

Brussels, 4 August 2025

Cepi position paper for the Circular Economy Act

Introduction:

The key policy objective of the new Circular Economy Act is to create a market demand for secondary materials and a single market for waste, while making our economies more resilient. In addition, the new Circular Economy Act should aim to defossilise the European economies by shifting to more sustainable and bio-based production and consumption.

The European pulp and paper industries are committed to place on the market products from renewable biobased materials that are sustainably sourced that are subsequently recycled at high rates to make new paper and pulp products. The sector has been heavily investing on infrastructure and innovation in the manufacturing and recycling processes. As a result of those investments, the sector has established a strong and well-functioning market of secondary raw materials. Furthermore, manufacturing products from renewable raw materials, such as wood, play a crucial role in developing a more circular economy, as no material can be reused or recycled forever: new virgin material is always needed in the loops. Virgin renewable raw materials can be supplied to loops according to principles of circular economy, in a regenerative way.

We welcome the new Circular Economy Act and would like to come forward with the following policy recommendations:

- 1. Recognise the importance of recycling in the circular economy. Recycling and re-use are complementary solutions in the Waste Hierarchy.**
- 2. Promote the uptake of bio-based products by recognising their substitution potential.**
- 3. Implement separate collection of recyclables of municipal waste. The circular economy act should reduce the derogation possibilities¹, used by Member States to divert from the obligation to implement separate collection of paper and cardboard.**
- 4. Harmonise Extended Producer Responsibility obligations across the EU to ensure harmonised implementation and require Member States to keep EPR schemes for municipal waste separate from solutions on EPR for industrial and commercial waste.**
- 5. The development of EU wide harmonised End-of-Waste (EoW) criteria can support the completion of the internal market for waste. Nevertheless, we do not deem the application of an EoW status for paper-based products necessary to increase the quantity and/or quality of paper for recycling.**
- 6. Boost RDI in the field of the forest-based bioeconomy.**
- 7. Further promote voluntary integration of industry with the energy system.**

¹ Provided in paragraph 3 of article 10 of Directive 2008/98/EC and paragraph 3 of article 48 of Regulation EU 2025/xxx (PPWR)

1. Recognise the importance of recycling in the circular economy. Recycling and re-use should be complementary in the Waste Hierarchy.

Turning waste into resources is recognised as the cornerstone of the circular economy. The paper industry in Europe has already developed a system where any fibre collected is recycled and each single fibre is allocated to its best use. Almost 60% of the raw materials used to make new paper and board products come from Paper for Recycling, our secondary raw material. When it comes to the paper-based packaging sector this figure reaches 77.3%.

The Waste Hierarchy provides guidance for waste prevention and management legislation and policy. Both re-use and recycling can deliver the objectives of efficient waste reduction and management and display a crucial role in the transition towards a more circular economy, as recognized in the EU Taxonomy screening criteria². This should be reflected in the waste hierarchy provided in article 4 of the Waste Framework Directive.

When applying the waste hierarchy, policy makers ought to consider measures that deliver the best overall environmental outcome. This may require in specific cases that certain waste streams depart from the waste hierarchy, where this is justified by life cycle thinking on the overall impacts³. When setting targets in the Circular Economy Act, it should be preferred to adopt a case-by-case approach and take into consideration the current recycling and environmental performance of each material stream.

2. Promote the uptake of bio-based products by recognising their substitution potential.

In order to maximise the potential of the Bioeconomy and of bio-based products, the EU needs to recognise the role of renewable bio-based European raw materials for European strategic autonomy, competitiveness, and clean industrialisation. Forest-based industries should be made an indispensable part of the EU's geopolitical strategy. They offer circular products and solutions from renewable bio-based feedstock primarily sourced in Europe, where they are manufactured with European technology.

