



STRATEGY PAPER

CLOSING THE LOOP ON THE CIRCULAR ECONOMY



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Introduction

The transition to a circular economy represents a path forward where the urgency to address the EU's competitiveness gap and the need to reduce our impact on the environment converge. This transition plays a pivotal role in adjusting our consumption pattern and decreasing our emissions but also reducing our dependencies and opening new growth opportunities for companies across the EU. This is ever more important in an economic context in which ensuring a level playing field among all businesses, regardless of where they are based, is a priority.

In the past decades, e-commerce has proven multiple times its potential to harness digitalisation to scale up innovative business models and meet consumer demands for convenience and wide-ranging products and services. Fuelled by the increasing numbers of e-shoppers in Europe, whose demands for sustainable products and services are growing, **digital commerce is set to take on an increasingly important role in promoting more circular company practices and consumption patterns.** On top of facilitating circular solutions for products and services, the sector is also gradually embracing its transition to circularity.

Against a backdrop where the shift to the circular economy becomes vital, effective policy tools are needed to consistently lead the way into the transition from linear to circular models and unlock European companies' competitive potential. As per the political guidelines, mission letters and Commissioners-designate hearings, **the incoming EU mandate is expected to work on a Circular Economy Act (CEA) drawing on three building blocks**, namely (I) practical implementation of the comprehensive legislation adopted in the last mandate, (II) leveraging the Single Market, (III) strengthening of the economics of the circular transition, promoting circular products and business models. Ecommerce Europe is convinced that the sector can bring concrete contributions to each of the mentioned policy objectives, starting by its continuous commitment to enabling and empowering alternative business models.

With the following paper, Ecommerce Europe wishes to contribute to the **development of the CEA's three building blocks**, and to **raise awareness**, beyond the CEA's scope, about **the contribution of digital commerce to circularity**, while **outlining our approach to circular e-commerce.**

Thus, this document outlines:

1. Our vision for circular and sustainable e-commerce, drawing on concrete contributions and applications by companies powered by digital commerce and lessons learnt, highlighting the role of a strong Circular Single Market in upscaling circular solutions.
2. Based on companies' first-hand experiences, we lay out concrete policy recommendations to make circular e-commerce scalable, address regulatory fragmentation and build a Circular Single Market:

1 Make the EU Circular Single Market an international hub for international circular flows of goods and services

2 Lifting barriers to the flow of products, services and information in the Single Market

3 Build a Single Market for resources and waste

4 Improve the governance of the Circular Single Market

5 Facilitate cooperation in the circular economy

Our vision for circular e-commerce

In this section, we outline Ecommerce Europe's vision for circular e-commerce, and our commitment to making the Circular Economy a reality through an integrated Circular Single Market. As a result, the first sub-section outlines the sector's role in the Circular Economy. Secondly, we provide an overview of where the sector stands today. Lastly, we introduce the way forward for the e-commerce ecosystem to multiply its contributions on circularity thanks to a real Circular Single Market.

Smart and cross-border: e-commerce in the Circular Economy

Ecommerce Europe defends a vision for a European e-commerce ecosystem that can make a difference in the shift from a linear economic model to a circular one. Examples of circular solutions directly or indirectly powered by e-commerce are manifold. Digital commerce matches EU and worldwide offers and demand for products and services, while relying on and investing in complex logistics chains (e.g., fulfilment service, tracking, home delivery/pick-up point, reversed logistics). Leveraging digital tools, it can also provide exhaustive product and service information, supporting consumers as well as circular economy operators¹. Digitalisation and platform services have proven particularly key to enabling sharing economy models and collaborative consumption models². Thanks to its ever-progressing penetration, digital commerce has the potential to put the operators of the circular economy (who are generally smaller, highly specialised, acting in alternative supply and value chains, including non-professionals) upfront and better involve consumers.

E-commerce privileged position in boosting the circular economy is not limited to acting as a driver for circular business models, services, products and resources, but it extends to **pushing for circular logistics and distribution**, which underpins all e-commerce activities. There are different areas where circularity and material reduction can be achieved, such as shipping, including consumer returns, reusable packaging and packaging designed for e-commerce. Whereas field-specific actions are being implemented (e.g., returns, decarbonisation of delivery), there is still a lack of information, across the sector, to distinguish (and target) actions specifically fostering circularity over initiatives broadly aimed at increasing environmental sustainability. Encompassing information on the overall environmental footprint of e-commerce are also rare, although some contributions to the topic exist³.

For this paper and to operationalise the concept of “circular economy”, we borrow the main ideas contained in the most widely used definitions. As a result, we believe **that a circular economy is an economic and policy framework which makes it possible to maintain the value of products, material and resources (at their highest value) for as long as possible, notably by promoting sustainable products and services, improving their circulation beyond national borders, optimising end of life, thus reducing unavoidable waste and pollution, in line with the waste hierarchy.**

How is e-commerce already delivering for the Circular Economy?

To clarify e-commerce's contributions for the circular economy, we refer to the categorisation of circular actions within the framework of 'before use, during use and after use' (based on Report 13/2023 of the European Environmental Agency)⁴.

BEFORE USE

Foster sustainable, durable, repairable and recyclable products by design, and promote services "making the product redundant while providing the function or service by different means, intensifying product use, such as through shared use".

