Federal Ministry
for the Environment, Climate Action,
Nature Conservation and Nuclear Safety

Circular Economy Strategy Germany

Federal Government Action Plan to Implement the National Circular Economy Strategy

– Outline of measures for short-term implementation –

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Introduction

The future of the economy is circular. Now more than ever, Germany needs a circular economy to enhance its competitiveness, succeed in global markets and strengthen its security of supply. Protectionist tendencies, industry's dependence on raw materials and fragile supply chains pose particular challenges for Germany's globally integrated economy. The circular economy means preserving the value of raw materials and products over the long term, using materials efficiently and keeping them in circulation for as long as possible.

The circular economy plays a key role in strengthening resilience, delivering cost-effective climate action and driving sustainable growth. Its importance is also recognised in the Draghi report and the European Commission's Clean Industrial Deal. The Draghi report highlights the EU's position as a global leader in the circular economy and the major opportunities for industry arising from innovation in this area. In the Clean Industrial Deal, the European Commission states: "Integrating circularity in our decarbonisation strategy is crucial to making the most of the EU's limited resources."

Unlocking the potential of a comprehensive circular economy requires closely coordinating innovation-oriented environmental policy and strategic industrial policy. Since the end of 2024, the Federal Government's National Circular Economy Strategy (NCES) has provided a reliable framework for doing so. In implementing the Strategy, we will involve all relevant stakeholders and combine supply- and demand-side instruments to maintain and enhance Germany's competitiveness through innovation and investment. This requires, in particular, consistent efforts to reduce administrative burdens and streamline measures to strengthen the circular economy, while keeping bureaucracy to a minimum, maintaining an open trade policy and taking account of market-based incentives and technology neutrality. Where legally permissible and necessary, we will make use of the scope available in law-making and enforcement to enable innovative technologies to be tested under real-world conditions. This will provide valuable experience of how best to support innovation while maintaining important safeguards such as environmental standards.

The NCES is guided by the principle of significantly reducing primary raw material consumption and sets out specific goals and measures for a resource-efficient circular economy that also makes an effective contribution to diversifying raw material supply. Both the German Raw Materials Strategy and the EU Critical Raw Materials Act (CRMA) identify the circular economy as an important pillar of efforts to diversify raw material supply for the German and European economies. Following a decision by the National Security Council on 5 November 2025, the Federal Government has drawn up a comprehensive internal action plan to further develop Germany's raw materials policy. Alongside measures such as stockpiling and strengthening domestic mining, the plan also includes the circular economy, with the aim of securing raw material supply over the long term. The NCES also supports the EU objective of establishing a functioning internal market for secondary raw materials. It aims to harness the considerable potential of the circular economy to tackle climate change and environmental pollution, secure raw material supply and ensure that the economy remains competitive over the long term. By improving resource efficiency and closing material cycles, companies can reduce both operating costs and greenhouse gas emissions. According to a study published by the Federal Ministry for Economic Affairs and Climate Action (BMWK) in 2024, the circular economy could cut greenhouse

gas emissions by an additional 80 million tonnes of CO_2 equivalent by 2030. The circular economy can also reduce the cost of climate action. It can reduce dependence on vulnerable supply chains for primary raw materials and the associated economic risks. At a time of increasing competition for raw materials, innovative circular technologies strengthen Germany's long-term attractiveness as a location for business and industry, as well as its international competitiveness. The circular economy is therefore an essential component of modern economic and industrial policy.

Against this backdrop, the Federal Government is adopting this Action Plan, which sets out priority measures from the National Circular Economy Strategy (NCES) that it intends to implement by the end of 2027. In doing so, we are implementing the mandate set out in the coalition agreement to outline measures for closing material cycles that can be implemented in the short term.

The financial requirements associated with implementing the NCES Action Plan must be in line with the Federal Government's budgetary and fiscal policy guidelines. All measures under the Action Plan are subject to funding availability and the Federal Government's financial and constitutional competencies/responsibilities. They do not constitute a commitment or pre-commitment in terms of budget allocations, nor do they prejudice decisions of the budget legislator. Any additional personnel or material costs arising for the Federal Government as a result of the Strategy must be fully financed for the long term within the applicable budget and financial planning in the respective departmental budget.

1. Establish a platform to support implementation of the NCES

We will establish an implementation platform to deliver the measures set out in the NCES together with key stakeholders.

Objective: We will continue to involve key circular economy stakeholders in implementing the NCES, draw on their expertise and ensure cooperation across ministries. The platform will coordinate closely with existing stakeholder engagement forums, including the Dialogue Platform on Recycled Raw Materials of the German Mineral Resources Agency (DERA).