- **The European Commission should initiate a Strategic Dialogue on the Bioeconomy** with the bio-based industries. Recognition and promotion of bio-based products and their substitution potential needs to be enshrined throughout legislation to ensure coherence, including in Bioeconomy Strategy and Circular Economy Act.
- **Recognise renewability in product policy legislation**, as demonstrated by the European Union's Ecodesign for Sustainable Products Regulation (ESPR), which enables the introduction of renewability as product parameter. Such recognition helps to level the playing field for bio-based industries by encouraging the substitution of fossil-derived materials with renewable alternatives, particularly in sectors like packaging, construction, and energy. Keeping bio-based and fossil carbon dioxide separate in reporting and targets also contributes to incentivising the use of bio-based materials and products.
- **Recognise sustainably sourced renewable content as circular input, similarly with recycled content as in line with ISO 59020 (2024)**. New virgin material is required to maintain recycling loops to compensate the decreased strength and length of the fibres. Virgin renewable raw materials can be supplied to loops according to principles of circular economy (CE), in a regenerative way. Circular input is already recognised by the World Business Council for Sustainable Development and its circular transition indicators and should be formally integrated in the EU product policy framework and the CMUR indicator (circular material use rate).
- **Investigate the possibility of quotas for circular input** including renewable content for specific end-product groups, such as packaging, textiles, plastics, and chemicals to create market demand for sustainable

² Commission Delegated Regulation (EU) 2023/2486

³ Paragraph 2 of article 4 of Directive 2008/98/EC

solutions. Instead of focusing only on mandatory recycled content requirements blending quotas for circular input should be introduced in selected product regulation, such as ESPR.

- **Prioritise bio-based solutions in public procurement** across Europe over fossil-intensive solutions by reviewing the Public Procurement Framework. ESPR and its Green Public Procurement could especially promote circular input and promote the use of biobased solutions. Moreover, the EU should allow for producers to register their solutions in public authorities' catalogues so that bio-based content can be preferred when contracts are awarded. This should be aligned with the **Industrial Decarbonisation Accelerator Act's objective to apply sustainability, resilience, and 'made in Europe' criteria in public and private procurement**.
 - **Develop a specific harmonised measure for paper and board food contact materials** based on the existing industry guidelines. To this extent, the Commission should prioritise the revision of the Food Contact Materials Framework Regulation and focus on the core tasks of this legislation. An updated and harmonised FCM legislation for paper and board removes barrier to intra-EU trade and ensures legal clarity while reducing the complexity of the regulative landscape for manufacturers.
 - **Establish and use consistently in EU legislation a science-based definition for renewable carbon** distinguishing it from fossil carbon. Renewable resource is defined in ISO 590043 standard and accordingly we suggest the following definition '*Renewable carbon is carbon originating from a sustainably sourced renewable resource that can be naturally or artificially grown or replenished within a foreseeable time frame by processes found in nature*'.
 - **Expand and update the current list of harvested wood products (HWP in LULUCF) to a list of carbon storage products and solutions** to comprehensively cover both short-lived and long-lived products, including products and permanent removals via bio-CCUS.
 - **Further review and develop the Product Environment Footprint method (PEF) and the EF database** to recognise the benefits of the biogenic carbon cycle and the climate benefits of wood-based product value chains (sink, storage in the products and the forest, sustainable carbon sources). Therefore, the Circular Footprint Formula and the biogenic carbon modelling method of the PEF should incentivise the cascading use principle of materials while considering the carbon stored within several recycling loops. This should be aligned with the development of a low-carbon product label under the **Industrial Decarbonisation Accelerator Act**.
3. **Implement separate collection of recyclables of municipal waste. The circular economy act should reduce the derogation possibilities⁴, used by Member States to divert from the obligation to implement separate collection of paper and cardboard. Impose mandatory separate collection targets to increase and improve quality of recyclates and recycling performance.**

The Waste Framework Directive and the new Packaging and Packaging Waste Regulation require Member States to collect recyclables separately, at least paper, plastics, metal and glass⁵. However, some Member States have used possibilities of derogations to continue to collect paper and board together with other recyclables.

Article 10 of the Waste Framework Directive provides certain criteria that need to be met by Member States to allow derogations from separate collection. The derogation possibilities should be reduced by setting stricter criteria allowing the derogation only in cases where a Member State can demonstrate that it is not technically feasible to implement separate collection of recyclables or where obtaining access to infrastructure that is necessary for the functioning of a separate collection system is not technically feasible (e.g., remote areas). To support the

⁴ Provided in paragraph 3 of article 10 of Directive 2008/98/EC and paragraph 3 of article 48 of Regulation EU 2025/xxx (PPWR)

⁵ Paragraph 2 of article 10 "... waste shall be subject to separate collection and shall not be mixed with other waste or other materials with different properties."

implementation of the obligation to separate collection, a mandatory minimum level of separation of recyclables, in line with the recommendations from the Joint Research Centre report “Impacts of the collection and treatment of dry recyclables”⁶, should be introduced.