- Examples of e-commerce powered solutions in this field include PaaS solutions, utility-based non-ownership solutions such as rentals and leasing (e.g., bikes, sport equipment but also accessories, art and furniture) and other short-term app-based rental services.
- The promotion of products that have a lighter impact on the environment through marketing and consumer awareness. These actions have a positive impact on eliminating unnecessary waste and allowing the circulation and update of products with a longer (or extendable) lifespan.

DURING USE

"Increase the lifetime of existing stocks, maintaining the functionality of products as long as possible". Such activities play an important role in maintaining the value of products, material and resources for as long as possible, thus setting back their downgrading to waste and reducing the demand for new products. They also allow the circulation of products across countries, maximising their utility. Existing e-commerce activities in the following field can be defined as "during-use actions":

- Recommerce and second-hand, including refurbishment, allowing consumers to buy or trade second-hand items (including in omnichannel contexts, with the development of physical stores' second-hand departments).
- Sell-back schemes, sales of spare parts, channelling professional repair, recycling, upcycling or remanufacturing old products.
- Sharing economy models and enabling C2C transactions of circular economy products.
- Communication throughout the products' life with maintenance and repair instructions, where relevant.
- Facilitating donations of products.

AFTER USE

"Prescribing how material resources can be saved from loss or destruction and be sent back into the production cycle".

- The sales of unused raw or secondary industrial materials to consumers and businesses (e.g., high-quality unused fabric such as leftovers and cuttings from production that can be used sensibly instead of being disposed of), exemplifying the sector contribution to avoiding premature disposal.
- The circulation through e-commerce of spare parts and repairable products to consumers and businesses.
- Connecting consumers to specialised companies that can help restore value to specific products.

The way forward for building a strong Circular Single Market

In the next five years, the EU will need to enact environmental policies while guaranteeing and enhancing European competitiveness, as well as harnessing growing business and consumer demand for circular solutions. Against this backdrop, only the creation of a well-functioning **Circular Single Market** allows to achieve these objectives all at once. Ecommerce Europe thus **advocates for setting up EU-wide enabling conditions for actors of the circular economy to run their business in the most seamless way and to become a driver of further growth for the EU economy**. Based on e-retailers and online marketplaces' experience with circular solutions in the European context and beyond, Ecommerce Europe identified **two main trends**, which are widely experienced as **major barriers to further business development** by circular economy players, and, at the same time, represent **areas where the EU can take concrete action**.

Scalability

Scalability is the first challenge for circular economy players, who include many SMEs. The share of these companies offering green products or services has gradually increased in recent years⁵, speaking in favour of a broad shift to more sustainable business models. However, these companies particularly suffer from lacking public support schemes and regulatory as well as market-related uncertainties. Enterprises notably flag that circular solutions are difficultly scalable, due to factors such as unstable supply chains of both secondary raw or recycled materials as well as finished products, either fit for reuse or needing prepare-for-reuse treatment.

Regulatory fragmentation

Regulatory fragmentation among EU Member States, affecting policy fields related to the circular economy, is the other major obstacle to a wider uptake of circular solutions through the EU. Divergencies are to be found in legal definitions, VAT regimes, product standards and requirements, consumer information and rights, just to mention a few. These factors also influence the variable degrees of development of infrastructure supporting recycling, repair, take-back systems and donations (e.g., recycling plants, repair and distribution centres, charities and other receiving organisations). It also creates concrete challenges in companies' implementation of ambitious circular strategies across the EU.

Ecommerce Europe is adamant that these **horizontal challenges are to be tackled at EU level**. Only an ambitious EU policy can accompany businesses' upscaling, by ensuring a functioning Circular Single Market which is not hampered by national regulatory divergences. For the EU to embrace its key role in the development of the Circular Single Market, we have produced a series of recommendations to make sure that the **digital commerce sector can incrementally contribute to realising the shift from a linear to circular economic model**.

Our recommendations for a Circular Single Market

In the following section, we provide our recommendations to building a Circular Single Market. For each recommendation, we lay out our problem analysis and put forward concrete measures to achieve the overall objective of the recommendation.

Each proposed measure is expected to contribute to achieving better scalability for circular business models and address regulatory fragmentation.

1

Make the EU Circular Single Market an international hub for international circular flows of goods and services

The digital commerce sector has been driving the development of circular business models, moving goods and services across the globe and matching worldwide demand and supply. Just like linear circular commerce, the market for circular products and services has a global dimension, whereby components, spare parts, second-hand products and “waste” – in short, resources – travel far beyond EU borders. Emerging European circular activities, such as remanufacturing, also rely on international supply chains of used components, parts and materials or secondary feedstock to manufacture upcycled products. Moreover, the collection of used goods in Europe (e.g., of electric and electronic products) currently does not match the demand for second-hand or refurbished products and does not allow European circular business to scale. To be a strong player in the international arena, **the EU must build a functioning Circular Single Market, capable of attracting international circular investments and trade flows, while supporting emerging local players involved with circular solutions.** Given the dependency of many of these circular actors on international value chains, the two goals are complementary and **key to reaching scalability.**

KEY ASKS

Investigate the suitability of the concept of “placing on the market” to incentivise the import of circular economy products, spare parts and components.

Digitalise product information to automate the flow of information and simplify verifications by public authorities.

