



An Update on the EU Circular Economy Package

Updated 26 April 2018

This month the EU parliament approved a provisional agreement revising six pieces of EU legislation on waste. The legislation is part of the EU's Circular Economy Package, a policy initiative aimed at advancing the practice of “recycle, repair and re-use” and waste avoidance. Some of the key elements of the revised legislation, which is up for final adoption by the EU Council, include:

- **Introducing new waste-management targets regarding re-use, recycling and landfilling.** For example, binding recycling targets for municipal waste have been agreed at 55 percent by 2025, 60 percent by 2030, and 65 percent by 2035.
- **Harmonizing calculation methods for targets.** The new calculation method switches the point of measurement of the weight of material from collection (or the first sort) as is widely common in the EU to the input of the final recycling facility, after all sorting has taken place.
- **Strengthening provisions on waste prevention and extended producer responsibility (EPR), including setting minimum requirements for EPR schemes.** EPR makes the manufacturer of a product responsible for the entire life cycle of the product and especially for the collection, take-back, sorting, recycling and final disposal. This approach is intended to incentivize producers to design products that last longer and can be more easily recycled or re-used after their original use by internalizing treatment and disposal costs.

The EU Circular Economy Package also includes an Action Plan which aims to make the recycling of products easier by factoring in recycling and re-use concepts in the

production phase and product design stage. The Action Plan aims to achieve this through the use of existing policy instruments, such as the Ecodesign Working Plan for 2016-2019. The Ecodesign Working Plan expands the focus of the EU's Ecodesign Directive – which focuses narrowly on setting energy efficiency requirements for certain products – to also include product considerations related to reusability, reparability, recyclability, and upgradeability. The goal is to ensure companies consider waste avoidance during the development and design stage of a product by taking into account the environmental impact of products throughout their whole life cycle.

A [new report](#) provides more details on these and other recent developments related to the EU Circular Economy Package. The report also offers an overview of some of the key implications for companies, including the risks, costs, and opportunities associated with these developments. For instance, the need to redesign products and materials to meet circular economy standards can trigger innovation across sectors. A shift toward a circular economy can also lead to business model innovations that change how products are marketed and sold to customers. But there are also costs and complexities associated with meeting new standards that companies need to consider. For example, a survey of European small and medium enterprises found that the main issues companies encountered while undertaking circular economy initiatives were complex administrative or legal procedures and the cost of meeting regulations or standards.

By reviewing the targets and ambitions of the EU Circular Economy Package company leaders can gain some much-needed insight into the extent to which their businesses might be impacted by circular economy developments.

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