The platform will focus on the following:

- Preparing, initiating and supporting the **implementation of key NCES measures** together with stakeholders, for example in relation to digitalisation, including digital product passports (DPPs), and to solutions for making secondary raw materials more competitive overall and increasing the use of recycled plastics, with a focus on issues such as recycled content targets and certification and verification methods.
- Defining **focus areas and priorities** for implementing the NCES measures.
- Putting in place the conditions needed for the **circular economy to contribute effectively to diversifying the supply of critical raw materials**, in line with the requirements set out in the German Raw Materials Strategy and by the National Security Council.

- **Regular dialogue** on progress regarding NCES goals, measures and instruments, and on any resulting need for adjustment.
- Initiating the practical **development, advancement, testing, piloting and implementation of measures** and instruments, such as demonstration projects and voluntary industry agreements, within the constraints of competition law.
- Publicising examples of best practice and viable business cases, **initiating exchanges of experience and implementation projects**, for example by mobilising private capital for the implementation of lighthouse projects, including by combining it with public funding and through public-private partnerships (PPPs).

2. Support for investment and innovation in the circular economy

We will support businesses in developing circular technologies and business models that contribute to resource conservation and climate action and help secure the supply of critical raw materials.

Objective: To maintain and strengthen German companies' position as global market leaders in the circular economy, accelerate strategic innovation in this field and increase the circular economy's contribution to the supply of critical raw materials.

Investment and innovation in the circular economy will help strengthen the competitiveness and resilience of the German economy by reducing its dependence on raw material imports and reinforcing Germany's leading position in the circular economy. Consistent implementation of circular economy practices will also make it easier to achieve climate targets.

Background: Various studies estimate that a circular economy offers considerable growth opportunities. According to a new Boston Consulting Group (BCG) study commissioned by the Federation of German Industries (BDI), gross value added from the circular economy could more than double from 60 billion euros today to as much as 125 billion euros in 2045. Most of this economic impact would be concentrated in the mechanical engineering, construction and mobility sectors. The circular economy levers identified in the study would generate cumulative gross value added of 700 to 880 billion euros by 2045. Germany also has particular strengths in circular economy innovation (see Roland Berger's *Innovation Indicator 2024*).

Next steps:

- We will provide a total of **around 260 million euros** over the coming years to **implement the National Circular Economy Strategy**. This will include launching the "Zukunft Kreislaufwirtschaft" funding programme for a circular economic future under the Climate and Transformation Fund to **support investment in the circular economy**. In particular, the programme will provide funding on a technology-neutral basis for projects with the potential to develop into commercially viable and successful businesses that can operate sustainably once the funding period has ended. The Federal Ministry for the Environment, Climate Action, Nature Conservation and Nuclear Safety (BMUKN) plans to implement measures including:

  - **Support for pilot plants and demonstration projects**, particularly for the recovery of critical and strategic raw materials and the recycling of batteries, wind turbines, photovoltaic modules and textiles.
  - **Support for start-ups and circular business models**, as well as civil society activities relating to the circular economy.
  - **Continuation and expansion of existing** digitalisation and circular economy **programmes**.
- In addition, as part of the measure on promoting investments in the circular economy under the **Climate Action Programme 2026**, a further **305 million euros** will be made available for the budget years 2027–2030 to fully harness the potential of the circular economy to reduce greenhouse gas emissions. The additional funding will be used primarily to top up the circular economy funding programmes Zukunft Kreislaufwirtschaft and DigiRess Circular (Digital Applications for Improving Resource Efficiency in Circular Production Processes).
- We will develop existing **funding programmes, such as the GreenTech Innovation Competition**, with a stronger focus on the circular economy, and establish new programmes.
- The aim is to create a well-coordinated funding landscape. Funding programmes and financing instruments will be designed to activate synergies for achieving the economic, technological, environmental and social goals outlined in the NCES. To this end, conditions will also be attached to funding, particularly where it is provided to businesses. Promoting good and healthy working conditions and employee co-determination on circular economy issues at workplace level in is a particular priority.
- Ideally, these funding programmes will complement and dovetail with the Federal Government's Raw Materials Fund, through which the Federal Government, via KfW, also intends to invest in recycling projects to help secure and diversify raw material supply.
- The state-owned promotional bank **KfW** will take on a stronger role a**s an innovation and investment bank** and a co-investor of venture capital, particularly for the circular economy.
- The **Resource-efficient Circular Economy research measure** will be further developed, with greater emphasis on critical raw materials, the further development of recycling technologies and design for circularity (coalition agreement, line 2540 onwards). Research and development projects under the Urban Mining funding measure have been under way since the end of 2025, with the aim of enhancing resource recovery from the anthropogenic stock.