Incorporate internationally compatible and horizontally applicable legal definitions for circular activities and processes to facilitate the adoption of standards and support business compliance.

Make targeted adjustments to the New Legislative Framework to allow for its future-proofing coherence in the global Circular Economy.

Allow a swift placement on the market of circular products

The concept of **placing on the market** (or first making available on the market) is a crucial step in the journey of a product on the Single Market. It is a key moment to determine which requirements apply to that specific product. Nevertheless, this concept was developed to regulate the placement on the market of new products specifically.

As a consequence, it is unclear which rules apply to a (to-be) reused, repaired or refurbished product, compared to a new product. In general, second-hand goods are expected to comply with the same requirements as those established for new products. Yet, these requirements often do not make sense for products that are not new. As an example, the implementation of EU common charger rules could lead to imposing on all smartphones (new or refurbished), placed on the market after a cut-off date, the same charging port requirements. In practice, this would mean that only the most recent mobile phone models will be traded on the EU refurbishment market, de facto reducing drastically the offer of refurbished devices on the EU market and depriving European consumers of the choice to buy less recent and most probably less expensive models.

This shows that the suitability of the concept of placement on the market must be reassessed in the face of the global supply chains that circular resources generally follow. **Rules should be adapted to incentivise the placement on the market of circular products.** Currently, there is no way for customs authorities to differentiate between a new and a second-hand product. Products arriving at the EU borders are all treated as newly “placed on the market” and are expected to comply with the applicable requirements, even if it is unrealistic, technically impossible or counterproductive for second-hand products. Such adaptations should also harness the growing trend of **digitalised product information**, not least via the implementation of the Digital Product Passport, to ensure that **standardised information can be directly made available to different players**, including public authorities, thus cutting administrative costs for everyone. Public authorities could also benefit from a stronger and more harmonised **standardisation landscape** for circular products implemented at a global scale. It is key that the EU standardisation bodies are involved in these discussions.

For the Single Market to become the reference market for circular solutions, the EU must adopt uniform and internationally compatible legal definitions applying to circular activities and processes (cf. before-use, during-use and after-use activities). In the last years, newly introduced^{6,7} or currently negotiated EU texts⁸ define activities and concepts widely applying to circular economy contexts (e.g., remanufacturing, refurbishment, repairer, component). Nevertheless, these definitions are not always incorporated or referred to in complementary legislation tackling other product aspects, most notably product safety, mainly regulated in the EU by Regulation (EU) 2023/988 on general product safety. Seemingly, the ongoing revision of certain files pertaining to the EU harmonisation legislation⁹ does not take into account product circularity.

Such definitions must be used horizontally in all applicable legislation and, wherever relevant, must be supported by sector or product-specific standards. For example, when an EU-based importer places on the EU market a refurbished product, they must have a clear overview of which information must be provided to comply with product safety or packaging information requirements. Such requirements should be specifically relevant for circular economy products. Clarity on the essential documentation that has to accompany the placement on the market of a product is ever more important as new requirements on traceability of products, including technical documentation, have lately been introduced. These requirements call for a level of knowledge on the product’s origin, supply, design and relevant events that only the original manufacturer normally has.

Ecommerce Europe believes that the placing on the market of circular economy products, or products that are explicitly presented as to be repaired or to be reconditioned (in the EU), **must benefit from a special regime.** Necessary **changes to the current regulatory framework can be discussed in the context of the New**

Legislative Framework (Regulation (EC) No 765/2008 and Decision No 765/2008), which the Commission is expected to evaluate and likely revise in the next few years. This legislative instrument has been crucial to ensure horizontal alignment between EU product rules, but its provisions must be updated in the light of advanced product circularity beyond the EU borders and further digitalisation.

Meanwhile the EU product acquis gets revamped, we recommend the Commission and the national competent authorities to **implement product safety requirements in a way that does not make compliance for circular economy players unnecessarily burdensome and sticks to fulfilling policy objectives**. This could include resorting to legal definitions in complementary pieces of legislation to fill enforcement gaps and promoting emerging standardisation practices. Finally, we **call on the Commission to timely publish the results of its study on product safety in the circular economy**.

2

Lifting barriers to the flow of products and services and information in the Single Market

The ultimate objective of a Circular Single Market is to guarantee that circular products and services can be traded or provided in the most seamless way across the EU. For this goal to be fulfilled, **tackling fragmentation is instrumental**. In the EU, after products have been placed on the market, their “after-market placement” journey starts. A circular product that fulfils its objective of remaining in circulation at its highest value for as long as possible usually undergoes different events during this phase (e.g., repair, refurbishment, change of ownership etc.). When a product is about to be prepared-for-reuse or remanufactured in the EU, retrieving information about the product is key to ensure the best treatment and/or restore its highest performance.

KEY ASKS

Ensure that the concept of “making available on the market” is fit to empower the flow of circular economy products within the EU and their remaining in circulation for as long as possible.

Shape ecodesign requirements for new products in a way that does not indirectly complicate compliance and attractiveness of circular economy products.

Establish “second-hand proof” product information requirements within the Digital Product Passport framework and beyond (e.g., digital labelling, paperless reporting).

Tackle national divergencies in marketing and consumer information requirements undermining the appeal of circular economy products.

Introduce EU-wide financial incentives by adjusting VAT systems for circular economy products, establishing R&D funding programmes and investing in Life Cycle Assessments (LCAs).

