# IKEM Position Statement

Stockholm, 2025-10-30

## Response to the European Commission's Call for Evidence: "Circular Economy Act"

*Submitted by IKEM – Innovation and Chemical Industries in Sweden*

IKEM welcomes the European Commission's initiative to develop a *Circular Economy Act (CEA)* as part of the *Clean Industrial Deal*. A coherent and competitive circular economy is essential for achieving climate neutrality, enhancing resource efficiency, and strengthening Europe's industrial resilience and economic security.

IKEM represents a broad set of member companies that operate across the broad fields of chemistry such as chemical, plastics, pharmaceutical, recycling, and refining industries. These are all key enablers of Europe's green transition. Nearly all products depend on chemistry, which means that our sector's transformation is key for a circular and climate-neutral Europe. IKEM's member companies aim to phase out 80% of fossil feedstocks in favour of recycled, renewable and captured carbon sources by 2045, thereby contributing to the objectives of the *Clean Industrial Deal* and the *Competitiveness Compass*. This transition will strengthen Europe's industrial autonomy, support the creation of a genuine Single Market for sustainable feedstock, and accelerate the shift towards a climate-neutral and circular European economy.

To succeed, Europe needs a coherent policy framework – or strategy – for sustainable feedstocks, i.e. sustainable carbon. This requires reliable access to recycled, renewable and captured carbon sources to strengthen the EU's raw material autonomy and industrial resilience, while stimulating demand across the entire value chain. Furthermore, harmonised rules across Member States and market-oriented instruments are needed to make the use of circular and renewable resources easier, more profitable, and competitive compared to virgin fossil materials.

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**Sustainable feedstock**

IKEM defines sustainable feedstock i.e. sustainable carbon as:

- Primary and secondary biobased feedstock, sourced responsibly from renewable biological resources such as forestry, agriculture (to be understood as encompassing all relevant agricultural resources, not limited to agricultural residues or waste) and industrial by-products.

- High-quality recycled feedstock, derived from waste streams but processed to a standard that allows for repeated recycling and durability in new products.

Both biobased and recycled feedstock are equally vital for achieving true circularity. They will ensure sustainable carbon cycles as well as resource efficiency and long product lifetimes, where appropriate.

It is also essential to clarify ownership and responsibilities for waste throughout the value chain, as legal uncertainty currently hinders efficient recycling and investment in secondary material markets.

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**General comments**

The Circular Economy Act should serve as a *Single Market instrument* that removes barriers, harmonises definitions and standards, and creates predictable conditions for investment and innovation. Fragmentation of EU waste and product legislation currently undermines the internal market and slows industrial transformation.

The CEA must therefore:

- Ensure regulatory simplification and harmonisation across Member States.
- Focus on market incentives and investment conditions, not only prescriptive measures.
- Provide legal clarity and enforcement to ensure fair competition.
- Align with, but not limited to, the *Ecodesign for Sustainable Products Regulation (ESPR)*, *Waste Shipment Regulation (WSR)*, *Packaging and Packaging Waste Regulation (PPWR)*, *RED III, EU Deforestation Regulation (EUDR)*, EU Taxonomy Regulation, *CSRD* and *CSDDD*.
- Invest in research and innovation for circular solutions

Circularity must go hand in hand with competitiveness. Europe cannot afford a green transition that drives production, jobs and innovation out of the EU.

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**Policy recommendations**

**1. Promote sustainable feedstocks and phase out virgin fossil feedstocks**

- Develop an EU-wide definition of sustainable feedstock i.e. sustainable carbon, encompassing primary and secondary biobased feedstock and high-quality recycled feedstock.
- Establish harmonised EU criteria and verification schemes for sustainable feedstock, including biobased, recycled and carbon captured based feedstock. These should be scientifically robust and transparent, while allowing flexibility in methodology.
- Ensure regulatory coherence between waste, product and bioeconomy legislation so that sustainable alternatives can compete fairly with virgin fossil feedstocks.
- Introduce sector-neutral, product-specific content quotas (recycled and biobased) where appropriate, to stimulate demand.
- Prioritise public procurement that requires the use of sustainable materials and products.
- Clarify ownership and responsibility for waste throughout the value chain to strengthen accountability, traceability and investment confidence.
- Ensure EU legislation takes the form of regulations rather than directives to promote harmonisation and fair competitiveness within the Single Market.