3. Public procurement

Through public procurement, we will provide reliable economic impetus for the circular economy and for reducing primary raw material consumption, while strengthening circular business models and supporting the use of secondary raw materials.

Objective: Public procurement helps strengthen the circular economy. Given the scale of public

procurement, it can provide strong impetus for the circular economy and for reducing primary raw material consumption, strengthen circular business models and support the use of secondary raw materials, including biogenic raw materials, residues and waste. Overall, it creates planning certainty for investment in the circular economy. To this end, procurement practice must be supported through measures such as guidance and training, while requirements must be designed to keep bureaucracy to a minimum. Above all, this will help ensure that existing legal requirements are implemented more effectively without hampering efforts to cut bureaucracy.

Background: Public procurement in Germany accounts for hundreds of billions of euros in purchases of products and services and can therefore generate considerable economic momentum.

Next steps:

- We will **make greater use of public procurement to promote the circular economy**. Pursuant to the obligation under section 45(3) of the German Circular Economy Act (Kreislaufwirtschaftsgesetz, KrWG), the Federal Government will use its position as a shareholder and its influence on the supervisory bodies of **companies in which it holds a majority interest** to this end. We will steadily increase the annual **volume of contracts for circular products** across all such companies and swiftly remove regulatory barriers to doing so. Under the Public Corporate Governance Code of the Federation (PCGC), as part of their sustainability reporting federally owned companies report on their circular economy measures, targets and progress towards those targets, using the reporting framework applicable to their size, such as the German Sustainability Code (DNK) or Corporate Sustainability Reporting Directive (CSRD). As a general rule, recycled content will be reported on a year-on-year basis so that developments can be monitored and any adjustments needed to meet the targets identified. In summer 2028, the Federal Government will evaluate whether recycled content has increased sufficiently. We will take due account of the principle of proportionality and the size of each company. The principle of cost-effectiveness will continue to apply to procurement. The special status of the Bundeswehr and security authorities under section 45(2), fifth sentence, of the German Circular Economy Act (KrWG) remains unaffected. This special status also extends to wholly owned companies and companies in which the Federal Government holds a majority interest within the remit of the Federal Ministry of Defence.
- We will also support the continued use, repair and remanufacturing of products through the public **procurement of used goods**. To this end, we will develop a guide within the existing Circular Procurement working group. This work will examine general, cross-product-group challenges and practical options for procuring remanufactured products and develop practical guidance for two selected product groups: furniture and IT equipment.
- Together with the Länder, we will explore options for providing centralised advice on the legally compliant formulation of circular procurement processes, including individual consultations, and consider possible next steps.
- The Competence Center for Sustainable Procurement (KNB) web platform already provides information, practical tools and examples of best practice on sustainable procurement. As part of an update to the platform's structure, information and support materials on circular procurement will be consolidated further.

- The **use of secondary raw materials** in public construction projects will be increased. To support this, the Federal Government will further develop the Assessment System for Sustainable Building (BNB) and make it available to public authorities. The BNB will define technology-open and material-neutral requirements regarding environmental impacts and resource consumption based on a life cycle perspective, thereby encouraging the preferential use of secondary raw materials.
- **Primary raw material consumption will be reduced** through the use of construction products manufactured using innovative technologies such as lightweighting. Serial and modular construction combined with innovative circular lightweight construction can raise productivity in the construction industry and, to a limited extent, increase residential floor space, while speeding up and simplifying on-site handling.
- **Raw material indicators will be further developed to make resource conservation more measurable and embed it in the BNB.** The Zukunft Bau (Construction of the Future) research project has explored the development of specific indicators to better quantify resource conservation in construction. At the level of building structures, the indicators RMI (raw material input) and TMR (total material requirement) may be incorporated as material footprint metrics into life cycle assessments in the future.
- **Promoting buildings that can be dismantled:** methods for assessing circularity and resource conservation in public procurement will also be made available to Länder and municipalities. Publicly procured construction services will, in accordance with budgetary principles of cost-effectiveness and efficiency, consider resource conservation, longevity and repurposing/conversion from the outset in needs assessments and incorporate these into planning. This may include binding requirements for selective dismantling capability, repairability, reusability and recyclability of buildings, building components and construction materials. To this end, the Federal Government will update the BNB. The BNB will define technology-open and material-neutral requirements regarding environmental impacts and resource consumption based on a life cycle perspective, thereby encouraging the use of secondary raw materials. Through a circularity assessment, the BNB will incentivise the construction of circular buildings.

