

EN

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Answer given by Executive Vice-President Séjourné
on behalf of the European Commission
(18.8.2025)

The Commission is at the beginning of developing the Circular Economy Act (CEA), which will ensure the fair and free movement of circular materials, products and services in the single market. Tackling supply and demand side bottlenecks will be crucial for boosting investor confidence for increasing recycling capacity. The Commission is also exploring best ways to channel financing to scale up circular solutions and looking at how to support this under the next multiannual financial framework (MFF).

Existing EU instruments already contribute significantly. The Innovation Fund¹ supports circular economy (CE) projects that reduce emissions, rewarding circularity and recyclability under the ‘Replicability’ criterion. InvestEU² sustainable infrastructure policy window helps mobilising private capital for circular investments.

Since 2021, Horizon Europe³ has allocated over EUR 3 billion to CE-related Research & Innovation, addressing issues like e-waste, extended producer responsibility, and sustainable product design.

The Clean Industrial Deal (CID)⁴ calls for a coherent use of financial tools to de-risk and scale-up circular infrastructure and value chains. It proposes reviewing Value Added Tax rules on the second-hand goods⁵. It is also accompanied by the new Clean Industrial Deal State aid framework⁶ which sets out how Member States can design State aid measures to support their objectives related to the CID.

The upcoming Advanced Materials Act, the CEA and the revision of EU procurement rules will further integrate circularity from design to deployment.

In the Commission’s next MFF proposal⁷, circularity will be supported through the European Competitiveness Fund Clean Transition and Industrial Decarbonisation window.

¹ https://climate.ec.europa.eu/eu-action/eu-funding-climate-action/innovation-fund_en.

² <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:02021R0523-20240301>.

³ <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:02021R0695-20240301>.

⁴ Commission Communication of 26 February 2025 on The Clean Industrial Deal: A joint roadmap for competitiveness and decarbonisation (<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:52025DC0085>).

⁵ <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:02006L0112-20250414>.

⁶ Commission Communication of 4 July 2025 on Framework for State Aid measures to support the Clean Industrial Deal (Clean Industrial Deal State Aid Framework) (<https://eur-lex.europa.eu/eli/C/2025/3602/oj>).

⁷ https://commission.europa.eu/publications/multiannual-financial-framework_en.