

POSITION PAPER

Circular Economy Act

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The European textiles and clothing industry, represented by EURATEX, encompassing 200,000 mainly SME companies and 1.3 million workers, welcomes the European Commission's initiative to develop a Circular Economy Act (CEA) by 2026.

In line with the recommendations of the Draghi Report on European Competitiveness, the CEA should directly contribute to reducing the administrative burden on businesses, particularly SMEs, by simplifying compliance obligations and creating a predictable regulatory environment that fosters innovation and investments.

For the CEA to create a competitive circular single market for textiles, EURATEX advises to:

1. Harmonise EPRs via eco-modulation criteria, features and single registration
2. Facilitate using by-products, simplifying classification as secondary raw materials.
3. Adopt harmonised and practical GPP criteria to support sustainable textile markets.
4. Avoid additional administrative burden or overlapping reporting systems.

Overall, the CEA must simplify and consolidate, not multiply, EU requirements for textiles. It should provide regulatory stability, legal certainty; and guarantee effective implementation and market surveillance across Member States.

1. Harmonisation of EPR

We call for harmonisation of the Textile EPRs at EU level.

The CEA may produce a directly applicable EU-level EPR Regulation which align principles features and Eco-modulation criteria across the Member States, and which prevent fragmentation into up to 27 divergent national schemes. The Eco-modulation criteria should refer to those set in the Ecodesign regulation (ESPR) Delegated Act for textiles. Without such harmonisation, business will have to comply with up to 27 norms and this would result into an unacceptable administrative burden. Today, as many as 4 different national EPR schemes have already been introduced. The CEA must thus avoid multiple proliferation of delegated acts diverging national solutions and ensure clear, easy-to-understand implementing rules without cross-referencing multiple regulations.

Harmonised EPR features: should include registration and governance.

Companies should register in EPRs via a EU One-Stop Shop (OSS) which should be promptly established and serve as single reporting and compliance interface. Once operational, the OSS should replace duplicative national portals. PROs which will operate in several Member States should be enabled to do so by registering via a centralised EU registry for PROs.

Regarding governance, an EPR scheme must remain a compliance mechanism, not a business model. Producer Responsibility Organisation (PROs) should operate on a not-for-profit basis and they should not be state-run. Governance must be transparent also on fee structures and expenditure, ensuring fair cost distribution and clear performance standards.

Addressing free riders must be a priority, with clear liability for non-EU producers and online sellers.

2. Facilitate the use of textile by-products

Textile by-products such as cuttings destined for recycling should be treated as secondary raw materials, not waste, to simplify shipment and encourage investment in recycling in Europe.

Art 5 of the Waste Framework Directive lays down the 4 conditions to be met for a potential “by-product” to be considered as such. Within this framework, today every EU Member State can establish its own national criteria or procedures to identify what qualifies as a by-product.

We call for the Commission to establish detailed criteria for the uniform application of the 4 conditions to achieve the status of by-products.

These criteria should not lead to new administrative burdens, but they should enable free circulation of by-products in the single market.

3. Green Public Procurement (GPP)

The use of GPP is an important element of the Circular Economy Act to stimulate early the demand for sustainable textiles.

GPP should complement market-driven circularity by ensuring that public tenders reward circularity in a practical, transparent, and SME-accessible manner.

GPP should weight different aspects of circularity and balance the importance attributed to price, without compromising the performance of the tendered product or service.

The criteria of GPP should produce an impact on the market and be realistic. These criteria should be applied at product level, they should progressively be integrated into procurement guidelines, and they should address: durability, reparability, recyclability and, voluntarily, the use of recycled contents.

We call for procurement frameworks to be harmonised at EU level. While flexibility is important, GPP should not remain entirely optional as it is needed to create market pull and to have consistency across the EU.

4. Avoid administrative burdens and overlapping reporting systems

If the CEA will introduce new reporting requirements for businesses, either at product level or at company level, these requirements should be fully integrated with similar requirements set under other legislations.

If new requirements will be introduced for products (for instance under GPP), these requirements shall be reported with the same systems used to report product requirements as set in Ecodesign or for EPRs.

If new requirements will be introduced how companies operate, these requirements shall be aligned with those set under the upcoming End of Waste criteria, provisions of Waste Shipment regulation, Green listing of waste aligned with WFD (if applicable) and others.

The CEA should thus not produce new administrative burdens and it should avoid overlapping requirements across EU or national legislations.

This will reduce compliance costs, strengthen transparency, and support market surveillance.

5. Other Provisions

Next to the major needs on EPR harmonisation, GPP, and textiles by products, other actions can strongly influence the creation of a single EU market for secondary raw materials of textiles, notably: End of Waste criteria, Circularity hubs, fiscal incentives.

EU-wide harmonised EoW criteria for Textiles are urgently necessary to create legal clarity and investor confidence.

While the CEA is expected to create EoW in selected waste streams, it is also understood that textiles EoW shall be introduced with an implementing act set under the Article 6(2) of the Waste Framework Directive.

Notwithstanding of which legislative framework will be used, EURATEX calls for urgent release of EoW based on which discarded textiles (sorted for recycling) will cease to be a waste after preparation for recycling and before recycling operations.

The permitting and the transportation of textile materials as waste present enormous hurdles and costs. These issues would be solved with appropriate EoW.

Circularity hubs can facilitate sorting, repair, recycling, reindustrialization and reuse across regions, provided they are coordinated by the waste management sector and supported by EU/ national funding and by simplified permitting processes. These hubs can enable the scaling up of recycling infrastructure and foster public-private collaboration.

Fiscal incentives, including VAT exemptions for recycled inputs, should complement afore listed measures to ensure circular products are not disadvantaged against virgin materials.



EURATEX

THE TEXTILES AND APPAREL CONFEDERATION

As the voice of the European textile and clothing industry, EURATEX works to achieve a favourable environment within the European Union for the design, development, manufacture and marketing of textile and clothing products.

Working together with EU institutions and other European and international stakeholders, EURATEX focuses on clear priorities: an ambitious industrial policy, sustainable supply chains, innovation and skills development, free and fair trade.

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