Points b and c of paragraph 3 of article 10 of the Waste Framework Directive should be removed. Recent scientific evidence shows that separate collection always delivers the best outcome both in terms of environmental impact but also in terms of long-term economic impact when compared to commingled collection⁷. Point a should be amended to exclude certain types of waste such as paper. It is generally accepted in the paper and board industry, the biggest consumer of Paper for Recycling⁸, that collecting paper separately from other recyclables (by the user either household or economic operator) delivers the best quality of secondary raw materials.

4. Harmonise Extended Producer Responsibility obligations across the EU to ensure harmonised implementation and require Member States to keep EPR schemes for municipal waste separate from solutions on EPR for industrial and commercial waste. The CEA should allow for EU-wide EPR schemes, as an option, where this increases competitiveness and material efficiency.

We ask for effective, transparent and better enforceable governance of EPR schemes. Towards that end, EPR schemes should be transparent and based on the principles of a free-market economy. The collected EPR fees should be reinvested in waste management operations for the different waste streams.

The Waste Framework Directive (WFD) sets general minimum requirements for EPR schemes⁹. Although modulation of EPR fees is decided by Member States, still the WFD provides that a net cost principle should be respected. A net cost principle means that the EPR fees should cover for the costs of recovery and reporting taking into account any revenues generated by the value of the secondary raw materials¹⁰, and should by no means exceed the costs of the recovery and reporting of the respective material¹¹. However, there is a lack of transparency in EPR schemes concerning the fulfilment of the net-cost principle. Especially when there is no separation of the EPR scheme for municipal waste on the one hand and industrial and commercial waste on the other hand. When these are under one scheme transparency is limited and the likelihood for cross-financing between materials increases. Finally, the CEA should allow for EU-wide EPR schemes, as an option, where this increases competitiveness and material efficiency.

⁶ European Commission, Joint Research Centre, Albizzati, P.F., Tonini, D. and Gaudillat, P.F., *Impacts of the collection and treatment of dry recyclables*, Publications Office of the European Union, Luxembourg, 2024, <https://data.europa.eu/doi/10.2760/4532>, JRC136657.

⁷ European Commission, Joint Research Centre, Albizzati, P.F., Tonini, D. and Gaudillat, P.F., *Impacts of the collection and treatment of dry recyclables*, Publications Office of the European Union, Luxembourg, 2024, <https://data.europa.eu/doi/10.2760/4532>, JRC136657.

⁸ Natural fibre based paper and board suitable for recycling and consisting of paper and board in any share, products made predominantly from paper and board, which may include other constituents that cannot be removed by dry sorting, such as coating and laminates, spiral bindings, etc. (EN643:2014).

⁹ Article 8a, Directive 2008/98/EC

¹⁰ Point a, paragraph 4, article 8a, Directive 2008/98/EC

¹¹ Point c, paragraph 4, article 8a, Directive 2008/98/EC

5. The development of EU wide harmonised End-of-Waste (EoW) criteria can support the completion of the internal market for waste. Nevertheless, we do not deem the application of an EoW status for paper-based products necessary to increase the quantity and/or quality of paper for recycling.

To achieve the EU-wide recycling targets set in EU legislation (Waste Directive and Packaging and Packaging Waste Regulation), the main objective should be to increase and improve the collection of paper for recycling. However, in case EU-wide EoW criteria for paper would be developed, the following conditions have to be met:

- The final recycling of paper for recycling (PfR) shall continue to take place at the paper mill, where the calculation methodology and calculation point for the recycling rate are set.
- The legal measure needs to clarify that paper that has reached end of waste status, is paper that has been recovered from the waste stream, and as such has obtained secondary raw materials status, but is yet to be recycled by the pulper of the paper mill.
- PfR can only cease to be waste if it complies with the specifications set in the EN 643 standard and is sent directly to a paper mill for final recycling (without further mixing). This needs to be declared by a statement of conformity, issued by the establishment (e.g. sorting plant, retailer, trader, waste management company, or other economic operator) that arranges the shipment of the bales of EoW paper to the paper mill.
- A quality management system needs to be in place to verify that PfR with EoW status complies with the EN 643, as well as with product related legislation. This quality management system shall be audited by an external independent verifier.
- a separate EoW should be established for Special paper grades (EN 643 Group 5) that need to be recycled in specialised recycling mills, taking into account their distinctive collection, sorting, and recycling paths.
- EoW status can only be achieved for paper for recycling originating from separate collection. Separate collection of paper and board should not only be from residual waste, but also from other recyclables such as plastic, metal or glass.

