

Pimec contribution on the Call for Evidence on the Circular Economy Act

The European Union stands at a pivotal moment in its green and industrial transition. As Letta and Draghi reports state, Circular Economy is not only about protecting the environment, but also about strengthening Europe's strategic autonomy and the security of critical materials, ensuring stable and resilient supply chains across the Union. In this regard, the transition towards a European circular single market is fundamental to enhancing EU's competitiveness, ensuring security and resilience of supply chains while at the same time boosting high-skilled and quality jobs.

It is therefore crucial, once the product reaches the end of its life, to reconvert waste into new resources and production inputs. Hence **the export of waste to third countries should be greatly minimised via the introduction of export restrictions for secondary raw materials**, while the development of new material recovery and reconversion facilities, within EU borders, must be actively encouraged.

SMEs are the backbone of the European economy. They represent 99% of all businesses and over 60% of employment. Their involvement is therefore indispensable to achieving a truly circular economy. However, **SMEs face structural constraints that hinder their ability to adapt to major systemic transitions**, with limited access to finance, knowledge or technical capacity being the most difficult elements to solve.

Moreover, SMEs face a great deal of legislation and requirements which in turn, cause them administrative and regulatory burdens. Therefore, it is important to apply the Think Small First principle and foresee longer application timeframes and simplified requirements to ease SMEs' legal compliance and at the same time allow the smaller companies to make the transition to a circular economy.

As the Catalan most representative SME organisation and also member of SME United, **Pimec calls for a Circular Economy Act based on the principle of "Think Small First"**, ensuring that the regulatory framework supports and empowers smaller enterprises to take part in the circular transition.



For all these reasons, we propose the following recommendations:

1.- Financial and Fiscal Support

- **Provide financial assistance and tax incentives** for companies that integrate secondary raw materials into their production processes. In this regard, the purchase of recycled, repaired, and reused supplies and products should be rewarded with reduced, super-reduced or even zero VAT rates, at least temporarily to allow small companies and self-employed to adopt circular business models.
- Establish an **EU Circular Transition Fund for SMEs**, coordinated together with institutions such as EIB, to support investments in eco-design, resource efficiency, servitisation and digitalisation.

2.- Simplification and Legal Clarity

- **Simplify and harmonise procedure for end-of-waste** status across Member States.
- **Establish simplified mechanisms for microenterprises**, either based on their size or on the limited volume of products they place on the market that eventually become waste.
- **Ensure that collective EPR systems respect** and integrate with the existing waste management business ecosystem within each member state or region.
- **Ensuring coherence** within circular economy legislation ecosystem such as the PPWR or the ESPR which are now being implemented.

3.- Circular Business Models

- **Promote servitisation** (product-as-a-service) as a sustainable model reducing waste and resource consumption.
- **Encourage eco-design and standardisation** of components to ensure durability and compatibility with future software or hardware updates.
- Improve collection systems and increase citizen participation in the selective collection of WEEE and electronic devices.
- **Modernise WEEE recovery plants** to enhance the efficiency, quality, and quantity of recovered materials.
- **Evaluate energy recovery appropriately** as a complement to recycling when no better options exist.



4.- Market Development and Communication

- **Facilitate the creation of regional recovery facilities**, particularly for critical materials, ensuring these resources remain within their region of origin.
- **Align urban planning regulations to prioritise such facilities** based on proximity and public interest criteria.
- **Launch EU-wide campaigns** to enhance the reputation and market value of recycled and reused materials.