Recycling Europe's position on the Industrial Accelerator Act (IAA)

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Recycling Europe welcomes the Commission's objective to strengthen the EU industry and to stimulate demand for low-carbon products through the creation of lead markets under the Industrial Accelerator Act (IAA). **Incentivising circularity and recycling is a key tool to reach these objectives**. However, in its current form, the proposal fails to recognise the role of recycling and of circular materials, for industrial decarbonisation, limiting the effectiveness of the framework and weakening its alignment with existing EU circular economy and climate targets.

In this position paper, Recycling Europe outlines targeted proposals to ensure that recycling and circularity are embedded as a structural pillar of the Act, enabling Europe's industrial base to decarbonise faster, reduce material dependency on third countries, and strengthen the EU's key industrial sectors and their competitiveness.

1. Recognise recycling as a strategic sector in the IAA

Recycling delivers immediate and large-scale CO_2 savings and reduces Europe's dependence on third country raw materials supplies. *For example, substituting iron ore with recycled steel saves approximately 1.67 tonnes of CO2 per tonne of steel produced and 72% of the energy needed for primary production*[1]*. In glass, the use of 1 ton of cullet saves approximately 1.2 tons of virgin raw materials such as sand, dolomite, soda ash and limestone. Every ton of cullet used allows us to avoid the need for 2 million BTUs (586 kWh) of natural gas and reduces up to 318 kgs of CO2 emissions*[2]. Yet the IAA does not include recycling as a strategic industrial sector and as a consequence, it **fails to provide fast-track permitting for recycling projects**. However, measures such as **reduced administrative burden, digitalised processes, and more efficient permitting systems are essential to scaling up recycling capacity** in the EU.

[1] No true 'green steel' labelling without circularity at its core - Recycling Europe
[2] Use of cullet to reduce raw materials and energy consumption | Guardian Glass

The omission of recycling and circular economy projects in the IAA is particularly striking given the EU's own policy commitments. The Circular Material Use Rate (CMUR) target set in the Clean Industrial Deal aims for **24% circular materials in the EU economy by 2030.** While achieving this objective requires a rapid expansion of recycling capacity, the current proposal instead prioritises selected sectors while overlooking the industrial backbone that supplies them with low-carbon recycled materials.

What Recycling Europe proposes:

- **Include recycling and circular economy projects in the list of strategic sectors for industrial manufacturing acceleration areas** (Annex I) **and in the definition of "industrial manufacturing project".**
    - Include NACE Code E 38.21 (materials recovery) in the list of strategic sectors (Annex I)
- **Ensure that circular economy projects can benefit from simplified and accelerated permitting** (Chapter V).

2. Align low-carbon requirements with circularity objectives

Recycling Europe welcomes the introduction of low-carbon requirements through public procurement and other forms of public intervention for steel, aluminium and concrete. The introduction of mandatory sustainability requirements in tender procedures is a critical tool to stimulate the demand for low-carbon materials and strengthen the European recycling industry. Given that public works represent one-third of all construction activities, these measures can be a significant lever for driving decarbonisation in the sector.

However, important gaps remain in the IAA. The **ambition of the proposal remains limited**, addressing only a fraction of the concrete and mortar, aluminium and steel used in the EU. Moreover, **the proposal fails to address the role of recycled plastics and flat glass**. While glass manufacturing and plastics are considered a strategic sector, the proposal fails to introduce any low carbon or Union origin requirements. At a time when the plastic recycling sector is under extreme pressure, the introduction of such requirements could represent

a meaningful support lever. *Regional examples, e.g. in Flanders (Belgium) already demonstrate the potential of public procurement targets for plastics recycled content.*[3]

On a positive note, **the proposal recognises the need to increase the uptake of recycled materials across all production routes**. It is crucial that this element is systematically reflected in the design of low-carbon requirements and labels, whether in the IAA itself or in related sectoral legislation.