Adjust EU product acquis to a Circular Single Market where circular and “ecodesigned” products coexist

Sustainability and “ecodesign” are broader concepts than circularity, focusing on activities whose objective is to reduce the environmental impact of products and services. Recent examples have shown that certain incentives to stimulate sustainability might not be the most appropriate to foster circularity, or vice-versa. In certain cases, a second-hand or refurbished product might not be as “ecodesigned” as a product which has just been placed on the market, and which complies with the most recent product requirements. For example, traders of circular products can hardly be considered, under the EU rules, as “distributors” of new products. The **obligation of distributors** to take necessary corrective action to bring a product into conformity where there is reason to believe that a product does not comply with current laws, **should be applied with discretion when it comes to traders of circular products**. In fact, due to e.g., unavailable spare parts or to new performance requirements being adopted, such products could often be considered not in conformity.

In the same vein, after preparation-for-reuse or remanufacturing have taken place, it is key for circular economy operators to provide updated data regarding the operations and relevant information to comply with EU requirements to ‘make a product available on the market’. This is essential to ensure compliance for all actors involved in the value chain. Yet, when these requirements and obligations are to apply to a second-hand product or to a trader of such products, they can become difficult to fulfil. For example, product information that must be provided to the consumer can be missing because sellers of circular products are not always in direct contact with the manufacturer (e.g., the product was owned by a consumer or a non-professional in-between and traceability information was lost in the journey).

New information requirements on sustainability aspects, e.g., those to be laid down by delegated acts supplementing Regulation (EU) 2024/1781 on ecodesign requirements or under Directive (EU) 2024/825 on Empowering consumers in the green transition, specifically apply to new products. As ecodesign requirements will contribute to prolonged lifetime, higher reusability and recyclability, they will indirectly serve the objective of circularity on the long-term. However, by the time of entry into application of the new requirements, many circular products will have been made available on the market, and the framework for ecodesign does not tackle this issue.

To prevent situations where circular economy products that have been circulating since before the entry into application of the new rules will have to be removed from the market for the sole reason that they are non-compliant with these obligations, **we suggest adapting both the regulatory landscape and market surveillance activities to a reality where highly sustainable products coexist with circular, but sometimes less environmentally efficient ones**. Removal from the market of such products and their destruction should be the last-resort option and be limited to cases of non-compliance with the specific safety requirements. Seemingly, information requirements for circular economy products should be applied in a way that allows those products to remain relevant or attractive for consumers, and useful for downstream value chain operators. This information should also be part of consumer awareness raising campaign on sustainable consumption.

Allow information to flow in the Circular Single Market

During the last mandate, a large **amount of information requirements, notably related to sustainability and environmental aspects or performance, have been introduced**. This might be a sticking point for circular products made available on the market, where information could be missing, either because the data “carrier” (whether provided on paper documentation, labelling, digital labelling or the DPP) got lost, or because that information was not produced (i.e., not legally mandated) at the time of the placement of the product on the market.

To make sure that circular products bear the right information, we need to focus on efficient and feasible information requirements for new products.

These should be commensurate with the costs and burdens related to the harvesting and processing of data generated throughout the value chain, and “second-hand proof”. With the introduction of the Digital Product Passport (DPP), the Commission is placing these principles at the core of a more digitalised and circular economy-compatible framework for product information, consumer rights and streamlined law enforcement. The DPP will not only allow to mandate new and more harmonised product information categories and to improve the status quo for existing requirements; it will also provide the technology to ensure that this data reaches the right user. It is therefore **essential to conceive ecodesign and information requirements for new products with the circular economy and the need of future operators in mind**. These may include durability, reusability, reparability, possibility of maintenance and refurbishment, among others, depending on the product type. Furthermore, it will be key to mandate an appropriate manner in which the required information is to be made available for the whole lifecycle of the product – especially in the absence of a DPP.

The DPP alone will not be enough to drive circularity in all goods moving on the Single Market:

- First, not all products which can be potentially traded as second-hand will have a DPP. Some of these will be rather covered by digital labelling, which will streamline certain data but will not provide a system for the exchange of information. Although the discussions around digital labelling are still in the early stages, reflections on circularity do not seem to be as present as in the framework of the DPP. Moreover, the Commission has been vocal about the need to keep certain product information in a physical format (e.g., safety information), even against a background of increased digitalisation. Such considerations should be assessed in the light of equipping second-hand goods with relevant information, notably in the framework of the Commission’s work of paperless reporting.
- Second, as already mentioned above, products placed on the market before the entry into application of the DPP will continue circulating on the Single Market in parallel to products equipped with a DPP. For the goods without a DPP to bear information relevant to the circular economy, **DPP-related requirements should provide for the possibility for circular economy operators to create a DPP**, with the caveat that they might miss parts or the entirety of original information accompanying the product when it was first made available on the market.