4. Launch a digitalisation initiative to close material cycles

We will support efforts to close material cycles through a digitalisation initiative (coalition agreement, line 305).

Objective: The digitalisation initiative will coordinate and interlink existing initiatives for digitalising the circular economy and scale up digital solutions. This will create the data base and data processing needed for the circular economy, support new business models and drive innovation. Digitalisation, including artificial intelligence (AI), will also be used to reduce burdens on businesses. Combining the potential of digitalisation with existing expertise in the circular economy and Germany's strong manufacturing sector offers particular opportunities for Germany's export-oriented economy to maintain and further strengthen its position in global markets.

Background: Work is already under way in many areas, including preparations for the introduction of the digital product passport (DPP), the Manufacturing-X industry initiative and standardisation, alongside numerous other activities. However, overarching coordination, a stronger strategic focus and closer links between these initiatives are still lacking.

We will establish a digitalisation initiative focusing on the following areas, with the involvement of the Federal Ministry for Economic Affairs and Energy (BMWE) and relevant initiatives within its remit:

- We will establish a **central contact point (coordination office)** for the digitalisation initiative to achieve the objective outlined above. To support this work, we will incorporate a wide range of perspectives from civil society and business into implementation of the initiative, helping to ensure that the measures are designed with practical application in mind.
- We will support the **introduction of digital product passports (DPPs)** based on EU regulations and the relevant standards. Particular attention will be paid to implementation with minimal bureaucracy, the protection of sensitive business data, support for small and medium-sized enterprises (SMEs) and interoperable system design. To this end, we will establish a specialist team for DPPs within the coordination office.
- We want to make greater use of **AI** to make the circular economy more efficient and cost-effective. To this end, we will further develop the AI lighthouse projects initiative and work with companies through the Green-AI Hub to develop prototype solutions. Through the DigiRess programme, we will also fund the targeted use of digitalisation to establish new business models, improve materials efficiency and foster circular business practices (see Measure 2).
- Since the end of 2025, under the GreenTech Innovation Competition, we have supported lighthouse projects by joint consortia of science and industry that develop and apply digital technologies – including AI systems, digital twins and DPP integration – and business models to make products and services circular and enhance their longevity and reuse. The aim is to transfer technology from research to industry, particularly to SMEs.
- We are working to ensure that the **industrial data ecosystems** currently being developed are aligned with circular economy principles, building on existing solutions to develop them as open, interoperable systems. [in cooperation with the BMWE]
- We will support the development of **digital solutions for sustainable consumption** across different R-strategies and promote the wider dissemination of existing examples of best practice by establishing a scaling centre. This will involve developing and implementing specific digital tools, including a sharing platform geared towards the common good.
- We will support the development of **digital solutions** and a better data basis for sustainable **waste management**.
- We aim to establish a **Circular Economy Information Ecosystem (CEIS)** as the basis for a data-driven, digitally supported circular economy. Drawing on key digital infrastructures such as the DPP and industrial data spaces, this data ecosystem will organise cross-sector data and information flows relevant to the circular economy and provide the data basis for decision-making in line with

circular economy principles. The CEIS will meet the need for interoperable data exchange, with the following aims:

- improving the transparency and traceability of products and materials
- promoting cooperation between circular economy stakeholders
- reducing the burden on businesses and public administration by consolidating and reusing existing business-to-government (B2G) data flows
- improving the evidence base for decision-making in industry and policymaking
- enabling new business models.

5. Strengthen and further expand the circular economy's contribution to diversifying the supply of critical raw materials

Objective: Through effective national measures to promote the circular economy, we will help strengthen raw material sovereignty for the German economy. Specific measures to reduce demand for primary raw materials will be combined with measures to strengthen recycling in order to **achieve** the EU benchmark set out in the **Critical Raw Materials Act (CRMA)**, under which EU recycling capacity is to be capable of meeting at least 25 percent of the EU's annual consumption of strategic raw materials by 2030. The **German Raw Materials Fund**, established in 2024, will also contribute to this aim and will now make its first equity investments in specific raw materials projects involving extraction, processing and recycling. Following a decision by the National Security Council on 5 November 2025, the **Federal Government** drew up a cross-ministerial internal **action plan to further develop Germany's raw materials policy**. That plan also makes direct reference to this Action Plan for implementing the National Circular Economy Strategy (NCES), with the aim of strengthening and expanding the circular economy's contribution to securing Germany's raw material supply. The National Security Council will receive regular reports on the implementation of the measures set out in the raw materials action plan, including those relating to the circular economy.

