

### **Basis for Sweden's position ahead of EU negotiations – proposal for a Circular Economy Act (CEA)**

The Implementation Council's contribution is presented in full in section 9. The Council's proposals in summary are as follows:

- Work for a common internal market for waste and secondary materials, EU harmonisation of regulations and definitions, and call for thorough impact assessments.
- Work to ensure that the regulations are simple and adapted to newly formed and smaller companies.
- Promote coherence between adjacent regulations that affect circularity.
- Promote technology-neutral rules and frameworks that promote access to sustainable carbon feedstocks.
- Strive for harmonised targets/criteria for what a player should meet, rather than micromanaging processes, so that players can decide for themselves how these goals/criteria are best achieved.
- Work for an EU regulation where secondary raw materials are seen as a resource instead of being considered as waste as a starting point.
- Consider whether fees to the EU for non-recycled plastic packaging could be earmarked for investments in recycling infrastructure.
- In the negotiations on a new environmental omnibus; support changes that the business community wants to see in the CEA.
- Ensure better control of imports from third countries to avoid dangerous products entering the EU.
- At national level, consider support to drive innovation and technology development in circularity, economic incentives and develop methodological support in public procurement.

## 1. Task of the Implementation Council

The Implementation Council is tasked with assisting the Government in its efforts to strengthen the competitiveness of Swedish companies by avoiding implementation above the minimum level and counteracting unjustified regulatory burdens, as well as reducing administrative costs and other compliance costs in connection with the implementation of EU regulations in Swedish law. The Implementation Council's work must be based on a company perspective.

The Implementation Council is to submit documentation and recommendations to the Government, partly as a contribution to Swedish positions in negotiations and partly on how EU legal acts can be implemented in Swedish law in a way that is not more far-reaching from a business perspective than what the legal acts require.

The Implementation Council's work is based on problem descriptions that have been communicated to the Council, mainly from industry organisations and their member companies. During the work on the documentation, contacts can also be made with others who are familiar with the respective subject area, such as government agencies. In the light of the information gathered and in the context of the overall objective of the act in question, the Council makes a weighted and independent assessment of how the business perspective can be effectively addressed in each case.

In preparing this opinion, the Council has made use of oral and written submissions from discussions with mainly:

- The business and industry organisations Confederation of Swedish Enterprise, Technology Industries of Sweden, Swedish Commerce, Innovations and Chemical Industries in Sweden (IKEM), the Swedish Federation of Wood and Furniture Industry, ElektronikBranschen, Swedish Food Federation and the Swedish Recycling Industries Association.
- The companies Westermo (industrial communication), Ericsson (telecommunications), Kinnarps and Ballingslöv, (furniture industry), Ragn-Sells (recycling), Perstorp AB (plastics and chemical industry) and Skanska (construction industry).

## 2. Relevant proposal for an EU legal act

Upcoming proposals for a Circular Economy Act (CEA).

## 3. Objectives of the proposal according to the European Commission

The European Commission plans to propose a Circular Economy Act to strengthen the EU's economic security and promote circular economy business models, decarbonisation and more sustainable manufacturing. The act aims to facilitate the free movement of circular products, secondary raw materials and waste. It will also help increase the availability of high-quality recycled materials and stimulate demand for these materials in the EU. The act will complement existing EU legislation supporting circularity, such as the Waste Framework Directive, the Ecodesign requirements for Sustainable Products Regulation and the Packaging and Packaging Waste Regulation.

## 4. Where in the process is the proposal?

The proposal has been the subject of a 'Have Your Say' consultation between 1 August and 6 November 2025. The legislative proposal is expected in the third quarter of 2026.

On 10 December 2025, the Commission presented an environmental omnibus, COM (2025) 980, which addresses issues that are announced to be addressed also in the Circular Economy Act. These proposals for limited changes to existing EU legislation may become normative for the proposals made in the CEA. The Council would like to draw attention to the fact that it is important that the Government, in the negotiations on the environmental omnibus, supports proposals important for companies that may later be consolidated through the CEA.

## 5. Responsible ministry

Ministry of Climate and Enterprise.

## 6. Situation and problem description from a Swedish business perspective

In discussions with the Implementation Council, representatives of the business community have expressed a predominantly positive attitude towards the CEA initiative as the direction has been communicated so far. Swedish companies are keen to maintain high environmental and climate ambitions and see Sweden's strength in environmental considerations as a competitive advantage.

A circular economy is a central part of climate work because it reduces the need for new fossil raw materials and thus emissions from production, transport and energy-intensive processes. Keeping materials and products in circulation for longer reduces pressure on ecosystems, helping to preserve biodiversity and preventing the spread of harmful chemicals and pollutants. The circular economy is also essential to strengthen the EU's economic security, as it can contribute to the resilience of supply chains.

Businesses welcome the move towards an increased internal market for secondary materials and want to see as much harmonisation as possible. Policy instruments and regulations should focus on providing incentives for increased circularity and provide the framework for what needs to be achieved without regulating in detail. Secondary materials need to be seen as a resource rather than waste, and the waste hierarchy needs to be applied so that reuse and recycling are promoted over incineration. The utilization of already existing carbon atoms in the system should be optimized.

In a circular economy there is an effort to make use of resources more efficient and preserve the economic value of materials. Optimizing processes and products for this purpose is something that is also beneficial from a business perspective. Circularity therefore encompasses much more than just waste recycling.

The business community is calling for a focus on the entire value chain and regulations that support a transition from linear to circular production methods and business models. This includes business benefits and climate considerations as well as the development of new circular business models, technology, design and behavioural changes. The importance of bio-based raw materials' contribution to circularity is underlined by some stakeholders.

Furthermore, the importance of a stable electricity supply at reasonable prices is highlighted, as well as regulatory simplification and shorter permit processes, as well as consistency with related regulations.