Tackle harmonisation of complementary policy areas where national preference still prevails

To allow circular products and services to move seamlessly on the Single Market throughout their after-market placement journey, harmonisation of all aspects related to the sale or provision of a circular goods and services is instrumental. Yet, Member States have put in place diverging frameworks regulating different aspects of the sales of circular products and provision of circular services. Notably, **selling second-hand cycle helmets is prohibited in France**. Along similar lines, national mandatory **labels**, ecodesign criteria, **reparability scores** applying (or only partly applying) to sustainable or refurbished goods undermine the cross-border movements of these products, thus impacting the scalability of these business models. Meanwhile, at EU level, new rules¹⁰ on **voluntary product information on sustainability aspects**, creating standards for what should be considered 'greenwashing' and what should qualify as legitimate environmental information, are conceived to apply to new products, leaving the need for harmonisation of information on circular economy products unaddressed. To allow *all* products to flow on the Single Market, Ecommerce Europe believes that it is important to **prioritise EU-wide harmonised methodologies and solutions per product type**, including uniform systems for labelling or sustainability ranking, thus guaranteeing the same level of consumer protection and information across the Single Market.

Invest in the Circular Single Market

In an empowering Circular Single Market, economic and financial supportive measures are as important as regulatory incentives. Complementarity between the two types of stimuli is key to give the industry clear signals that circularity is a serious policy objective. Therefore, **we invite decision-makers to prioritise the setting up of EU-wide financial incentives**, such as targeted taxation regimes, VAT relief on donations to encourage redistribution of goods, reduced VAT for businesses operating under circular business models (e.g., repair, refurbishment, recycling activities), as well as an adapted VAT system for second-hand goods, including the possible removal of VAT for pre-owned products or the use of margin tax schemes, with the aim to prevent double taxation and striking a balance between the treatment of new and reused products. This has already been acknowledged in the Clean Industrial Deal published in February 2025, where the Commission commits to review the rules on the second-hand scheme contained in the VAT Directive, as part of a green VAT initiative to address the issue of embedded VAT in second-hand products.

Investments to foster circularity and sustainable business models must be considered. Businesses need support to roll out, test or scale up new technology solutions, including automation, sorting and preparation-for-reuse processes. To accelerate innovation in circular solutions, we support the establishment of circularity R&D funds (through targeted funding programmes) to help businesses, particularly SMEs, develop and implement new circular technologies. For the purpose of complying with reporting requirements as well as enhanced consumer information, we **encourage broad investment and subsidies for Life Cycle Assessments (LCAs) to power data-driven decisions serving circularity**. Today, LCAs are very expensive which means few companies can afford acquiring those at individual level and datasets are therefore old and patchy.

3

Build a Single Market for resources and waste

The future Circular Economy Act represents an opportunity to shift the paradigm, from a focus on waste to a focus on circularity and resources. Through a renewed perspective on end-of-waste criteria and investment in simplification and harmonisation of Extended Producer Responsibility, the EU could bolster companies' investment in waste prevention and management. This would also help deliver high amounts of secondary raw materials available, benefiting the circular economy.

KEY ASKS

Lift barriers to the single market for waste intended for reuse, repair and recycling and boost the circulation of resources across borders through harmonised binding end-of-waste criteria and facilitating intra-EU waste shipment.

Set-up a dialogue and define a strategic approach for waste management practices aligned with the waste hierarchy and an innovative and well-functioning recycling industry.

Continue to digitalise and simplify Extended Producer Responsibility in the EU to reduce the cost and administrative burden, notably through the setting-up of a single EU EPR interface for registration and reporting.

Continue harmonising EPR framework across the EU, focusing on scope and definitions, the reporting process and eco-modulation criteria.

Create a real single market for waste intended for reuse, repair and recycling.

Today, actors face difficulties with the circulation of waste intended for reuse, repair and recycling within the EU. Existing barriers and fragmentation are impacting the scalability of circular practices and are also directly impacting the availability and price of products that could be repaired or refurbished, as well as secondary raw materials and resources. This situation complicates greatly value retention of “waste” which could be repurposed and also impact the ownership of the good or material.

We strongly recommend **harmonised, binding end-of-waste criteria across all waste streams regulated at EU level**. We welcome the current objective of developing such EU criteria for the textile sector and strongly encourage the European Commission to expand this work to batteries and WEEE, through the expected revision or the future Circular Economy Act. The lack of harmonisation of end-of-waste criteria is one of the barriers to the development to a circular economy, creating both legal uncertainty and administrative and economic burden on operators. Further harmonisation, which would help bring clarity to when certain waste ceases to be waste, would boost the circulation of resources across borders. To complement the work on end-of-waste criteria, we also encourage the European Commission to **explore ways to facilitate the intra-EU waste shipment** and address existing barriers to the movement of secondary resources. To support these efforts, we encourage the **establishment of a centralised digital system for waste movement notifications**, which would streamline compliance, improve traceability, and facilitate intra-EU waste shipments. We urge the European Commission to take a lead in developing this system as part of its broader strategy to enhance circular economy infrastructure across Member States. Lifting these barriers could accompany a wider reflection on waste management infrastructure across the EU, detailed further below.

Finally, the need for harmonisation goes beyond the definition of end-of-waste criteria. We also encourage the European Commission to assess harmonisation of other aspects of waste legislation, including updating and harmonising key definitions such as by-products, secondary raw material, preparation for reuse, and ensure alignment with definitions in product legislation.

Improve waste collection and treatment

We should continue to strive for a better alignment of waste collection and treatment with the objective of the waste hierarchy, and engage in a wider reflection on investment, innovation and allocation of resources for waste management in the EU.