6. Boost RDI in the field of the forest-based bioeconomy.

As traditional and new bio-based materials and products are developed and their markets grow, we need a corresponding framework that acknowledges their nature and unique characteristics and boosts their development. According to the latest study by nova-Institute¹², biorefineries in the forest-based sector have more than **doubled their turnover in just three years, reaching €6 billion**. In many cases, these biorefineries make use of residues and side streams that previously were waste or recovered as energy, showcasing the potential of the circular bioeconomy. **In fact, products based on biorefineries' side streams currently correspond to 6% of European pulp and paper industry sector turnover as a whole. But the study's projections show the share of novel bio-based products to be substantially larger in the future, with an annual growth of up to 5% for the biorefinery sector until 2050. The same study quantifies a 'substitution effect' of over 3.1 megatons of CO₂**, by which bio-based products replace fossil-based products, resulting in a significantly lower impact on the climate.

- **Remove barriers to industrial symbioses in the pulp and paper industry** by explicitly promoting the valorisation of by-products and side streams within the framework of the Pulp and Paper Best Available Techniques reference document (BREF) through acknowledgment as Best Available Techniques or Emerging Techniques with geographical limitations. The exchange of residues with neighbouring industries should be recognised as part of integrated environmental permitting. Moreover, the EU should enable upscaling and demonstration of projects that promote industrial symbioses and highlight multiple use cases and valorisation of industrial side streams. Finally, to endure these solutions, mechanisms of positive discrimination for the use of recovered materials should be established by EU.
- **Acknowledge bio-CCUS as a valuable means to de-fossilise** industrial sectors and society at large. Bio-CCU is an untapped resource as a raw material and its capture and storage can act as technical carbon sink

¹² [Link to study](#) by nova-Institute on "Innovative bio-based products for a clean transition".

(bio-CCS). New bio-CCU value chains can provide multiple products such as chemicals and materials which can substitute their fossil counterparts. However, energy needs are significant, and infrastructure needs to be upscaled; meanwhile the focus should remain firmly on reducing fossil emissions, decarbonising electricity, and tackling other issues with lowest abatement costs.

- **Thematically recognising the forest-based sector in the next framework programme for research and innovation** (FP10) and relevant European RDI-related initiatives, e.g., European Biotech Act.
- **Making the circular bioeconomy a prominent feature in EU programmes** including the European Competitiveness Fund, Important Projects of Common European Interest (IPCEIs), and Public-private partnerships (PPP), such as the Circular Bio-Based Europe (CBE).
- **Strengthening finance to support scaling and commercialisation** via allocating more funding to piloting, demonstrations, and first-of-a-kind production plants.

7. Further promote voluntary integration of industry with the energy system.

To ensure systemic emission reductions and increase flexibility. Our sector is a leader in the use of renewables for industrial heating, with biomass — sourced from the by-products of our operations — accounting for over 60% of our primary energy. Our sector already today sells to the grid around 10 TWh of electricity annually. The upcoming rules on demand-side response as well as a Guidance on promoting remuneration of flexibility in contracts will be crucial.

Cepi is the European association representing the paper industry. We offer a wide range of renewable and recyclable wood-based fibre solutions to EU citizens: from packaging to textile, hygiene and tissue products, printing and graphic papers as well as speciality papers, but also bio-chemicals for food and pharmaceuticals, bio-composites and bioenergy. We are a responsible industry: 85% of our raw materials are sourced from within the European Union, 92% of the water we use is returned in good condition to the environment. We are the world champion in recycling at the rate of 79.3%. At the forefront of the decarbonisation and industrial transformation of our economy, we embrace digitalisation and bring 25 billion value addition to the European economy and €5 billion investments annually. Through its 19 national associations, Cepi gathers 490 companies operating 870 mills across Europe and directly employing more than 180,000 people.

More information about our sustainability performance [here](#).