Background: Under the 2024 Critical Raw Materials Act (CRMA), the EU aims to develop the circular economy as an important pillar of efforts to diversify Europe's raw material supply, reduce existing dependencies in the supply of critical raw materials and strengthen the EU's open strategic autonomy. A key element of the Regulation is that raw materials projects, including recycling projects, can apply to the European Commission for recognition as Strategic Projects. Recognised projects benefit from facilitated access to finance and from time limits on permit-granting processes: a maximum of 15 months for Strategic Projects involving only processing or recycling. This is intended to help such projects become operational as quickly as possible.

In addition, within two years of the entry into force of a corresponding Commission implementing act, each Member State must adopt and implement national programmes containing measures to promote the circularity of waste containing significant quantities of critical raw materials (Article 26 of the Regulation).

In December 2025, the European Commission also presented its RESourceEU Action Plan, aimed at accelerating efforts to secure the EU's supply of critical raw materials, speed up progress towards the CRMA targets and significantly reduce strategic dependencies. The plan also aims to further strengthen the circularity and recyclability of critical raw materials, for example through binding requirements to improve the recyclability and recovery of rare earths, improvements to the framework for high-quality secondary raw materials, and the stockpiling of secondary raw materials alongside consideration of measures concerning exports of scrap containing critical raw materials.

The German Raw Materials Fund is also available to support recycling projects. Recycling projects with financing requirements of 50 million euros or more can receive support through a Federal Government equity investment via KfW, helping to increase companies' creditworthiness and attract further private investment. One prerequisite for such an investment is that companies have entered into offtake agreements for the secondary raw materials.

Next steps:

- The Federal Government supports the objectives of the European RESourceEU Action Plan for strengthening the circular economy and will continue to implement the CRMA consistently, taking the interests of the circular economy and recycling sectors into account.
- In particular, the Federal Government will implement Article 26 of the CRMA (National measures on circularity) promptly and with minimal bureaucracy, focusing on areas and measures that make an effective contribution to keeping critical raw materials in circulation and recovering them.
- In forthcoming application rounds for recognition as Strategic Projects under the CRMA, the BMWE will continue to encourage recycling projects and companies to apply for this status so that they can benefit from the advantages outlined above.
- The BMWE will also actively encourage companies in the recycling sector to apply for support from the Raw Materials Fund, with the aim of channelling additional private capital into the sector through Federal Government equity participation in promising recycling projects.
- The Dialogue Platform on Recycled Raw Materials of the German Mineral Resources Agency (DERA) will support implementation of the NCES Action Plan within the scope of its responsibilities.
- The Federal Government will examine whether Germany should propose a joint G7 initiative on recycled content targets for critical raw materials, with the aim of strengthening the circular economy and thereby increasing independence in raw material supply.

6. Round table on reducing fire risks from lithium batteries

We will engage in dialogue with the stakeholders concerned to reduce fire risks at waste management facilities and address the consequences of fires.

Objective: In line with a resolution adopted by the Bundestag[1] in connection with the legislation aligning German battery law with EU rules, we will engage in dialogue with the stakeholders concerned. The aim is to address the challenges facing the recycling and waste management sector arising from the fire risks posed by damaged lithium batteries. To this end, a round table on reducing fire risks from lithium batteries was established, bringing together representatives of the waste management sector, the insurance industry, fire services and manufacturers. The round table has begun its work and is expected to complete it by summer 2026.

Background: Waste management infrastructure, particularly for the collection and treatment of waste electrical and electronic equipment, has already been affected by fires which industry sources indicate are highly to have been caused by damaged lithium batteries, and is at risk over the long term. At the same time, fires are occurring with increasing frequency at treatment facilities for other types of waste, such as packaging waste. The round table also provides an opportunity to involve other stakeholders, such as insurers, more effectively in developing solutions. The regulatory measures introduced by the amendment to the Electrical and Electronic Equipment Act (*Elektro- und Elektronikgerätegesetz*, ElektroG) will not be sufficient on their own to solve the problem. The waste management sector is calling for a manufacturer-funded fire protection fund. Standardised technical safety measures at treatment facilities could also help ensure that these facilities are insurable. More comprehensive consumer information is also needed.