Overall, it is essential that low-carbon requirements are defined through robust, impartial Life-Cycle Assessment (LCA) methodologies that accurately reflect the actual environmental performance of materials and products, such as **Environmental Product Declarations (EPDs) and environmental footprint methodologies (PEF), focusing on the production stage (cradle-to-gate).** The systematic use of EPDs in public procurement in construction and infrastructure by public authorities is a key driver for creating lead markets for low-carbon products.

What Recycling Europe proposes:

- **Set ambitious low-carbon targets for steel, aluminium concrete, plastics and flat glass used in public procurement** that fully reward circularity and the use of recycled materials. Such targets shall complement but not substitute recycled content targets set in sectorial legislation (implementation of the ESPR, ELV.R, PPWR, etc.) which shall be safeguarded and further expanded to boost circularity and strategic autonomy.
- **Increase the low carbon target of concrete used in public procurement from 5% to 30%**, of which a minimum of 15% should come from recycled content.
- **Increase the low carbon for steel intended for use in buildings and infrastructure from 25% to 90%.** Considering that many construction products already contain over 90% of recycled steel, circularity must be recognised when setting these targets.

[3] Among others, Flanders has implemented the following targets for plastics recycled content targets for public procurement: 100% (of which 75% post-consumer) in plastic outdoor space furniture; 80% (of which 50% post-consumer) in sound screens; 20% in underground plastic pipes for rain- and wastewater; 30% in plastic window frames

- **Increase the low carbon for steel intended for use in vehicles for civil purposes from 25% to 35%.** An ambitious target would drive the adoption of recycled steel in this industry, in complement to the recycled content targets to be set in the End-of-Life Vehicles Regulation.
- **Extend the scope of materials used in public procurement** covered by low-carbon requirements to plastics and flat glass (Annex II).
- **Set a 15% recycled content target for flat glass used in public procurement**.
- **Ensure that all low-carbon requirements and labels systematically increase the uptake of recycled materials** in accordance with Article 10(2)(5)(e).
- **Define low carbon requirements for plastics in construction materials** in a future delegated act.

3. Ensure that any "low-carbon steel" definition rewards circularity

Recycling Europe **fully supports the decarbonisation of the European steel sector**, a key objective of the IAA. In this context, using a higher share of recycled steel in steel production is the most efficient way to decarbonise steel products.

The secondary steel production route via electric arc furnaces (EAFs) is a mature and well-established technology with significantly less climate and environmental impact than the production route via coal-based blast-furnace-basic oxygen furnaces (BF-BOF). Thus, **it is crucial to reward circularity and the use of recycled metals in any "low-carbon steel" label**.

To ensure that the label is based on robust methodologies and scientific evidence, we recommend defining Green Steel under the Ecodesign for Sustainable Product Regulation (ESPR). This will ensure a level playing field between steel and other materials regulated under the ESPR, such as aluminium.

What Recycling Europe proposes:

- Introduce measures rewarding circularity and the use of recycled steel in all legislation defining green steel (ESPR, CPR, IAA for the automotive sector).
- **Define the 'Green Steel label' under the ESPR**, as proposed by the European Commission, and build a methodology placing circularity at its core.
- **Refrain from using any sliding scale-based labels** to define green steel.

4. Introduce robust Union origin requirements

The introduction of “Made in Europe” criteria in public procurement and other forms of public intervention is a positive step to strengthen Europe’s industrial base. If combined with strong incentives for the uptake of recycled materials in products, it could become a powerful lever to reinforce Europe’s industrial resilience. **All recycled materials produced by European recyclers are inherently Made in Europe**, as they originate from waste collected, sorted, and reprocessed within the EU.

However, the effectiveness of such criteria will depend on **robust safeguards**, particularly as content from Free Trade Agreement (FTA) partners and third countries that are part of Agreement on Government Procurement (GPA) may qualify as EU origin, potentially weakening the intended impact. In that regard it is essential to **introduce traceability obligations** to prove the origin of recycled materials and to ensure their **correct labeling**.

What Recycling Europe proposes:

- **Implement strong Union origin requirements limited to the EU-27, the United Kingdom and EFTA countries**.
- **Extend the scope of materials covered by Union origin requirements to steel, plastics and flat glass** (Annex II).