

EPS Industry Recommendations on the Circular Economy Act

Executive Summary

EUMEPS, the voice of the European Expanded Polystyrene (EPS) industry, welcomes the European Commission's initiative for a Circular Economy Act (CEA). We believe this legislation presents a critical opportunity to create a harmonised and supportive framework for circular materials, such as EPS, that are already contributing significantly to the EU's sustainability and climate neutrality goals. A successful CEA must be built on scientific evidence, recognise proven circular systems, and foster a competitive European industry of making the necessary investment and innovation in the recycling sector.

This position paper outlines the key priorities of the EPS industry in the context of the upcoming CEA. We are committed to working with EU policymakers to ensure the Act accelerates the transition to a circular economy in a way that is both ambitious and pragmatic and safeguards the global competitiveness of European production.

1. The imperative of a harmonised EU framework

The current fragmentation of national waste management rules is a significant barrier to a truly circular European economy. To unlock the full potential of materials like EPS, the Circular Economy Act must **establish a clear and consistent legal framework across all Member States. This includes harmonised definitions, labelling, and reporting requirements to boost collection rates and de-risk cross-border investments in recycling infrastructure.**

A crucial element of this harmonisation is the timely implementation of EU-wide **End-of-Waste (EoW) criteria**. The European Commission's Joint Research Centre (JRC) has already published technical proposals for EoW criteria for plastic waste. These science-based criteria provide a solid foundation for recognising high-quality recycled plastics as products, thereby facilitating their movement and use in the single market. **We strongly urge the European Commission to adopt and implement the End-of-Waste criteria for polystyrene products as established in the JRC study**, a move that would provide legal certainty and stimulate the market for recycled EPS. Furthermore, the JRC still needs to develop technical proposals for EoW criteria for plastic waste which include chemical recycling operations and also require timely implementation.

2. Recognising the proven circularity of EPS

Expanded Polystyrene is a testament to the fact that with the right systems in place, plastic "waste" can be a valuable secondary raw material. **Through dedicated collection schemes and industry-led initiatives, significant volumes of EPS from fish boxes, insulation offcuts, and protective packaging are already being successfully recycled into new products.** These established circular systems are actively contributing to the EU's resource efficiency objectives.



To further enhance circularity, including for products with life spans of over 50 years (such as EPS insulation), it would be beneficial to support the recycling of construction waste cut-offs, reduce the administrative burden associated with their management, and establish dedicated separate collection points for EPS packaging.

When defining recycled content, it's critical to account for post-industrial waste, such as offcuts generated on construction sites. These materials, though never reaching end users, represent valuable resources diverted from disposal. Including them in recycled content calculations not only acknowledges the circular potential of in-process recovery but also incentivizes better material stewardship within the construction industry. By recognizing post-industrial waste as part of the recycling ecosystem, policies can more accurately reflect real resource efficiency and drive manufacturers toward genuinely low-waste production cycles.

3. A technology-neutral approach to recycling

The EPS industry employs a range of recycling technologies to maximise the circularity of its products. **Mechanical recycling** is the most established and widespread method for EPS and should continue to be supported and scaled up.

At the same time, **emerging recycling technologies**, such as chemical and dissolution recycling, provide essential complementary solutions for treating contaminated or more complex waste streams that are unsuitable for mechanical recycling. These innovative processes should be further encouraged through supportive legislation and financial incentives.

To accurately track the use of recycled content from these diverse technologies, the Circular Economy Act **should explicitly recognise the flexible mass balance credit method approach as a valid and necessary accounting method across all product groups**. This will provide the flexibility needed to meet the EU's ambitious recycling targets. Thereby, the Circular Economy Act should ensure that all sectors which are being provided with raw materials by the chemicals and plastics industry are being treated equally. Otherwise, the circularity transformation cannot happen on a broad scale. For example, in the B&C sector acceptance of the flexible mass balance credit method is required in EPDs.

4. Fostering investment and innovation

The European EPS industry is proactively investing in the future of recycling through the development of new recycling facilities, innovative technologies, and collaborative partnerships across the value chain. To build on this momentum, **policymakers must provide a stable, predictable, and harmonised regulatory environment that encourages long-term investment**.

