WIRTSCHAFTS VEREINIGUNG Stahl

Statement on the call for evidence on the

# Circular Economy Act

(Ares(2025)6250342)

Brussels, 06 November 2025

# Executive Summary

The German steel industry welcomes the initiative of the European Commission to prepare a comprehensive Circular Economy Act (CEA) to accelerate the Union's transition towards a more circular economy. The forthcoming CEA provides the opportunity to becoming a strategic industrial policy tool that strengthens competitiveness, resilience, and climate neutrality.

Steel is a material that can be recycled endlessly without loss of quality and is already one of the most recycled materials in the world, with end-of-life collection rates of around 90%[1] and recycling rates of about 85% and more[2].-As primary steel production increasingly shifts to direct-reduced iron with electric arc furnaces (DRI-EAF), complementing scrap use, new opportunities will emerge to drive even higher demand for scrap in the EU. In addition, steel - with its inherent properties - meets the requirements associated with circularity and the various R-concepts for sustainable and circular products.

The Circular Economy Act should therefore provide a coherent and harmonised framework that

- promotes the availability and quality of scrap,
- ensures a level playing field and strong demand by the Single Market,
- removes regulatory barriers to the use of steel and its industrial by-products without seeking to impose a one-size-fits-all, and
- creates lead markets for circular materials and by-products through policy instruments such as Green Public Procurement.

At the same time, it is essential to avoid prescriptive measures such as unspecific scrap quotas that could trigger diversion effects or politically motivated sectoral competition for raw materials. Adequate funding and political support will also be vital to enable both investment in modern scrap-processing facilities and the large-scale transformation of the sector towards climate neutrality.

[1] Eurofer: Annual Report (2023)
[2] Worldsteel: Life cycle inventory (LCI) study (2020); regionally and product specific partly much higher (vgl. EuRIC: Fakten Metallrecycling).

# Introduction

Steel is a strategic material for Europe's economy and industry, enabling renewable energy, mobility, buildings, and infrastructure. It is inherently circular: steel can be recycled endlessly without loss of quality and is already one of the most recycled materials in the world, with end-of-life collection rates around 90%[1] and above. At the same time, by-products of steel production, such as slags and dusts, make valuable contributions by substituting primary resources in multiple industrial sectors and fostering industrial symbiosis. They are not a waste stream to be incentivised, but valuable resources for the industry. Steel is an essential basic material for the majority of technical applications, and for closing material cycles. It also meets essential requirements to ensure the requirements of the R-concepts, starting with reduction and avoidance, repairability and reprocessing to recyclability, to name just a few examples. The Circular Economy Act (CEA) provides a timely opportunity to strengthen this role and to ensure that circularity is leveraged as a strategic driver of industrial transformation. The CEA must therefore promote both, the use of recyclable and secondary raw materials, respectively, and the efficient utilisation of by-products, while also fostering regulatory coherence with other relevant frameworks such as the Ecodesign for Sustainable Product Regulation (ESPR), waste and chemicals legislation, and the Critical Raw Materials Act (CRMA). Only with such an integrated approach can circularity truly enhance Europe's competitiveness, resilience, and pathway to climate neutrality.

**Supporting steel as a frontrunner for Circular Economy**

Today, scrap is predominantly used in long products such as beams or rebars. Flat products, on the other hand, such as automotive steel, packaging steel, or high-grade sheets, are subject to stricter technical requirements (e.g. copper content). To increase scrap use in these applications, higher-quality processed scrap is essential. The upcoming proposal should therefore focus on supporting scrap sorting technologies and providing market conditions to enhance the quantity of high-quality scrap rather than introducing quotas on recycling content. A one-size-fits-all quota for all products but even for all steel products would overlook sectoral realities, ignore differences in product requirements, and risk creating distortions in already established cycles without delivering additional circularity gains.

Instead, policy makers should establish a robust system to monitor scrap trade and use, including data on flows, and qualities. Such monitoring would create the necessary transparency to underpin effective circular economy policies and inform evidence-based decision-making in line with Europe's climate and industrial objectives.

In addition to scrap, the sector generates valuable by-products such as blast furnace slag, BOF slag, sludges, and dusts but also organics in the coke oven plants and inorganics like sulphur or iron oxides, which can be efficiently used to substitute primary raw materials in many applications. Their recognition as contributors to circularity, combined with harmonised End-of-Waste rules, would help unlock industrial symbiosis across the EU. In this way, the CEA can provide the right framework to facilitate material

efficiency, foster secondary markets, and support the transformation of European industry towards climate neutrality.