The sections below describe the situation and specific problems and needs identified by the Implementation Council in its discussions with stakeholders in the field in connection with the upcoming legislation.

## 6.1 Upscaling, technology development, innovation and the importance of infrastructure

Industries highlight a clear need for investment in research and technology development, for example in the recycling and smelting industries, to be able to handle materials that are currently not viable to recycle and to improve the quality of recycled materials. There is also a need for research and development to promote circular business models. Stakeholders in the chemical industry emphasize the importance of technology development and innovation to achieve circularity. Textiles are another area where large-scale sorting and recycling solutions need to be developed.

Several stakeholders highlight the importance of infrastructure for circular systems to become feasible. The industries are calling for increased investments in recycling infrastructure and the development of new technology that streamlines the sorting, processing and reuse of materials. This is also something that the Implementation Council has drawn attention to before, in its opinion on the proposal for a new European Competitiveness Fund<sup>1</sup>. For example, there is a need for an improved recycling structure for wood products and woodpackaging, more in line with how it works in e.g. Denmark. More efficient return logistics and infrastructure could also benefit repairs and business models as a "product as a service". Without adequate infrastructure, even the most well-thought-out policies can fail to achieve their goals. Both the Confederation of Swedish Enterprise, the Swedish Technology Federation and the Swedish Trade Federation believe that public funds will be needed to strengthen the infrastructure for collection, sorting and recycling, as the market does not yet fully bear the costs.

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<sup>1</sup> [Opinion 2025-11-05. Consultation response and documentation for Sweden's position ahead of EU negotiations – proposal for a regulation on a new European Competitiveness Fund.](#)

The Swedish recycling industry is currently challenged by competition from recycling plants outside the EU. Mechanisms such as certifications may be needed to ensure transparency, traceability and quality assurance and to support open and fair markets for European industry.

## 6.2 Emphasis on technology neutrality and flexibility

Industry representatives stress the need for technology-neutral and flexible regulations that give companies the freedom to develop innovative solutions. It is crucial that legislation focuses on setting harmonised targets or criteria for what a player must meet, rather than micromanaging processes, for operators to determine how best to achieve these goals. This flexibility is critical to meet the diverse needs of different sectors and to allow for rapid adaptation to technological advances. Both large industrial companies and small and medium-sized enterprises require a regulatory environment that supports rather than hinders their innovation capacity and global competitiveness. In particular, when formulating criteria in delegated acts under the Ecodesign Directive, it is important that industry is consulted and that standards for measurement methods are established.

## 6.3 Circularity requires a broad approach and interaction between policy areas

A transition to circular production methods requires a focus on the entire value chain and that consideration is given to how different goals that affect circularity interact or possibly risk counteracting each other.

### *Sustainability reporting*

One example that is highlighted is the current regulations on sustainability reporting (CSRD), which lack incentives for the use of recycled materials instead of primary materials. Large industrial companies are described as imposing requirements on conditions linked to climate impact when purchasing and procuring from suppliers. The requirements are often related to the company's goals according to the CSRD and the three emission categories, so-called scopes<sup>2</sup>. It is important that regulations provide incentives for all measures that lead to emission reductions.

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<sup>2</sup> Scope 1 and 2 include direct emissions and emissions from purchased energy, where companies have a relatively high level of control. Scope 3 refers to indirect emissions throughout the value chain, including the purchase of goods and services, and is more complex to influence.

### *Access to sustainable carbon feedstocks*

Stakeholders in the chemical industry highlight the need for a broader approach, where a framework to ensure the supply and demand of sustainable carbon feedstock<sup>3</sup> is requested, without rewarding one sustainable raw material over another. The framework would serve as a policy instrument to stimulate the phasing out of fossil carbon raw materials and make it easier and cheaper to use sustainable carbon feedstocks regardless of their use as fuel, materials or chemicals. This includes efficiently reusing carbon within existing flows by developing innovative technologies for sustainable coal use. To date, EU regulations promoting sustainable coal use are described as being mainly focused on the energy and transport sectors (RED and ReFuelEU).

The Circular Economy Act needs to be designed so that it does not restrict, but rather enables, the use of sustainably produced raw materials for materials, chemicals and production sectors where such alternatives are crucial for the transition. This needs to be done in a technology-neutral manner, within the framework of the EU's state aid rules and without prejudging which solutions may be most cost-effective in the long term.

## 6.4 The internal market for waste and secondary materials needs to be harmonised within the EU

One of the most prominent contributions from interviewed organisations and companies is the importance of creating a harmonised internal market for waste and secondary materials within the EU, which is seen as crucial to enable a functioning circular economy. At present, the internal market is scattered as the Waste Directive (WFD) provides a great deal of scope for national special rules. The rules for waste classification therefore vary significantly between Member States, which means that companies must comply with several different and burdensome regulations when doing cross-border activities. This holds back the scalability and willingness to invest in transporting and subsequently refining secondary materials.

The lack of harmonisation poses a significant challenge to achieving the economies of scale required for efficient recycling and reuse. A single market for waste and secondary materials would promote cross-border flows of

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<sup>3</sup> Sustainably produced carbon raw materials here refer to bio-raw materials, recycled raw materials, waste, including municipal waste, and hydrogen and electro-based raw materials (using carbon storage technologies such as CCS and CCU).

waste and materials, streamline processes and reduce administrative burdens, which would strengthen circular business models across the Union.

Extended Producer Responsibility (EPR) is another example of regulations that need to be significantly better harmonised within the EU. Today, businesses face different criteria, definitions, data requirements, reporting formats and time frames in each Member State, which complicates cross-border operations and makes systems unnecessarily administratively burdensome. At the same time, it is important that such harmonisation takes place at a level that is not unnecessarily detailed or burdensome for companies.

