



BMW Group input for a Circular Economy Act.

**Towards a European Circular Economy Act – A Strategic Concept for
Legislative Action.**

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The BMW Group supports the development of the EU's circular economy legislation by presenting a concrete and holistic concept. This paper is intended to present an underlying strategic concept and go beyond individual positions.

The Circular Economy Act (CE-Act) is being introduced at a critical time for the European Union by supporting the goal of creating a clean, resource-efficient, and competitive economy in Europe. It is essential that in addition the CE-Act balances its goals with scale and timing of CO₂ reductions, as CO₂ reduction is today's major challenge.

Furthermore, the CE-Act offers the opportunity to embed the principle of the circular economy more firmly in EU policy. At a time when the global environment is changing rapidly and becoming more complex, a well-functioning and competitive circular economy is particularly relevant for Europe, not only from a geopolitical perspective, but also from an ecological one. This reduces the need for imports and the demand for primary materials, making Europe more resilient and resource-independent.

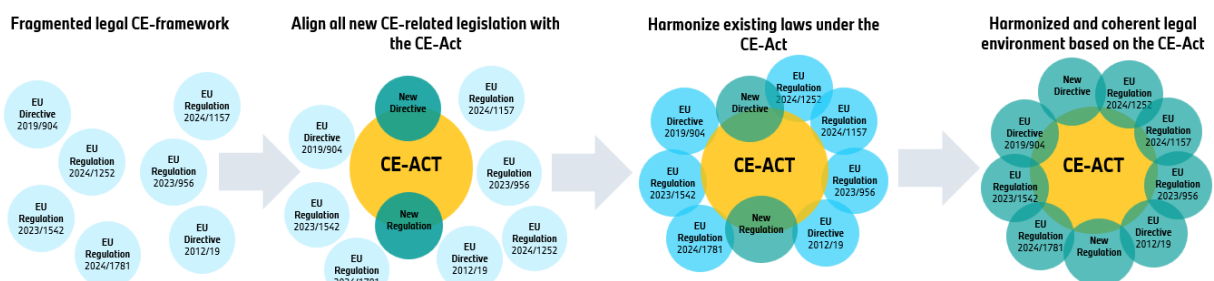
In international comparison, the European circular economy lags noticeably behind countries such as China and the US. There, more efficient recycling processes, close cooperation between shredding companies and steel manufacturers, and targeted technological innovations ensure better results. While China and the US score points with less bureaucracy and more market-oriented approaches, the EU focuses primarily on volume quotas rather than material quality. Therefore, regulations on the circular economy, in particular the CE-Act, must aim to make up for this shortfall.

To establish a well-functioning and competitive circular economy for Europe, there are two key points that must urgently be taken into account within the CE-Act.

1. Establish the Circular Economy Act as an overarching framework for the European circular economy.

To further support the competitiveness and sustainability of companies in Europe, a circular economy legislation is required that is not adopted as just an additional environmental law but is integrated as a fundamental legal framework to enhance the European circular economy. It should serve as a reference framework for all existing and future circular economy legislation within the EU. In this way, it can increase regulatory efficiency, reduce unnecessary complexity, and promote consistency across sectors and Member States. To implement this vision, we propose a five-phase implementation strategy:

1. **Establishing the CE-Act as an overarching regulation**, providing the legal foundation for circular economy legislation in the EU.
2. **Mandating alignment of all future CE-related legislation with the CE-Act**, ensuring consistency in interpretation and enforcement, and limiting options for individualistic national approaches to a minimum.
3. **Adjustments to delegated acts within the framework of existing legislation should be based on the Circular Economy Act**, in order to embed the circular economy more deeply in EU law and thus make use of existing methods and standards.
4. **Undertaking a comprehensive harmonization of existing legislation through an Omnibus approach**, aligning fragmented policies under a unified framework.
5. **Pursuing the long-term goal of a harmonized legal landscape for the circular economy**, reducing legal uncertainty and fostering a favorable environment for innovation and investment.



2. Focus on promotion and incentives instead of bans. Stimulating – as opposed to regulating - a market.

In addition to comprehensive implementation of the Circular Economy Act, pragmatic implementation with a focus on promotion and incentives rather than bans is also required. This is the only way to drive innovation and ensure that technologies are not excluded from the outset. This also includes incentives to develop resilient supply chains.

The clear objective of the CE-Act must be to create the market parameters for a thriving circular economy, as opposed to imposing additional regulatory burdens.

Nevertheless, further very high investments by industry, private sector, and politics will be necessary for this transformation. These should primarily be geared toward resilience, competitiveness, and sustainability and should be creditable towards overarching climate targets. An example for a market-based incentive in the automotive industry could be to count emissions saved from kilometers not driven when an OEM purchases an ELV and recycles it towards fulfilling CO₂ fleet targets.

It is important to consider the entire supply chain and not just the manufacturers of the final products. This requires the right framework conditions, which are outlined below. Local content requirements and rigid quotas do not change availability and do not enable competitive purchasing of secondary raw materials.

