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EU circular economy package: short-term measures targeting plastics crisis and market distortions

On 23 December 2025, the European Commission [published](#) a package of short-term measures aimed at accelerating the EU's transition to a circular economy, ahead of a more comprehensive Circular Economy Act expected to be proposed by the end of 2026.

The package was presented amid a major sectoral crisis. Of the approximately 58 million tonnes of plastic produced in the EU annually, only 13% is recycled into new plastics; the EU's circularity rate stands at 12.2% (vs. a 24% target by 2030); and the sector has lost an estimated one million tonnes of recycling capacity by end-2025, equivalent to France's entire recycling capacity. Market conditions – inter alia, high energy costs, volatile virgin plastic prices, and imports of virgin plastic mislabelled as recycled – have further exacerbated pressures.

The short-term measures set out in the Communication can be grouped into three pillars: (i) market integration, (ii) fair competition, and (iii) investment and innovation.

Key measures include:

- **Union-wide end-of-waste criteria for mechanically recycled plastics:** the Commission has launched a public feedback process for an implementing act under the Waste Framework Directive that would establish harmonised criteria allowing mechanically recycled plastics to circulate freely across all 27 Member States without being classified as waste. The Commission estimates the current absence of such criteria costs the sector approximately EUR 120 million per year.
- **Mass balance allocation rules for chemical recycling:** the first-ever EU-level rules determining how chemical recycling outputs count towards mandatory recycled content targets under the Single Use Plastics Directive (25% recycled content in PET bottles by 2025; 30% in all beverage bottles by 2030) have been transmitted to Member States. These rules are intended to unlock up to EUR 8 billion in planned industry investment in chemical recycling.
- **Trade defence and import surveillance:** six trade defence measures are already in place on plastics products, including anti-dumping duties on PET from China and anti-subsidy duties on PET from India. The Commission has signalled readiness to open further investigations on well-substantiated complaints. An Import Surveillance Task Force will monitor plastic imports, and the Circular Plastics Alliance will serve as a channel for industry to provide market intelligence to the Commission.
- **Customs reform:** an amendment to Regulation (EU) 2022/1616 on recycled plastics for food contact materials, expected by Q2 2026, will introduce stricter import documentation requirements and form the basis for dedicated and separated customs codes for recycled polymers – to be extended to non-food sectors. Audits of non-EU recycling facilities and laboratory verification tools to detect mislabelled imports are also planned.

- **Plastic waste export controls:** from November 2026, exports of plastic waste to non-OECD countries will be prohibited under the EU Waste Shipment Regulation. Exports to OECD countries will be monitored.
- **Investment support:** a pilot focused on Trans-Regional Circularity Hubs will be developed in 2026 under the Competitiveness Coordination Tool. The European Investment Bank's Joint Initiative on Circular Economy, which has invested over EUR 16 billion since 2019, will introduce a dedicated Circular Economy Orientation in 2026.

Key takeaways for international companies include the need to review compliance documentation for imported recycled plastics in anticipation of stricter requirements; to assess exposure to new and forthcoming customs codes; to consider whether existing supply chains relying on non-OECD plastic waste exports require restructuring ahead of the November 2026 ban; and to monitor the progress of the end-of-waste implementing act, which will materially affect the classification and cross-border movement of recycled plastics. Companies investing in or procuring chemically recycled content should assess how the new mass balance rules interact with their SUPD compliance obligations.

Businesses should also expect further regulatory changes and compliance obligations under the forthcoming Circular Economy Act, which is expected to significantly reshape the Single Market for waste and secondary raw materials.

With thanks to contributing author Ludovica Ruggiero.

If you have any questions about the latest developments or would like help with developing and enhancing your compliance programmes, please contact the author or your usual VBB contact.

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