The Confederation of Swedish Enterprise recommends that a common EU framework for EPR should be established, with standardised reporting requirements, uniform definitions of collection and processing categories, and a digital, central system for reporting that replaces national parallel models. EPR administration should be coordinated through a joint EU-structure for data transfer and bases for fees, so that companies only need to report once and that the information can then be used in all Member States concerned. Fee models and other control parameters should be harmonised and designed so that they are within the framework of state aid rules and do not distort competition between countries or players. The aim is to create predictable, proportionate and competition-neutral EPR systems that facilitate circular flows and make it easier for companies to scale up operations across the EU.

It is also important for manufacturers that information on chemical content and strength is accurate and easily accessible between waste handlers, recyclers and producers. This clarity is essential to enable the safe and efficient use of recycled materials from industry (e.g. wood, plastics and textiles).

## 6.5 Moving away from an overly one-sided focus on regulating waste– focus on access to raw materials

Stakeholders consulted by the Council stress the need for an increased focus on the entire value chain and an increased awareness of material flows when considering measures to increase circularity. This, in turn, requires collaboration and coordination from raw material producers to end consumers. To achieve true circularity, it is crucial to integrate business

value with climate responsibility, by designing new circular models and promoting technology development, design and behavioural change.

It is of great importance to shift from an overly one-sided focus on waste to seeing waste as a valuable resource for reuse and recycling, and to broaden the perspective beyond critical raw materials to include more materials such as textiles, plastics, nutrients, paper and building materials.

Companies interviewed by the Council call for an approach where secondary raw materials are seen as a resource that can be utilised as a starting point, rather than as waste. When a material is classified as waste, it is subject to a strict regulatory framework for storage, transport and use. In the construction industry, Skanska has pointed out that rock material from, for example, subway blasting in Stockholm has been regarded as waste according to the national interpretation and application of Chapter 15 of the Swedish Environmental Code<sup>4</sup>, despite its potential as a reused raw material. That raw materials are classified as waste means, in addition to the loss of raw material for reuse, that the waste must be transported to reception facilities that may be located far from the place of origin, which can have a significant impact on the climate and nullify the effect of other efforts to reduce CO<sup>2</sup>-emissions.

In this context, the Council notes the Government proposal referred to the Council on Legislation recently which, among other things, presents proposals for a more efficient handling of excavated material in particular.<sup>5</sup> However, in the Council's view, there may still be reason to reconsider the prevailing basic approach to the classification of secondary raw materials, so that the quality and function of a material determine its classification to a greater extent, rather than its origin.

Skanska and Perstorp have also highlighted that the current regulations create obstacles through long permit processes and inconsistent definitions

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<sup>4</sup> According to Chapter 15, Section 1 of the Environmental Code, waste means all objects or substances that the holder wishes to dispose of or is obliged to dispose of. According to the Swedish Environmental Protection Agency's guidance on mass handling, economic value, use or possibility of reuse do not play an independent role in whether something is to be defined as waste or not ([The Swedish Environmental Protection Agency's guidance on mass handling and use of masses for construction purposes - Interpretation of key concepts in the handling of masses \(2023-04-25\)](#)). Chapter 15, Section 1, second paragraph of the Environmental Code states that a substance or object that has arisen in a production process where the main purpose is not to produce the substance or object can, under certain conditions, be a by-product instead of waste.

<sup>5</sup> [Proposal referred to the Council on legislation. "Reform of waste legislation for increased material recycling"](#), decided by the Government on 11 December 2025.

and interpretations of waste. The Advisory Board for Circular Economy has also called for clarification in legislation and guidance, especially with regard to barriers in the reuse, reuse and cross-border transport of secondary raw materials, in order to reduce resource consumption and facilitate a more circular business community<sup>6</sup>.

An example from the Swedish Recycling Industries Association shows how Sweden's stricter interpretation of the waste legislation, such as the classification of cables as hazardous waste, differ from those of other member states, which leads to exports despite domestic recycling capacity.

Simplifying processes and reviewing and modifying interpretations and applications of rules would significantly facilitate the uptake and scale-up of circular practices in industry.

IKEM and the Recycling Industries Association also emphasize the importance of managing materials as valuable resources throughout the value chain and changing the view of material flows, especially for waste and residues. Companies such as Ragn-Sells and Skanska emphasize the need for resource recovery and to understand the movement of materials in the economy. CEA must therefore have a broad approach beyond critical raw materials, including materials that are currently not profitable to recycle but that contribute to Europe's self-sufficiency, such as plastics and textiles.

## 6.6 Need for EU-wide criteria for End-of-Waste

There are currently no EU-wide criteria for assessing when waste can cease to be classified as waste for a significant number of material types. This results in assessments that differ across Member States. Sweden further lacks national criteria, leading to disparate assessment practices at the municipal level. Usually, the initial assessment is made by the recycler or operator according to general criteria in the Environmental Code or existing EU regulations for specific types of waste. However, the outcome of subsequent review by supervisory officers at municipal level will be difficult to predict due to the lack of harmonised assessment criteria.

The Advisory Board on the Circular Economy identifies the unclear definition of waste as a key challenge, as it causes legal uncertainty and complicates the development of circular business models. Clearer legislation

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<sup>6</sup> [Advisory Board on Circular Economy, Recommendations submitted to the Government](#)

and guidance, in particular on reuse and cross-border shipments of waste and secondary raw materials, would contribute to reducing resource consumption and promoting a more circular economy.

The lack of end-of-waste criteria contributes to the process of reclassifying waste into raw materials in Sweden being complicated and cost-driven, which limits the companies' opportunities to utilize resources efficiently. The fact that assessments take place at the administrator level and vary both between and within municipalities, makes the process unpredictable and non-transparent. EU-wide criteria would enable more uniform and effective supervision both within Sweden and within the EU. Today, it is a major challenge when different member states make different assessments of the same material at border crossings.