We encourage a **dialogue and definition of best practices on the collection, handling and treatment of waste to ensure better alignment with the waste hierarchy**. When it comes to electronics, there is an opportunity to encourage EPR systems to focus more heavily on reuse rather than recycling. –. Refurbishment and preparation for reuse should be prioritised as step one in the collected product’s treatment. This could mean, for example, collection schemes that preserve the quality of used products and waste (no exposure to external weather conditions, IT devices stored and transported on foam pallets, no mixing of equipment, etc.), and mandating the sorting and dismantling of any WEEE before recycling, to identify repairable products and useful recoverable spare parts and make sure the refurbishment sector can have access to these products. The harmonisation of end-of-waste criteria would also considerably clarify the management of diverse and complex waste streams. Conversely, the textile industry requires the enhancement of recycling infrastructure to establish markets for secondary raw materials and increase the recycled content in textile products.

The Circular Economy also still relies on **an innovative and well-functioning recycling industry**, which itself relies on the supply of high-quality primary feedstock, alongside other materials, to guarantee a wide and diversified offer for recycled materials. We welcome the European Commission’s ongoing work on the Ecodesign for Sustainable Product Regulation, and the Packaging and Packaging Waste Regulation, which aim at ensuring higher recyclability of products and packaging.

This should also be accompanied by a **strategic vision of the recycling industry**. Recycling can drive decarbonisation by fostering resource efficiency and reducing reliance on primary raw materials. This reduced dependency fosters both resilience in strategic industries and productivity in sectors that drive growth and employment. It is therefore crucial to create synergies between the CID and the future Circular Economy Act.

Extended Producer Responsibility: simplification, digitalisation and harmonisation

Frameworks governing Extended Producer Responsibility and associated processes no longer reflect the increased complexity and deeper integration of the retail sector and the flow of goods in the EU. In addition to the growing number of waste streams covered by EPR, which is expected to expand further, this has led to increasing fragmentation and complexity for companies, and inefficiencies in ensuring the core missions of EPR are fulfilled. We, therefore, call for (1) the simplification and digitalisation of EPR, (2) harmonisation of key aspects of EPR frameworks across Member States, (3) adapting rules and processes to today's retail sector and (4) a tailored approach for micro and small enterprises.

EPR harmonisation efforts need to be accompanied by a new momentum to simplify and **digitalise compliance mechanisms**. As highlighted in previous communications, there is still large fragmentation across EU Member States. EPR schemes and the payment of EPR fees are linked to Member States' waste management infrastructure, and as a result, different EPR approaches have emerged among the EU Member States. At the same time, additional EPR schemes are being introduced for new waste streams (e.g., textiles), further complexifying the EPR landscape. There is currently no harmonisation in terms of registration, reporting, or filing. This complex and unharmonised landscape has important consequences for companies, particularly small and medium-sized companies, trying to sell across the Single Market.

We therefore recommend the creation of a Single European EPR digital interface, to establish a single point for registration and compliance for producers across the EU and beyond under the future Circular Economy Act. We strongly believe that while continuing harmonisation efforts – as detailed below – the EU needs to tackle the barrier that represents EPR registrations across countries and the lack of available information on EPR schemes. The ambition should not be to replace existing registries and schemes, but rather create a two-way communication interface or portal that would facilitate a single EU registration. **This would also necessitate a new momentum for the digitalisation of EPR schemes across the EU, including for registration systems which are now mandated for packaging and for textile.**

This goes hand in hand with the continued **harmonisation of EPR schemes** and processes. While we understand that certain aspects of EPR should remain national to reflect the differences between Member States' waste management systems and their specificities (e.g., increased logistics costs of waste management in less populated areas), we encourage harmonisation where possible and where companies would benefit most from it. We notably advocate for assessing further harmonisation regarding the **scope of EPR schemes and definitions**. This would provide needed clarity and alignment on products and materials in the scope of EPR across the EU and reduce complexity (e.g. alignment with custom tariff codes). We also support exploring harmonisation of registration procedures as well as **reporting frequencies and formats**. This is a specific source of burden for companies having to manage multiple reporting streams across the EU.

We also strongly support the harmonisation of eco-modulation criteria to ensure they fulfil their full potential. The objective of eco-modulation to incentivise financially sustainable products in Europe is rendered inefficient by the fact that the criteria for "circular" products are not harmonised, creating significant costs and complications for companies proposing these products in several EU markets. Eco-modulation needs to be harmonised based on objective criteria, and specifically (for product categories in scope), the future ESPR delegated acts.

To ensure the efficiency of EPR systems, as well as adapt to the increase complexity of the flow of goods in the EU and the diversification of sales channels, we encourage further reflection on the following issues:

- To ensure efficiency while reducing the risk of “double-taxation” on companies, we also encourage the European Commission and Member States to ensure that EPR fees are only paid once in the Member State where the textile products are sold to the end consumer – and therefore where they are more likely to become waste. This would prevent over-financing certain EPR schemes and ensure that PROs across the EU have the necessary financial resources to cover the cost of waste management. This could also include further reflection on facilitating reimbursement mechanisms across EPR schemes when EPR fees have been paid several times due to the movement of goods across borders.
- To facilitate compliance with EPR, we strongly support the option for online marketplaces to comply and pay on behalf of their sellers, as currently recognised in the Packaging and Packaging Waste Regulation. This should be accompanied by key regulatory changes for existing EPR schemes (recognising the specific nature of online marketplaces) and sufficient flexibility to allow all types of intermediaries to support their sellers in these processes.
- EPR schemes are notably designed to prevent waste production and encourage reuse. Therefore, EPR fees should not be applied to reused products that have already been placed on the market of a EU Member States. Requesting a contribution for the making available on the market of used textiles would create a financial penalty for second-hand products and would go against the objective of making these products more affordable for businesses to sell and for consumers to purchase. We believe that more ambitious and long-term measures should be explored, for example, systems that would allow for the redistribution of fees collected for new products among authorities.
- Finally, policymakers must maintain a stronger focus on how to facilitate micro and small enterprises’ participation in EPR schemes, both in ongoing and future EU legislation, but also through additional cooperation and guidance across Member States.

