an additional **€325bn** and **€96bn** respectively across downstream sectors **through the supply of secondary raw materials**



Benefits include the value of Secondary Raw Materials generated, avoided disposal costs, CO_2 emissions, energy recovery and induced economic effects

(For methodological details, please refer to the full study on pag. 69)

Figure 3. Cost-benefit ratio of the EU packaging recycling and secondary raw materials system for society (€ per € spent), 2025. *Source: TEHA Group elaboration on proprietary model, 2026.* Note: the analysis is limited to packaging waste.

- The analysis shows a **net social benefit multiplier of 1.66**, meaning that for every **€1 invested in the recycling system**, **€1.66 in benefits** is generated **for European society**
- This confirms that packaging recycling should be regarded not only as a cost of waste management, but as an **investment** generating **measurable value for EU society**

The Study developed a **new operating model** for the **EU Secondary Raw Materials market**, structured around **5 building blocks + 1 encompassing the horizontal enabling factors**. The model also identifies **4 essential principles** that should shape the European regulatory framework in the years ahead

The starting point for the model framing
Which market, regulatory, industrial and financial levers are needed to strengthen the EU secondary raw materials ecosystem?

- #1 **Market Design, Demand-Pull & Supply**
- #2 **Governance and normative framework**
- #3 **Standards, Quality & Trust**
- #4 **Industrial Scale, Finance and Investments**
- #5 **Strategic Autonomy & Trade**

#6 **Enabling factors:**
- Energy
- Data and innovation
- Skills and social acceptance

MUTUAL RECOGNITION
Promote mutual recognition of national specificities, adapting the model to the needs of different value chains and fostering the **sharing of best practices**

INVESTMENT ACTIVATION
Make recycling investments bankable through stable demand, revised instruments and effective **risk-sharing practices (PPP)**

INDUSTRIAL SYMBIOSIS
Reconnect secondary raw material supply with industrial demand to bridge capacity gaps and **keep material loops closed**

STRATEGIC SECURITY
Reduce dependence on non-EU virgin raw materials and external outlets, while meeting targets and **keeping strategic value within Europe**

The model translates into **3 policy priorities** and a **set of underlying actions** through which TEHA and CONAI aim to **contribute to the debate on the future EU regulatory framework**, with the objective of maximising **competitiveness**, **strategic security** and **value creation** through **circularity**

1 Governance, Single Market & Common Rules

- Streamline **EU governance** of SRM value chains through **mutual recognition** and **best-practice sharing**:
  - Promote **interoperability among Extended Producer Responsibility (EPR)** systems** rather than forced harmonisation
  - Establishing a **Stakeholder Platform for European EPRs**
  - Promoting mutual recognition of national **end-of-waste criteria**
- Ensure equivalent recognition of **organic recycling** and mechanical recycling, with appropriate targets, obligations and enforcement mechanisms
- Extend **EU Digital Product Passport** to SRMs, ensuring **traceability**, **transparency** and **consistent information** on origin, composition, quality and content
- Introduce **dedicated EU customs codes for SRMs**

2 Demand/Supply matching - Industrial Symbiosis

- Set up a **single EU Marketplace** for SRMs as the reference trading venue, ensuring:
  - Traceability and certified **material quality**
  - A **shared and transparent** price-data tracking system
  - Involvement of **major industry players** from the design phase
- Promote **"Made in EU"** SRMs by **introducing and enforcing mandatory minimum EU recycled-content thresholds in public procurement**
- Enforce **equivalent environmental standards** on imports, with **adequate controls** and **requirements** without hindering those value chains relying on import
- Adopt a **long-term EU strategy** to balance SRM supply and demand, e.g. through an EU SRM Demand-Supply **Roadmap to 2035**
- Introduce a **temporary price contingency buffer** to absorb **exceptional volatility** and support **long term resilience**

3 Finance for growth and competitiveness

- Boost investment and innovation through a **"net-zero recycling technology"** category, with simplified permitting and investment support
- Make recycling investments **bankable** through **long-term economic measures** (e.g. Contracts for Difference – CfDs) and clear KPIs for SRMs's **intangible value**
- Establish a dedicated **EU public financing platform** for SRMs, combining short-term capital with long-term **funding commitments**
- Mobilise private savings through the **Savings and Investments Union** to **finance recycling** and circular infrastructure
- Develop a common **European Industrial Plan for recycling and SRMs**, with **EU-wide calls** and shared financing instruments
- Adapt EU rules to recognize **SRMs' intangible value drivers**

(*) The strategic material value chains analysed are steel, aluminium, paper, plastics, compostable bioplastics, glass and wood. (**) National schemes that organize/finance the collection and recycling of products and packaging on behalf of producers.