Who is allowed to make the assessment of whether a product is waste, can be recycled or reused is another aspect that also needs to be clarified, so that a product is not classified as waste too early. For some products, such as electronics and installations, it may be difficult for the consumer to make this assessment. In these cases, it is important that the product is not considered waste at the time of delivery by the consumer, but only after a professional assessment.

The installation companies also emphasise that the location of the assessment is important. In installation operations, products often need to be taken back to the company's premises for testing or cleaning before it can be determined whether they can be reused or should be classified as waste. Despite this, installation companies are currently classified as waste handlers and transporters when they bring equipment, such as an old heat pump, only for further assessment in their own operations.

Clear and common End-of-Waste criteria at EU level would make it easier for both companies and authorities and contribute to a better functioning internal market and to a more predictable and transparent process. All in all, there is a great need to develop and implement such EU-wide End-of-Waste criteria, e.g. for textiles.

## 6.7 Need for clearer incentives and increased demand to accelerate circular business models

Accelerating the transition to circular business models requires the creation of clearer incentives, and policy instruments are needed to address the

economic imbalance between primary and recycled materials. At the same time, different types of demand stimulus are always part of a broader policy mix that should also include the supply side. Incentives and policy instruments must therefore be adapted to the context and how they interact with each other. In this context, organisations and companies have in particular highlighted and reasoned about the following:

- Quota obligations
- VAT and other tax reductions
- Demands for more collection, better sorting and separation
- Producer responsibility and differentiated producer responsibility fees
- Public procurement as a driving force
- Contract writing and customer attitudes towards repairs and recycled materials
- risk-sharing in investments for transition, ex contracts for difference (CfD)

These are described in more detail in the sections below.

### *Quota obligations*

Attitudes towards quota obligations, i.e. requirements for the proportion of recycled materials, vary among organisations. Technology Industries of Sweden do not want to see general requirements for recycled materials, and believe that this policy instrument is not technology-neutral and risks inhibiting innovation and technological development. Instead, they advocate that companies themselves should decide the technical possibilities and suitability of replacing materials with recycled, or whether there are other alternatives to material choices or business models. The important thing is to reduce resource consumption and environmental and climate impact. Technology-neutral policy instruments and financial incentives are requested by Technology Industries of Sweden to address the imbalance in cost between primary and recycled materials.

The Confederation of Swedish Enterprise believes that quota obligations may be appropriate in certain areas, such as plastic packaging, when there is a special need to stimulate the market, but that this should always be

preceded by a thorough impact assessment. They emphasise the importance of the overall climate and environmental benefits of a measure.

Companies interviewed by the Council highlight practical challenges in applying quota obligations, especially for composite materials where strength requirements and uniform colour requirements can be problematic, as well as the administrative burdens that this entails.

Swedish Commerce emphasizes the importance of quota obligations being determined in a way that drives innovation in line with technological development without burdening the climate in other ways, through for example increased transport, shorter product life, or higher energy and water use.

The Swedish Recycling Industries association are advocating for quota obligations in legislation to ensure a demand for recycled materials, especially in the plastics and critical raw materials (CRM) sectors. If the demand for recycled materials increases, both quality and quantity can increase, which is crucial to reduce emissions and secure a future supply of raw materials. IKEM supports balanced, product-specific quota obligations developed at EU level, as it creates demand for recycled materials.

The Swedish Food Association underline the importance of resource efficiency and advocate that reuse should be based on the most efficient use of resources.

#### *VAT and tax reductions*

The Confederation of Swedish Enterprise does not advocate differentiated VAT rates but believes that it is appropriate to reconsider and update the current VAT directives and rules. Swedish Commerce also wants to see modernized EU legislation in this area. These rules are sometimes considered outdated and can lead to sub-optimal climate solutions, for example when trucks return empty across borders to avoid certain VAT rates.

Swedish Commerce proposes reduced VAT on used goods, and that taxation of primary fossil plastics should be considered as a way to increase the profitability of recycled plastic.

The Recycling Industries Association advocate reduced job tax for recycling facilities, especially in sectors such as critical raw materials, plastics, textiles

and certain building materials. They are also asking for lower VAT on repairs and sustainable products, which would create greater demand and make products and repairs cheaper for consumers.

ElektronikBranschen and Swedish Commerce highlight the need to urgently abolish the Swedish electronics tax, also known as the chemical tax, on certain electronics. They emphasize that a national tax on electronics does not affect the product development of electronic gadgets because no consumer electronics are made specifically for the Swedish market. The price increase may instead result in more consumers choosing to buy more electronic products from drop shipping players (companies that sell goods online but do not have their own warehouse) based outside the EU. This leads to an increased amount of electronics in Sweden that risk containing chemicals that are banned in the EU, have a short lifespan and are difficult to recycle.

#### *Demands for more collection, better sorting and separation*

IKEM welcomes calls to increase collection and improve sorting and separation of materials, as this is crucial to ensure the high quality of recycled materials demanded by the business community. An expanded and more efficient sorting is also needed to increase the amount of recycled material, including plastic, that can be used to meet future quota obligations in PPWR.

Swedish Commerce emphasizes that the close-to-property collection can be improved, through for example new sorting of beverage packaging and measures in glass collection.

A furniture company emphasizes that it is of utmost importance that recycling results in clean material streams, which makes the discernment process central.

At the same time, it is important that requirements for enhanced collection and sorting accommodate diverse companies, such as smaller firms or those with spatial constraints.

#### *Producer responsibility and differentiated producer responsibility fees*

With regard to producer responsibility and differentiated producer responsibility fees, IKEM considers that producer responsibility works well

in some areas, such as packaging and electronic waste (WEEE), but warns against an over-reliance on these solutions (e.g. producer responsibility for pharmaceuticals would become financially burdensome over time and risk hampering the development of generic alternatives) and points out that there may be other cost-effective solutions. In addition, it is highlighted as difficult to apply producer responsibility to products with a long lifespan, such as building materials in infrastructure and buildings.