4

Improve the governance of the Circular Single Market

Actors of the Circular Single Market need a dedicated, inclusive and policy-oriented forum to share knowledge on **best practices and hurdles they encounter to reach scalability, including due to regulatory fragmentation, and tap the full potential of the Circular Single Market**. In parallel, the European Commission shall equip itself with an appropriate governance framework and policymaking methods to break silos and make circularity a scalable, horizontal priority. Finally, all relevant initiatives put on the table by Commission von der Leyen II shall tackle circularity as leverage for competitiveness, starting with the Clean Industrial Deal.

KEY ASKS

Set up an inclusive and transparent discussion forum for circular economy players to inform policymaking and share best practices, drawing on existing structures.

Adopt policymaking tools (e.g., appropriate impact assessment) and processes (e.g., cross-DG task forces) tailored to the ambitions of the EU in the field of circularity.

Consider crafting simplified compliance procedures, including by publishing guidelines for SMEs well ahead of the entry into application of new rules.

Unleash the strategic industrial potential of thriving second-hand, repair and refurbish markets and secondary raw materials for the European competitiveness and the level playing field.

Set up a dedicated discussion forum for circular players

With regards to governance, it is key to **create, adapt and maintain specific fora for economic actors of the circular economy to promote their interests and needs with EU and national policymakers**. There are already existing exchange spaces, such as the European Circular Economy Stakeholder Platform, whose tasks are to “facilitate civil society consultation, cooperation between national, regional and sectoral networks and the exchange of expertise, information and best practices”, supported by the European Commission and the European Economic and Social Committee.

However, the platform potential to inform horizontal policymaking at all levels is today clearly underexploited. Some recent national initiatives are consolidating their role to connect stakeholders having built up expertise in circular economy activities with decision-makers, such as France’s Conseil du Commerce (CNC)’s working group on circular commerce.

Today, the only manner for organisations to contribute to shaping the policies on the circular economy at EU level is being part of relevant Expert Groups managed by the European Commission. Nearby the Expert Group on Circular Economy and Sustainable Production and Consumption, issues touching upon circularity will be treated by the Ecodesign Forum (e.g., assess the ban on destruction of unsold consumer goods), which has a more flexible and inclusive structure, with a special focus on SMEs accessibility. We thus recommend assessing the synergies and potential overlaps between the two expert groups to build a strong governance framework for the Circular Single Market.

Provide circular lenses to EU policymaking

With the increased ambition of the EU to spur the circular economy, it is important to reflect on the appropriate governance structure, avoiding disruptions on functioning flows and stimulating underexploited routes. Because achieving more circularity should be horizontally integrated in all policy areas having a direct impact on this, we recommend the Commission to explore the use of appropriate policymaking tools to ensure alignment among different initiative and uniform governance.

For example, **the Commission could envisage setting up a cross-DG Circular Economy task force**, along the lines of the Digital Product Passport task force, involving representatives of relevant Commission services to exchange information on the various workstreams. The Commission may also seize the momentum for implementation and simplification to adapt the **Commission’s standards for better law-making** to circular realities and conceiving the new stakeholders’ consultation approach, which will be developed by Commissioner for Economy and Productivity, Valdis Dombrovskis, taking account of circular products and activities.

A far-seeing Circular Single Market is able to maintain a balance between the placing on the market of new goods and the upholding of these in the economy for as long as possible. To make sure that this equilibrium is integrated in the design of policy tools from the very outset, **it is key that the impact assessments carried out by the European Commission in the field of transversal product policy always take into account dynamics proper to the circular economy**. Most notably, such assessments should investigate the administrative burden from a circular perspective, acknowledging that the application of the current EU regulatory framework to circular products and services is at least suboptimal.

Nowadays, regulations that go hand-in-hand with promoting circular practices place the burden on sellers (e.g., to gather product/material information, obtain certifications and verifications), which are important for standardisation of circular information and counter greenwashing. Nevertheless, compliance with these requirements is not assessed thinking of very small or one-person businesses, who are important players in the circular economy.

To ensure that regulation fosters innovation, we recommend a two-pronged approach.

First, **simplified compliance procedures should be considered for these players and tailored guidelines for SMEs must be published well ahead of the entry into application of new rules.** Second, we encourage the introduction of regulatory sandboxes, which would allow businesses to test innovative circular economy technologies in controlled conditions. These sandboxes would provide a structured framework for experimenting with new solutions while allowing policymakers to assess their impact and adapt regulations accordingly.

