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NOTE

From:	General Secretariat of the Council
To:	Delegations
Subject:	AOB for the meeting of the Council (Environment) on 12 October 2026 Towards a stable and Competitive EU market for Secondary plastic raw materials – Information from Italy

A. CONTEXT

The EU plastics recycling sector faces an unprecedented crisis, threatening the value chain, separate collection services and the EU's circularity targets. In its December 2025 Communication launching the pilot phase towards the Circular Economy Act, the Commission recognised the causes: fragmented markets for recyclates, high energy costs, low and volatile virgin polymer prices, and cheap imports often consisting of virgin plastic declared as recycled.

EU recycling capacity (around 13.2 million tonnes in 2023) has stopped growing, and the Commission expects a net loss of about one million tonnes by end-2025. Only around 13% of plastics produced in the EU are recycled into new plastics, and the circular material use rate is stuck at 12.2%, against a 2030 target of 24%.

In Italy, slower offtake of sorted materials, closures of recycling and SRF plants and the lack of outlets for plasmix and mixed polyolefins are saturating sorting centres, with growing fire risks. The problem is not collection, among the highest in Europe, but weak demand for secondary raw materials. Italy has adopted a national roadmap and the Regions have made unanimous proposals, but many measures require EU action on the single market, trade policy and State aid. Italy welcomes the Commission's pilot measures and the Circular Economy Act, but calls for faster implementation and short-term support to prevent an irreversible loss of recycling capacity.

B. PROPOSALS FOR EU ACTION

1. Border controls and traceability of imported recyclates

Italy supports separate customs codes for recycled and virgin polymers, covering all major polymer families and intermediates, backed by an EU certification and traceability system for recycled content with accredited third-party verification, audits of third-country plants and a burden of proof on importers. The Import Surveillance Task Force needs adequate resources, shared laboratory methods and cooperation with national authorities; Italy offers its experience under the MASE–Customs Agency MoU on plastic waste controls. The Commission should also use trade defence instruments promptly where dumping or subsidies are found, and assess extending CBAM to polymers.

2. Boosting demand

Italy invites the Commission to consider how the market signal could be strengthened, including by exploring, where technically feasible, possible milestones towards the PPWR recycled content targets, and proposes the progressive extension of recycled content requirements to automotive, construction, EEE and durable goods. Recycled content counted towards EU targets must meet standards equivalent to those for EU recyclers, and preference criteria for EU-produced recyclates should be assessed, consistent with international obligations. The Circular Economy Act should introduce mandatory EU recycled content criteria in public procurement for plastic-intensive product categories, rewarding traceability and proximity.

3. An enabling EU framework for economic instruments

Italy asks the Commission to: amend the GBER and the Clean Industrial Deal State Aid Framework to allow simple and rapid tax credits for secondary raw material use and recycling investment; give recyclers access to energy cost relief; allow temporary support for low-value fractions such as plasmix and mixed polyolefins; and allow compensation of transport costs for islands and peripheral areas (Art. 174 TFEU). Italy also invites the Commission to evaluate the practicability of reduced VAT rates for products containing high percentages of certified recycled content, priority support from the European Competitiveness Fund, the EIB and national promotional banks, and revenue stabilisation mechanisms such as contracts for difference.

4. EU end-of-waste criteria for plastics

Italy fully supports harmonised end-of-waste (EoW) criteria, whose absence costs the sector around €120 million a year, but some elements risk reducing recycled volumes in the current crisis.

a) Scope. Article 6 of the Waste Framework Directive does not limit EoW to plastic-to-plastic recycling. The regulation should explicitly cover only mechanical or physical recycling into new plastic uses, while national criteria and existing permits continue to apply to other established outlets (asphalt additives, bituminous membranes, chemical recycling feedstock, reducing agents in steelmaking), which absorb much of the mixed plastics hardest hit by the crisis. Fuel uses remain excluded.

b) Proportionate requirements. The uniform foreign-material limit is unsuitable for mixed post-consumer plastics; it should be differentiated by stream, linked to output quality, and the EoW point placed as far upstream as possible.

c) Avoiding perverse effects. Excessive burdens could push recyclers to reject streams, converters to switch to virgin or imported material, and buyers to non-EU products, leading to lower recycling, higher own-resource payments, more flows to saturated energy recovery plants and further plant closures.

d) Transition, enforcement and review. Italy asks for guidance on the transitional regime, EU interpretative guidelines, a forum of competent authorities, equivalent requirements for imported recyclates, REACH simplification for recovered substances, eligibility of SME certification costs for support, an early review, and a timeline for criteria covering chemical recycling (with mass balance rules consistent with those for PET bottles) and industrial uses of mixed plastics.

5. A genuine single market

With the ban on plastic waste exports to non-OECD countries applying from November 2026, intra-EU shipments to recycling plants should be simplified under Regulation (EU) 2024/1157, through pre-consented facilities and digital procedures, while keeping effective controls against illegal trafficking. Italy proposes an EU observatory on secondary raw material markets as an early warning system, and solutions for non-recyclable residues consistent with the waste hierarchy.

6. Governance and timing

Italy supports relaunching the Circular Plastics Alliance with regular crisis monitoring involving Member States, calls for the Circular Economy Act proposal to be presented without delay with immediately effective measures for plastics, and asks for a policy debate in the Environment Council.

C. CONCLUSIONS

The crisis is a test of the EU's ability to turn circular economy goals into industrial policy. Losing recycling capacity today means greater dependence on imported virgin polymers tomorrow, missed PPWR targets and higher costs for citizens and municipalities. Italy stands ready to work with the Commission and Member States and invites like-minded partners to support these priorities in the Council.