The Recycling Industries Association propose a differentiation of producer responsibility charges, using eco-modulation, for more product groups than today in order to create incentives that promote circularity. For example, lower fees could be considered for products with a higher proportion of recycled materials, designs that facilitate recycling or products with a long lifespan, or higher fees for products that are difficult to recycle, for example.

However, in order to work effectively, differentiated producer responsibility levies should be designed at EU level so that they do not create new barriers to trade and fragmented markets.

### *Public procurement as a driving force*

Public procurement is highlighted by several of the Council's consultative partners as a key mechanism to promote circularity by setting requirements for circular materials and solutions. This can increase the demand for sustainable products and technologies as well as stimulate the development of a circular economy. Several of the companies contacted emphasise the need to include sustainability requirements in public procurement where appropriate. A shift away from focusing on the lowest bid to life cycle quality and sustainability instead is pointed out to be able to transform the industry, where the cost is put in relation to the product's sustainability rather than the purchase price. However, in order for procurement to truly contribute to a circular economy, the criteria must be functional, technology-neutral and designed in close dialogue with the market. Overly narrow or micro-managing requirements that overlook broader objectives risk locking in solutions, inhibiting innovation and creating barriers to entry for smaller market participants.

Furthermore, consideration should be given to whether large societal players, such as public real estate companies, should have some form of responsibility or incentive to procure circular goods. The Federation of Wood and Furniture Industry point out that today there are often lower

requirements for reused furniture in terms of product safety and chemical protection under the REACH regulation. It is important that older furniture and materials meet the requirements for a non-toxic environment. They advocate that the same requirements should apply for to all furniture, be it new, second-hand or remanufactured, with a focus on quality standards in durability, safety and strength. Industry players also note that the wording "or equivalent" in the context of compliance in procurements often leads to the purchase of copies, which can reduce incentives for innovation and harm original manufacturers' brands.

A positive example that has been highlighted by the business community is the City of Stockholm's use of competitive dialogue when procuring a fossil-free construction site in the Slakthusområdet area. The form of dialogue with suppliers led to innovative solutions, including the planned use of a battery electric excavator with a planned market introduction in 2025–2027.

#### *Contract writing and customer attitudes towards repairs and recycled materials*

According to some of the companies contacted, it is not the legislation that mainly inhibits the development towards recycled and circular work. Instead, they point out that price, contract terms, customers' negative attitudes towards recycled materials in certain product types, expensive repairs and the purity of the recycled material constitute greater obstacles. Often, cost is a deciding factor, and customers are not always prepared to pay the price that high-quality recycled materials require.

Changes in the composition of a product, such as the transition to recycled metals, often require the approval of the receiving customer according to the contract, which can be denied without clear reasons. Careful consideration is also required on the part of the manufacturer to determine whether it is more energy efficient to replace parts or materials in products with new, sustainable alternatives or to continue using existing components.

Finally, the business community emphasizes the importance of supporting regulations that promote the "right to repair" and suggests that additional incentives be introduced, such as deductions similar to the RUT deduction but for repairs, further reduced VAT for repair services and more favourable taxation of recycled materials. Currently, it is often the price that discourages repairing many products, including electrical products, instead of buying new ones, because they require professional repair or because

spare parts are too expensive. Sweden has not yet introduced such incentives in connection with the implementation of the Right to Repair Directive<sup>7</sup>.

### *Risk sharing in investments for transition, e.g. contracts for difference (CfD)*

Risk-sharing in investments for transition helps to reduce uncertainty for investors in projects that require large capital investments, often in the green transition (e.g. renewable energy, hydrogen, carbon capture and storage, CCS). By the state covering part of the risk, for example via long-term guarantees, credit lines or capital injections, the thresholds for companies to take the major initial steps required to build new technology and new infrastructure are lowered.

A key tool in this context is Contracts for Difference (CfDs), which can provide predictable revenue levels and thus reduce exposure to market volatility. When price risks decrease, the willingness to invest increases both in industrial climate initiatives and in technologies that enable circular flows, such as advanced sorting, chemical recycling or material recycling facilities. As a result, CFDs can not only drive emission reductions in the energy and industrial sectors but also create stable and long-term economic incentives for circular business models, where investors are otherwise hesitant due to uncertain demand, unclear revenue streams, or undeveloped markets for secondary commodities.

By combining risk-sharing with clear regulatory frameworks and a functioning market for recycled materials, such tools can help scale up circular investments faster, thereby accelerating the transformation of entire value chains.

## 6.8 Need for regulatory simplification and consideration of SMEs in the design of the CEA

The need for regulatory simplification and consideration of the conditions of small and medium-sized enterprises are central issues in the discussion of future regulations. For affected companies, which are experiencing significant challenges due to the complexity and inconsistencies of the

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<sup>7</sup> DIRECTIVE (EU) 2024/1799 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 13 June 2024 on common rules promoting the repair of goods and amending Regulation (EU) 2017/2394 and Directives (EU) 2019/771 and (EU) 2020/1828

current regulatory framework, it is of paramount importance that the CEA strives to simplify, harmonise and make the rules predictable. Small and medium-sized companies also demand simple reporting structures as well as clear advice and guidance from authorities to navigate the regulations in an efficient way.

Currently, the extensive body of regulations includes a variety of regulations and directives, such as sustainability reporting, the Renewable Energy Directive, the Deforestation Regulation, Waste regulations, REACH, PPWR, WEEE, the Product Safety Regulation and the Ecodesign Regulation, which require the collection of various data points and reporting. This has administratively burdensome consequences, especially for small and medium-sized enterprises. In addition, any new regulation must interact with new initiatives such as the Industrial Accelerator Act, the upcoming review of the Public Procurement regulations, as well as with the Net-Zero Industry Act and the Critical Raw Materials Act.