This transformation can be further supported by creating incentives for investments in near-zero technologies such as DRI-EAF. Unlike traditional blast furnaces, these production routes enable the use of significantly higher shares of scrap, thereby maximising circularity potential. In Germany, around 30% (EAF) of steel production is currently fully based on scrap, while another 70% (BF-BOF) use lower scrap shares of up to 20%. Nonetheless, the total share of more than 41% (2023[3]) is expected to increase substantially as the sector transitions from BF-BOF to DRI-EAF, provided that sufficient volumes of high-quality scrap are available.

## Comments on the objectives and options in the call for evidence (Ares(2025)6250342)

The steel industry in Germany expressly welcomes the aim of the legal act to improve the circular economy in the internal market. However, the baseline scenario (status quo) needs to be further developed, as the existing legislation to promote the circular economy (e.g. the Waste Framework Directive, the Ecodesign Regulation for Sustainable Products as well as the Packaging and Packaging Waste Regulation) have not yet been able to develop their potential. The sufficient, cost-efficient supply of high-quality, verifiable secondary raw materials is a basic prerequisite for this.

Demand for secondary raw materials (including critical and strategic (secondary) raw materials) must also be stimulated in order to create a genuine internal market for waste and secondary raw materials. As part of a set of measures to promote the internal market for waste, secondary raw materials and their use in products, a reform of the end-of-waste criteria should also be carried out. Efforts to simplify, digitalize, and establish binding, targeted, and implementable criteria for public procurement of circular goods, services, and works should also be accelerated.

**Policy Recommendations for the Circular Economy Act**
The CEA initiative offers a strategic opportunity to anchor the previously outlined arguments in EU law such as the Waste Framework Directive, the Ship Recycling Regulation, the Waste Shipment Regulation, the Electric and Electronic Waste Regulation etc. by single or combined measures like:

- **Monitoring of scrap use and trade flows:** The CEA should establish an effective monitoring of scrap exports outside the EU, covering volumes and qualities, in coherence with the Critical Raw Materials Act and with the aim of a future recognition as a strategic raw material. Based on these data, EU policy makers should establish the right instruments to enhance circular economy, competitiveness, and the transformation of the industry to climate neutrality.

[3] Statistischer Bericht – Stahlschrott 2024 (S.3)

- **Enhance scrap quality:** Supporting R&D funding and support for investments in advanced scrap processing facilities, including at steel plants, will be essential to ensure higher-quality scrap supply.
- **Avoiding generic quotas:** Generic scrap quotas should be avoided in functioning material cycles like steel scrap, as steel scrap use depends fundamentally on the technical requirements of different product segments. Instead, quota systems risk causing diversion effects, shifting scrap between sectors (e.g. engineering, construction and automotive) rather than increasing overall circularity. The CEA should instead promote incentive-based and technology-driven measures that enable the best treatment and use of scrap according to product and process requirements.
- **Coherence and harmonisation:** The CEA must ensure integration with existing and upcoming legislation such as the ESPR, waste law, and especially chemicals law, avoiding double and redundant regulation or reporting. Harmonised EU-wide End-of-Waste and by-product criteria for one material are critical, since divergent national classifications currently block circular flows and hinder industrial symbiosis across borders. However, these criteria must consider the material properties which e.g. are different for different metals-and metal scraps, respectively, and minerals like slags as by-products and secondary raw materials.
- **By-products and industrial symbiosis:** The use of steel industry's by-products should be explicitly recognised and incentivised within the CEA as a means of advancing circularity and reducing reliance on primary materials. Legal barriers at the interface between waste, chemicals, and product law must be addressed to enable their full utilisation.
- **Create demand:** Clear and effective Green Public Procurement requirements are needed to stimulate demand for products with recycled content and secondary raw materials, including steel and its by-products such as slags. Strong demand signals as the creation of lead markets or requirements in public procurement at both EU and national levels will also be necessary to support investments in scrap processing infrastructure and the sector's wider transformation towards clean production facilities.
- **Classification of wastes, by-products and end-of-waste materials:** Rather than adopting the strictest regulations of a single Member State, the legislation should uniformly enshrine the most advanced and circular classification as the EU-wide standard in the Waste Framework Directive. This is also necessary with regard to shipments of waste and non-wastes.
- **Permitting processes must become harmonised, easier and faster.** Clear and simple procedures, supported by digital tools and best-practice guidance, are essential to reduce administrative burdens and accelerate investment in circular infrastructure. Streamlined permitting will also ensure a level playing field across the EU, facilitating the wider adoption of circular practices and the use of secondary raw materials.

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