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**2. Secure access to biobased and high quality recycled feedstock**

- Waste that can be recovered and used as input for new products should no longer be directed to incineration but reintroduced into the value chain. Measures to prevent the incineration and landfilling of waste that can be recycled and used as a valuable resource are of high importance. Too much recyclable waste is still being incinerated or landfilled within the EU. High-quality recycling must be incentivised to ensure that materials remain in productive use for as long as possible.
- Establish EU-wide End-of-Waste (EoW) criteria for key material streams, supported by a dedicated EU Forum for structured dialogue between Member States and stakeholders to ensure predictability, harmonisation, and mutual recognition of national EoW authorisations.
- Define clearly who owns and is responsible for waste to ensure effective collection, sorting and recycling.
- Support demonstration projects and industrial scaling for advanced recycling technologies (mechanical and chemical).
- Ensure coherent permitting processes for facilities that enable circularity and use of sustainable feedstock across the EU.

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**3. Strengthen demand for biobased and high quality recycled feedstock**

- Introduce recycled and biobased content quotas where justified, and design them to be practical, evidence-based and cost-effective.
- Maintain a technology-neutral approach that allows mechanical, chemical, bio-based and CCU-based solutions to compete on equal terms.
- Implement Extended Producer Responsibility (EPR) schemes where appropriate, in sectors where they have proven to be effective (such as packaging), while ensuring they are not applied where they create inefficiency or overlap with other policy tools.
- Use Contract-for-Differences (CfD) and other market mechanisms to close price gaps between virgin fossil and sustainable feedstock.
- Use public procurement as a demand driver through harmonised, sustainable criteria for circular products and services.

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**4. Strengthen enforcement and fair competitiveness**

- Improve operational enforcement and market surveillance of imported materials to ensure fair competitiveness.
- Introduce separate customs codes for recycled, biobased and virgin fossilbased materials, especially plastics, to enable traceability and reliable statistics.
- Promote a level playing field by ensuring that imported materials meet equivalent environmental and safety standards as EU products.

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**5. Invest and promote in R&D and infrastructure that promotes circularity**

- Increase EU funding for research and demonstration of recycling and circular process technologies, including CCU and biobased materials.
- Simplify and accelerate permitting processes for circular facilities and industrial projects to enable faster scale-up of circular technologies.
- Invest in collection, sorting and recycling infrastructure. Improve both source and downstream sorting while ensuring systems are practical and deliver clean, high-quality input for recycling.
- earmark proceeds from the "Plastics Own Resources", commonly referred to as the EU plastic tax, into a Dedicated Fund aimed at building a more circular economy for plastics, especially for those aspects aimed at ensuring not only effective collection and sorting practices, but also fostering the integration of plastic recyclates in products.
- Strengthen cooperation between industry, academia and research institutes from basic research to industrial scale-up.
- Promote skills development and workforce training for circular technologies and process innovation.

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**6. Enable efficient and responsible cross-border trade in waste and secondary materials**

- Simplify, digitalise and harmonise the implementation of the Waste Shipment Regulation across Member States to ensure efficient, transparent and traceable movement of secondary feedstock within the EU. The Regulation should clearly distinguish between valuable materials and products that can circulate within the internal market and waste that should be subject to stricter control, while harmonising contamination thresholds and key definitions to avoid fragmentation.

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**Expected outcomes**

- Faster transition to climate neutrality and reduced dependency on virgin fossil feedstocks.
- Increased competitiveness of European industry and reduced strategic import dependence.
- Stronger internal market for secondary and biobased feedstock.
- Legal clarity and predictability for businesses investing in circular solutions.
- Enhanced enforcement and reduced risk of illegal waste exports and increases fair competition.
- Sustainable growth and job creation in green industries across Europe.

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**Conclusion**

IKEM urges the European Commission to ensure that the Circular Economy Act becomes a strategic Single Market framework for circularity that strengthens Europe's industrial competitiveness, innovation capacity, and climate ambitions.

A predictable, market driven, and innovation-friendly framework will be decisive for transforming Europe's linear economy into a truly circular one, securing sustainable feedstock, technologies that render circularity and jobs of the future.

IKEM and our member companies remain committed to collaborating with EU institutions and stakeholders to realize the full potential of circular economy and to contribute to the development of the upcoming Circular Economy Act. We thank the Commission for the opportunity to provide input and would welcome further dialogue.