With regard to authorisation processes and the design of supervision, it is emphasised that the focus must be on minimising unnecessary administrative burdens.

It is important to consider opportunity costs and whether specific requirements, such as certification of recycled materials, are feasible, or e.g. how a ban on packaging for food under 1.5 kg may affect food waste. Here, other solutions that focus on behavioural change can sometimes also contribute to societal benefit. Administrative costs linked to sustainability reporting and certification must not be too burdensome, and reporting should be limited to what is absolutely necessary, given that for example about 90% of the food industry consists of small companies. In the plastics industry almost 70% of companies have fewer than 10 employees and about a quarter are in the range of 10-49 employees.

When designing rules for digital product passports, it is important that the requirements for information sharing do not go beyond the "need to know", partly to limit the administrative burdens and partly to avoid clashing with the companies' need to protect their trade secrets.

Many companies and industry associations also emphasize the need to review the Waste Shipment Regulation as the implementation today varies between member states and leads to ambiguity and increased administrative burdens. There is also a concern that the processing times linked to the new

digital systems implemented by the Swedish Environmental Protection Agency risk extending the lead times for cross-border transports, which entails increased storage costs.

An example of administratively burdensome rules that are highlighted is that shops that receive hazardous waste, e.g. electronics, must report this to the Swedish Environmental Protection Agency within 48 hours, which according to information to the Council is a requirement that does not exist in the Waste Directive and which Sweden is alone in applying. In addition, the company must report to the waste register within 48 hours when they send the goods. However, if the products are left in an unmanned container, these rules do not apply. Here, it should be possible to simplify the strict timeframes and other rules governing the manual handling of hazardous waste, enabling collecting companies to demonstrate its notes and procedures on the correct handling and removal of goods to approved carriers and producer responsibility organizations.

The Food Federation is calling for some changes to the rules on PPWR, in particular with regard to the reuse of PET bottles, where a functioning deposit refund system should be able to justify exemptions.

In the construction industry there is a need for greater flexibility in the management of detailed plans and building permits, as well as a uniform quality review for both primary and reused materials. Among other things, it is about the possibility of making it easier later in the process to change for example paint types and materials.

Finally, the transition to circular business models for SMEs requires both skills development and practical support, as these companies often lack the resources to develop specialist skills internally. To facilitate this transition, it is important to have long-term predictable regulations, where product development processes are allowed 2-4 years of preparation time for adaptation.

## 6.9 Need for better control of imports from third countries

It is essential that the supervision of imports from third countries, such as those from e-commerce companies such as Temu and Shein, be strengthened. This is to prevent dangerous products and chemicals that do not meet EU requirements from reaching the EU market and to counteract possible cheating in the alleged use of recycled materials. Products from

third countries are usually more difficult to trace in terms of content and can therefore be difficult to recycle. Low-priced imports from third countries erode the competitiveness of serious European companies, and producer responsibility organisations and recyclers in the EU, for example in electronics and textiles, bear the financial burden of recycling.

From a circular economy perspective, better measures would be needed to prevent products that do not meet the EU's product, chemical and safety requirements from entering the EU at all. This is to prevent substances that could be dangerous, and that the EU is trying to phase out from being reintroduced into the internal market or entering our waste streams.

Sweden should also push for more coordinating supervisory efforts from the central EU level.

## 7. Implementation Council's analysis

### **Industries and companies concerned**

CEA is likely to affect most of the Swedish business community, at least the following industries: the packaging industry, the food industry, the plastics industry, companies in electronics, chemicals, construction, transport, textiles and waste and recycling companies, commerce and tourism, furniture industry and other manufacturing industries.

The Commission's documentation for Have Your Say states that the upcoming impact assessment will have a particular focus on the effects of the act on small and medium-sized enterprises. This can be interpreted as meaning that the act may affect a broad group of companies. However, it is difficult at this early stage to assess how many companies will be affected, for example because it is not known which exemptions may be relevant. A possible estimate could be made by comparing with how many companies are covered by the legislation on requirements for companies' sustainability reporting, which is about 2,000 companies in Sweden<sup>8</sup>.

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<sup>8</sup> [SOU 2023:35, New rules on sustainability reporting](#)

## **Consequences for Swedish companies**

### *Administrative burdens and other compliance costs*

The Commission plans to present the proposal for the CEA in the third quarter of 2026, which means that there is no impact assessment in place yet. Industry organisations and companies therefore find it difficult to estimate the concrete consequences of CEA.

The reasoning about administrative burdens and other additional costs highlighted by the business community is thus rather based on current legislation in the area. For example, additional costs and loss of revenue in the construction sector are mentioned linked to the fact that rock material has been classified as waste instead of being seen as a raw material. In addition, it mentions, among other things, the companies' costs for lengthy and unpredictable permit processes as well as additional administrative costs for small and medium-sized companies in particular in the event of increased requirements for reporting data and statistics linked to the extended producer responsibility.

If more and stricter sustainability criteria are introduced in public procurement, it may lead to difficulties in the qualification of smaller companies in particular. This could disadvantage competition and growth for these companies and lead to a loss of revenue. It is therefore important that the procurement criteria are also adapted to the conditions of the smaller companies.

Quota obligations also entail increased administration per se (follow-up, registration, reporting of data to the responsible authority, etc.) and often other additional costs (e.g. introduction of system support), especially in the beginning when data on content, etc. are to be produced. These will be costs that will be extra burdensome for the smaller companies. Any quota obligations must therefore be designed product-specific and in close cooperation with the companies concerned, taking into account the specific conditions of micro and small enterprises. They must also be designed so that they do not increase the cost of recycled materials for consumers.