Elevate circularity to industrial policy

To showcase the EU's serious commitment to empower the circular economy, the negotiations around the Clean Industrial Deal (CID) must address and empower this economic model. Thanks to the multiple and complementary economic activities that circularity can foster, the circular economy can be instrumental in reaching diverse policy goals.

For instance, preventing waste generation through recycling and increasing resource efficiency allows to reduce reliance on primary raw materials. This diminished dependency fosters both resilience of strategic industries and productivity in sectors that drive growth and employment. Therefore, the **strategic industrial importance of thriving second-hand, repair and refurbish markets, as well as building a market for secondary raw materials**, including for consumer goods, must be reinforced in the context of the CID. Elevating circularity to industrial policy will allow to legislate on this topic by taking **level playing field issues** into account. Governance structures in this area should also be streamlined with those under the Circular Economy Act.

5

Facilitate cooperation in the circular economy

In the circular economy, possibly even more than in the linear model, cooperation is key. For example, in comparison with the traditional economy, consumers have a more decisive role. Without their fair contribution, no reversed logistics could become a reality, nor take-back schemes, repair market or second-hand transactions (with C2C sales contributing to the thriving of this model) could grow to reach economies of scale. The recycling industry also relies on informed consumers treating their products at end-of-life stage properly. The Digital Product Passport is expected to open the way for better consumer information, but this might not be enough for consumers to live up to their new, instrumental role. Therefore, **Ecommerce Europe underlines the importance of leaving enough discretion to sellers and intermediaries in informing consumers about circular behaviours.**

KEY ASKS

Leave enough discretion to sellers and intermediaries in informing consumers about circular behaviours beyond the framework of the Digital Product Passport.

Acknowledge the role of platforms in facilitating SMEs' involvement in the circular economy.

Stimulate the availability and sharing of data on transport and logistics underpinning circular e-commerce by promoting an approach based on stakeholders' cooperation.

Further, **Ecommerce Europe takes the opportunity to highlight that, in e-commerce, the interests of retailers and intermediaries are closely connected.** While platform business users are usually small companies selling products, online marketplaces are generally larger players offering intermediary services, both in B2C and in B2B contexts. Platforms have also vested interests in guaranteeing compliance.

As a result, they accompany sellers in their compliance journey, focusing on implementation of new rules, including those related to sustainability and circularity. We thus demand that the **role of platforms in facilitating SMEs' involvement in the circular economy be acknowledged**, so as to avoid situations where SMEs have difficulties implementing new rules and platforms are unable to help. Concretely, this can be done by looping platforms in relevant debates around the circular economy and preventing frameworks in which the interests of both sides are presented or tackled as intrinsically opposed to one another.

Promoting an approach based on cooperation is also crucial to **stimulate the availability and sharing of data on transport and logistics underpinning (circular) e-commerce**. This would not only allow to identify the synergies between sustainability and circularity in e-commerce processes, but it would also be an asset to inform the comparison, from an environmental perspective, of traditional (linear) e-commerce with circular e-commerce. In fact, there are early signs¹¹ that point to new circular business models (e.g., recommerce) being less impactful due to their role in extending products' lifespan, rather than to the circularity or sustainability of transport, given that recommerce models would call for additional transport (re)routes for product reprocessing.

Endnotes

- 1 Here we mainly borrow to the definition of 'independent operator' under Regulation (EU) 2024/1781: "[...] waste management operators, refurbishers, repairers, manufacturers or distributors of repair equipment, tools or spare parts, as well as publishers of technical information, operators offering inspection and testing services and operators offering training for installers, manufacturers and repairers of equipment."
- 2 Accelerating the circular economy in Europe - State and outlook 2024, EEA Report 13/2023, European Environment Agency (<https://www.eea.europa.eu/publications/even-more-from-less>) accessed 15 January 2025.
- 3 Studie zur Oekologischen Nachhaltigkeit des Onlinehandels in Deutschland (OeNO-Studie), bevh, Fraunhofer ISI, October 2023. This study quantifies the sector's environmental footprint in Germany by calculating the emissions generated by the shipment of an e-commerce purchase and lays out a "best case" and a "worst case" scenario, taking into account factors such as delivery transport, packaging, logistics centres and IT infrastructure performance. Moreover, the paper confirms that "environmental sustainability depends on many factors that can vary greatly depending on the individual case."
- 4 Accelerating the circular economy in Europe - State and outlook 2024, EEA Report 13/2023, European Environment Agency (<https://www.eea.europa.eu/publications/even-more-from-less>) accessed 15 January 2025.
- 5 Eurostat, 2022 (Flash Eurobarometer 342; Flash Eurobarometer 381; Flash Eurobarometer 426; Flash Eurobarometer 456; Flash Eurobarometer 498).
- 6 Regulation (EU) 2024/1781 establishing a framework for the setting of ecodesign requirements for sustainable products
- 7 Directive (EU) 2024/1799 on common rules promoting the repair of goods.
- 8 [COM\(2023\)0420](#), Proposal for a Directive amending Directive 2008/98/EC on waste.
- 9 Such as COM(2023)0462, Proposal for a Regulation on the safety of toys.
- 10 Notably COM(2023)0166 Proposal for a Directive on substantiation and communication of explicit environmental claims (Green Claims Directive)
- 11 Studie zur Oekologischen Nachhaltigkeit des Onlinehandels in Deutschland (OeNO-Studie), bevh, Fraunhofer ISI, October 2023.



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