To build on this momentum, policymakers must provide a stable, predictable, and harmonised regulatory environment that encourages long-term investment. Furthermore, the CEA must address the unfair competition from imported products and secondary raw materials that do not meet the same environmental, safety, or social standards.

Financial and regulatory incentives for innovation are crucial to accelerating the scaling up of recycling capacity and the adoption of cutting-edge technologies. Short-term fiscal measures, such as tax breaks for recyclers and converters, are urgently needed to ensure solvency amidst volatile market conditions. Simultaneously, long-term support for capital investment in sorting and recycling infrastructure is essential. This will not only enhance

the circularity of EPS but also bolster the competitiveness of the European recycling industry as a whole.

5. Evidence-based policymaking and the lifecycle benefits of EPS

The Circular Economy Act should be guided by scientific evidence and a holistic understanding of the environmental performance of different materials. **Blanket bans or restrictions on specific materials risk disrupting well-functioning circular systems, such as those already in place for EPS, and can lead to substitution with materials with a higher overall environmental footprint.**

It is essential that the unique lifecycle benefits of EPS are fully considered in any legislative proposal. As a mono-material, EPS is designed for easy sorting and high-quality recycling. Its lightweight nature reduces transport emissions, its superior insulation properties are vital for achieving the EU's energy efficiency and decarbonisation targets, and its protective qualities in packaging prevent food waste.

We advocate for policies that **incentivise design for recycling rather than penalising entire material categories**. While reuse may not always be feasible for applications with strict hygiene requirements, such as food contact, the high recyclability of EPS ensures a continuous and safe circular loop. Furthermore, exemptions for essential applications like medical transport, fish boxes, and building insulation must be maintained, as EPS provides an irreplaceable contribution to key EU sustainability objectives in these areas.

6. Further policy recommendations supporting circular economy

To further enhance the circularity of EPS and other materials, we propose the following measures be considered within the Circular Economy Act:

- **Incentivising recycled content:** The circularity transformation needs to recognize the considerations of the Affordable Housing Plan: Given the long lifespan of EPS insulation and the current availability of recycled material, **financial incentives such as tax benefits for products containing recycled content or attributed recycled content (based on flexible mass balance credit method) will be more effective than mandatory recycled content obligations** and keep transformational costs as low as possible.
- **Support for open-loop recycling:** Recognising that recycled EPS from applications like fish boxes is often used in the production of durable goods like EPS/XPS insulation panels is crucial.
- **Effective implementation of landfill bans on recoverable waste:** Ensuring the proper enforcement of landfill restrictions on recoverable waste as from EPS sectors across all Member States is fundamental to creating a circular economy.
- **Promotion of transborder recycling hubs:** Supporting the establishment of cross-border recycling centres would increase the availability of recycled materials, particularly for small and medium-sized enterprises (SMEs).

- **Green Public Procurement (GPP) and eco-modulated Extended Producer Responsibility (EPR):** GPP criteria and EPR eco-modulation should incentivise the use of locally and EU-produced products, as well as those with a lower carbon footprint as verified by robust lifecycle assessments (LCAs). Public procurement can be a powerful driver, but criteria must be realistic and based on the availability of high-quality EU-made recycled content.
- **Addressing Fraud and Ensuring Market Surveillance:** Stronger market surveillance is needed to combat fraud related to recycled content and ensure that all players, including importers, comply with the same stringent rules.

By incorporating these principles and recommendations, the Circular Economy Act can create a robust and effective framework that supports the continued growth of a circular economy in Europe, with EPS playing a key role in achieving our shared environmental and economic goals.

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About EUMEPS

EUMEPS, the unified European voice of the Expanded Polystyrene (EPS) industry, is the premier advocate for EPS solutions. Representing every link of the EPS value chain, from large companies to SMEs, we are committed to fulfilling European environmental objectives. Through our 23 national associations and numerous recycling initiatives, we strive to elevate the circularity of our industry.

As a contributor to making Europe climate-neutral and resource-efficient, we showcase EPS as a smart choice in packaging and insulation. Stand by us in building a more resilient and sustainable tomorrow. www.eumeps.eu.