### *Impact on the competitiveness of Swedish business and industry*

Sweden hosts several prominent companies in the bioeconomy, sustainable chemical production, recycling and material development, all of which would benefit greatly from free and efficient trade in waste and secondary

materials. Swedish companies have strong innovation power and ambitions to reduce their dependence on fossil fuels. Leading Swedish companies are also found in large parts of the traditional basic industry and more established branches of industry. They too would benefit from modernized legislation, to be able to change their production processes, material purchases, business models, etc. CEA can provide major competitive advantages for Swedish companies in these areas. If legislation is harmonised and barriers and definitional differences are removed, Swedish players can expand both within the EU and globally and contribute with innovative solutions to the circular challenges. Circularity is also about business benefits for companies by using inputs and other resources in the most efficient way.

At the same time, it must be considered to what extent new regulations entail costs for companies that are transferred to the consumer level, resulting in lower consumption, which negatively affects the competitiveness of companies. The benefits of proposed changes must therefore be assessed and calculated from a comprehensive perspective.

Below is an example from the furniture industry in Sweden that describes how more circular business models could be developed:

- More developed after-sales service; offers for refurbishment, updating and ongoing maintenance of sold products.
- Extended use of remanufacturing, i.e. the recovery of long-lasting components, such as metal parts, and their reuse as inputs in new products.
- More structured trade in second-hand goods.
- To offer rental of goods as an alternative to purchase. Rental can be combined with renovation or updating so that the same product can be rented out repeatedly.

Common to many services that extend a product's life, such as electronics, is that they are manual and thus costly, and that a certain volume is required to achieve profitability. Therefore, to stimulate a transition to more circular business models, measures such as reduced tax rates on manual labour (e.g. repairs) or reduced employment taxes for recycling facilities can serve as important incentives.

The Recycling Industries Association is expressing concern about the increasing protectionism within the EU, in particular linked to proposals for export restrictions on materials such as steel scrap and black mass from batteries. International trade and global value chains are fundamental to the entire life cycle of many products and goods. Access to international markets is essential to maintain competitiveness and employment. It is essential that recycled materials can be bought and sold under the same conditions as for other industries.

When domestic demand for recycled materials in the EU is not sufficient, the focus should be on solving the underlying market failures through incentives or other policy instruments, instead of further limiting export opportunities. Large-scale recycling activities require access to a large market and the possibility of exporting outside the EU when the demand of the internal market does not cover the needs of the sector.

Current waste regulations can in many cases inhibit innovation and new recycling methods may have difficulty reaching the market and scaling up from the test environments. A problem that Ragn-Sells, among others, testifies to, which for a long time has developed and tested more innovative recycling solutions that are ready to be tested more widely on the market, but where legislation slows this down.

See below examples highlighted by contacted companies:

- Example of phosphorus: Wording in the Animal Feed Regulation (Regulation 767/2009, Annex III, point 5) that does not allow the use in the EU of phosphorus that originates from wastewater in animal feed. This means that the recycling companies that today want to test new technologies to recycle phosphorus need to look outside the EU (Canada, the USA or Brazil) and that the EU at the same time needs to continue importing phosphorus from Russia and Morocco.
- Examples of rock materials: National interpretation and application of the Swedish Environmental Code chapter 15 on waste (based on the EU's Waste Directive), which has led to rock materials from the construction industry being classified as waste. As a result, rock material generated from the expansion of, for example, the Stockholm metro could not be recovered and reused by the construction industry in a resource-efficient manner.

- Example om aquaculture: Fish sludge is currently only classified as waste. It prevents the reuse and production of fertilizers or feed, as well as prevents the establishment of phosphorus recovery factories. If fish sludge is instead recognized as a by-product or animal by-product, according to the Animal By-Product Regulation, it will be possible to use it for biogas through anaerobic digestion<sup>9</sup>.
- Example of grain: Swedish authorities have previously classified grain fibre as waste, despite the possibility of reusing such food waste to a greater extent, e.g. as feed.
- Example of carbon storage: Ragn-Sells emphasizes the need for regulations that enable the storage of carbon dioxide in products, which would facilitate the extraction of potassium carbonate and the production of limestone from recycled carbon dioxide.

The competitiveness of European companies is also adversely affected by the lack of supervision of imports from third countries. When more regulations are imposed on companies in the EU, while drop shipping players can avoid the legal requirements, the costs for European companies increase, a cost that ultimately hits the consumer in Sweden or the EU. This underlines the importance of better functioning supervision of products from third countries.

## 8. Possible alternative solutions to contribute to the objective of the act

### **A stronger focus on efforts early in the value chain**

In order for CEA to contribute to true circularity, it needs to be supplemented with measures that strengthen the transition already in the design and production stage. The greatest opportunities to reduce environmental impact and preserve value arise when products are designed for long life, easy repair, disassembly, recycling and clean material flows. There is also great potential for new circular business models. Policies that focus too narrowly on the waste phase risk overlooking this potential. CEA

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<sup>9</sup> Ragn-Sells is currently running an aquaculture project where fish sludge is collected instead of flowing into the sea. The sludge is transported ashore and converted into biogas through anaerobic digestion, and after incineration, over 90% of the phosphorus in the ash can be recycled, according to the company.

could be linked to horizontal requirements under the ESPR and other regulations that affect how products are placed on the market. For companies to be able to develop scalable circular business models, better information flows are also required throughout the value chain, for example through digital product passports and common quality criteria. A stronger focus on the design and production phase reduces the need for costly efforts later in the chain and creates better conditions for innovation and competitiveness.

### **Go beyond regulating waste and focus on resources**

CEA can create greater added value if it takes a holistic approach to EU legislation related to the circular economy, increases the level of harmonisation and contributes to a more uniform application across Member States. There is a need to go further than using omnibus proposals to change individual components of existing EU regulation. A shift away from viewing secondary raw materials as waste as a starting point and instead recognising them as resources is requested by many of the Council's stakeholders. Of course, with the understanding that material that is hazardous to health or the environment or for other reasons is not suitable for reuse is disposed of as waste in a safe way.