With this focus, we strongly support the initiative and recognize its potential to accelerate Europe's transformation toward a sustainable economic model fit for the challenges of the 21st century. At its core, the CE-Act should be understood not simply as another piece of environmental regulation, but **as a foundational legislative framework to promote a thriving CE market**. It should serve as the reference point for all current and future circular economy-related laws within the EU. In doing so, it can improve regulatory efficiency, reduce unnecessary complexity, and promote consistency across sectors and Member States.

Key content of the Circular Economy Act.

The CE-Act should aim to address several key strategic objectives. The focus needs to be on creating a genuine EU-wide internal market for secondary raw materials in order to catch up with other countries such as China and the US. This requires the removal of bureaucratic barriers to intra-EU transport and the establishment of harmonized regulatory conditions.

Currently, legislations such as the ELV-regulation are creating obstacles for the circular economy. While the underlying goal is welcome, the implementation is unfortunately not effective and sometimes even harmful. One example of this is the EU Commission's proposal to set recycled content quotas without sufficiently examining whether the technical implementation of the plastic recycled content quotas is realistic, whether sufficient recycled plastics are actually available in Europe, or whether extensive documentation requirements will result in a disproportionate amount of bureaucratic effort.

The essential transparency in this market must be ensured through **common quality standards**, especially for scrap and recycled materials. For example, the automotive industry would use more recycled materials if they were available in sufficient quality and at competitive prices. Without clear quality standards, supply and potential applications will remain limited.

In addition, the CE-Act should focus on connecting the two ends of the current linear economy – product development and end-of-life – to facilitate circular economy, i.e. **closing the loop**.

This includes promoting the transformation of the recycling and recovery industries, incentivizing the use of circular-compatible products over rigid quotas, and enabling a cross-sectoral approach to the optimal use of recycled materials. The overarching goal must be to encourage industrial symbiosis, resource efficiency, and innovation in material use.

To support these objectives, the CE-Act should incorporate the following core content areas:

- A concrete **roadmap for the development and implementation of EU-wide scrap quality standards**, enhancing trust, market efficiency, and environmental performance in secondary material markets. To ensure transparency in the supply chain, a mandatory classification of scrap qualities is essential. This is particularly relevant in the metals sector, focusing on composition, size, impurities, etc., to meet the requirements of various industries, from construction to aviation.
- The inclusion of **clear and harmonized definitions for circular economy terminology**, to ensure a common understanding and avoid ambiguity. The recommendation VDA 268 (German Association of the Automotive Industry, expected in December 2025) containing the definition of more than 70 terms could work as an overall starting point.
- The establishment of **standardized methodologies for the calculation and verification of recycled content**, to enable a consistent, cross-industry, and low-bureaucracy approach to circular metrics. For example, the verification process should be based on certified processes instead of auditing each declared product's supply chain.

- The development of **guidelines for interoperable digital product passports that ensure uniform standards and create a comprehensive DPP registry**, while also providing standardized interfaces and data protection standards to promote innovation and trust. To reduce unnecessary bureaucracy efforts, the required content should be limited to information on a **need-to-know basis**. In the long term, there should be one DPP per product type, which will contain the necessary information thanks to standardization and harmonization. In addition, intellectual property and trade secrets need to be protected to secure European resilience and innovations. It's necessary to create efficient, pragmatic, and lean guidelines avoiding bureaucracy.
- The expansion of **policy instruments and incentives to promote research, development, and the implementation of advanced recycling technologies**, including funding programs and cooperative innovation platforms.

The recycling industry has to shift its core task from waste treatment and disposal to resource production for critical industries.

- **Measures to reduce transport-related barriers for scrap materials within the EU**, thereby enabling the free movement of secondary resources and reinforcing the single market. The administrative burden to ship, e.g., battery waste between Member States is a major obstacle to the development of a European circular economy.

Reduction of CO₂: Every single ton of CO₂ not emitted is crucial, as is every ton of primary material that does not need to be newly produced. For this reason, an efficient and pragmatic circular economy is absolutely essential, and must be driven forward by the CE-Act. It is vital, moreover, that the competitiveness of European industry is not compromised. It is necessary to ensure that sufficient quantities of secondary materials are made available at a quality that is genuinely usable for industry. Furthermore, excessive bureaucracy and unrealistically high requirements must be avoided.

In conclusion, the CE-Act has the potential to become the backbone of the EU's transition to a circular economy which will be a crucial enabler to meet the Paris Climate Agreement in 2050. By establishing a coherent and comprehensive legislative framework, the EU can lead globally in resource efficiency, industrial innovation, and environmental sustainability. We encourage seizing this opportunity and shaping a Circular Economy Act that delivers both environmental and economic value for generations. An effective Circular Economy Act can play a pivotal role in enhancing growth that is increasingly decoupled from carbon emissions and material dependence.