CEA could also contribute more to the circular economy if it took a broader approach and promoted the use of sustainably produced carbon feedstock (both bio-based, recycled and CO<sup>2</sup>-based carbon), i.e. did not focus too narrowly on waste and recycling. This would provide greater scope for innovation and stimulate technology development in the area of sustainability.

### **Allocate earmarked funds within the EU budget**

There are proposals from Plastics Recyclers Europe (PRE) and Recycling Europe that the fees that EU countries now have to pay for plastic packaging that is not recycled should be earmarked, for example, in a fund for reinvestment in recycling infrastructure, instead of being included in the EU's own funds without a specific area of use, as is currently the case. This proposal could be considered and analysed further.

## 9. The Implementation Council's basis for Sweden's position in upcoming EU negotiations

The Implementation Council proposes that the Government should work for the following, partly to influence the design of the future Circular Economy Act and partly in the Council negotiations after the proposal has been presented:

- **Work for EU harmonisation of regulations and definitions**

Push for a common single market for waste and secondary materials. Advocate for EU-wide end-of-waste criteria to reduce legal uncertainty, facilitate circular flows and cross-border trade. Harmonise the producer responsibility (EPR) through, among other things, standardised criteria, reporting requirements and digital systems, but at a level that is not unnecessarily detailed or burdensome for companies.

Call for robust impact assessments that ensure measures are appropriate, cost-effective and aligned with technological developments. Measures must be assessed based on their broader impact on resource use.

- **Work to ensure that the regulations are simple and adapted to newly formed and smaller companies**

It is crucial that the regulatory framework is simple and keeps administrative burdens low, especially for newly created, micro, small and medium-sized enterprises. Regulatory proposals on reporting and transfer of data requested in connection with, for example, quota obligations must also be adapted to the conditions and capacity of smaller companies. Information requirements in digital product passports should be adapted so that they do not go beyond need-to-know. In some cases, exemptions for micro and small enterprises may be necessary. Promote simple reporting structures and clear guidance to help companies navigate the regulations that apply to the circular economy.

- **Promote coherence between adjacent regulatory frameworks**

The CEA must interact with other related regulatory frameworks such as the rules on sustainability reporting, the Renewable Energy Directive, the Deforestation Regulation, the Waste Directive, the Waste Shipment Regulation, REACH, PPWR, WEEE, the Product Safety and Ecodesign Regulations and the CRMA. For example, it is very important that definitions are uniform and that duplicate reporting requirements under several regulations are avoided.

- **Promote technology-neutral regulations and frameworks that promote access to sustainable carbon feedstock**

Develop technology-neutral frameworks that promote bio-based, recycled and CO<sup>2</sup>-based raw materials.

- **Strive to set harmonised targets or criteria for what a player should meet, rather than micromanaging processes, so that players can decide for themselves how these goals or criteria are best achieved.**
- **Work for EU legislation where secondary raw materials are recognised as resources instead of being considered as waste as a starting point**

Work to ensure that EU waste legislation is revised so that it takes as a starting point that secondary raw materials should be recognised as resources that can be reused, provided they do not pose a risk to human health or the environment. There is a need for clarification of current legislation to move away from an approach where secondary raw materials are primarily regarded as waste.

Review the design of today's regulations that prevent the transition to circular working methods and innovation, where legislation currently focuses on the origin of materials instead of on their quality and potential as a raw material (see examples of this in Chapter 7 above).

- **Consider whether fees to the EU for non-recycled plastic packaging could be earmarked for investment in recycling infrastructure**
- **In the negotiations on a new environmental omnibus; support changes that the business community wants to see in the CEA**

Support the parts of the environmental omnibus proposal presented by the Commission in December 2025 that can contribute to companies' transition to circular business models, increased harmonisation within the EU and regulatory simplification. These include amendments to existing EU legislation on extended producer responsibility for batteries and packaging and packaging waste (PPWR). These changes may become normative for the proposals made in the CEA.

- **Ensure that imports from third countries are adequately monitored to avoid dangerous products entering the EU**

Ensure better supervision of the safety and content of hazardous chemicals in imported products. This reduces the risk of dangerous products and harmful substances entering the EU internal market, discouraging possible cheating in the use of recycled materials, safeguarding the competitiveness of serious European companies and contributing to well-functioning consumer protection. Sweden should also push for more coordinating supervisory efforts from the central EU level.

The Council also recommends that measures at national level be considered to support the transition to a circular economy:

- **Consider support to drive innovation and technology development**

There is a need to target public financial support to a greater extent for research and development in recycling technologies and efforts early in the value chain, in the design and production phase, that contribute to increased circularity. In previous Opinions, the Council has emphasised that this should be done, for example, through the new European Competitiveness Fund. This is to, among other things, encourage companies to invest in innovative solutions and develop technology to process materials that are currently not profitable to recycle.

- **Consider financial incentives and support at national level**

Promote the "right to repair" to a greater extent by introducing deductions like the RUT deduction but for repairs, reintroduce reduced VAT for repair services and consider more favourable taxation of recycled materials. This is to get away from the fact that it is currently often more costly to repair for example electrical products than to buy new ones.

Give a targeted assignment to the National Agency for Public Procurement to map and follow up to what extent and how the public sector works with sustainability criteria in procurement, and to further develop and strengthen current methodological support and advice in the area.

Administrators in this case have been Investigation Secretaries Karin Broms and Veronica Götherström. Contact person is Karin Broms (förnamn.efternamn@regeringskansliet.se)

Decided by the Implementation Council on 20 January 2026.

*This document has been machine translated from Swedish to English*