7. Develop circular economy legislation

We will further develop circular economy legislation with minimal bureaucracy and, at national level, support measures for preparation for reuse and recycling to keep more raw materials in circulation more efficiently. This will include:

a) Amend and further develop the German Circular Economy Act by mid-2027

Objective: The German Circular Economy Act (KrWG) will be aligned with EU law. The amendment will also be used to further develop, harmonise and optimise requirements for waste prevention, including the introduction of waste prevention targets and measures, as well as requirements for separate collection and recycling, including for bulky waste, biowaste and textiles, in line with EU law.

Background: The German Circular Economy Act (KrWG) needs to be amended promptly during the current legislative period for a number of reasons. These include implementing EU law, such as the amended EU Waste Framework Directive; implementing the coalition agreement, including adding chemical recycling to the waste hierarchy; giving greater priority to secondary raw materials and improving enforceability, for example in tackling illegal waste dumping.

[1] https://dserver.bundestag.de/btd/21/015/2101587.pdf

b) Digitalise enforcement and administration

Objective: By the end of 2026, we will review national circular economy regulations to identify further opportunities for digitalisation and for significantly reducing administrative burdens. As part of this, we will promote uniform digital solutions nationwide and, where this has not yet happened, work towards the gradual digitalisation of administrative and enforcement procedures under circular economy legislation.

Background: Circular economy administration has been a pioneer in the electronic processing of administrative procedures under environmental law for many years, but there is still scope for improvement.

c) Keep mineral substitute building materials in circulation more effectively and promote their use

Objective: We will amend the Secondary Building Materials Ordinance to remove barriers to the use of mineral substitute construction materials.

Background: The Secondary Building Materials Ordinance regulates the recovery of mineral substitute construction materials in civil engineering throughout Germany by linking concentrations of environmentally relevant substances to binding requirements for their use. The Ordinance was evaluated as part of a German Environment Agency project involving industry and enforcement authorities, using simulation exercises. Any adjustments identified as necessary can be made through a second amendment to the Secondary Building Materials Ordinance during the current legislative period.

d) Support the implementation of phosphorus recovery from sewage sludge

Objective: We will create the necessary framework for effective phosphorus recovery from sewage sludge.

Background: Phosphorus is included in the EU list of critical raw materials and therefore also falls within the scope of the EU Critical Raw Materials Act (CRMA). At present, it has to be imported as a primary raw material. Phosphorus recovery from sewage sludge offers an alternative. The obligation to recover phosphorus under the Sewage Sludge Ordinance (*Klärschlammverordnung*, AbfKlärV) will apply from 2029. The BMUKN is continuing its industry dialogue on this issue. The results of the first meeting were set out in a joint declaration on the expansion of phosphorus recovery from sewage sludge.

e) Further develop the Landfill Ordinance

Objective: We will further develop the Landfill Ordinance (*Deponieverordnung*, DepV) with a view to conserving landfill capacity in an environmentally sound manner that protects human health and keeps more material flows in circulation within the economy.

Background: A new class of non-hazardous asbestos-containing waste will be introduced under the Landfill Ordinance (DepV). Further amendments will regulate the disposal of this waste. These changes will conserve landfill capacity, strengthen the separate collection of construction and demolition waste and further reduce the need for primary raw material extraction.

8. Improve and expand producer responsibility

We will improve the rules on extended producer responsibility (referred to as product responsibility under German law), align them with EU law and extend them to additional waste streams through national regulatory initiatives.

a) Align national packaging legislation with the EU Packaging and Packaging Waste Regulation, participate in negotiations on secondary legislation at EU level and close regulatory gaps

Objective: By August 2026, we will align national packaging legislation with the requirements of the EU Packaging and Packaging Waste Regulation. We will also align it with subsequent secondary legislation as this is adopted and enters into force, drawing on practical experience with implementing packaging legislation and making the necessary improvements. We will engage constructively in negotiations on the key secondary acts planned for 2025–2030, with a view to ensuring effective and efficient implementation, and will make any necessary corresponding amendments to the Packaging Law Implementation Act (*Verpackungsrecht-Durchführungsgesetz,* VerpackDG). This applies in particular to the delegated act establishing a framework for the ecological design of participation fees, on the basis of which section 21 of the Packaging Act (Verpackungsgesetz, VerpackG), or section 26 of the Packaging Law Implementation Act (VerpackDG), will be amended. We will examine whether an effective national provision can be introduced before the delegated act is adopted. Overall, the planned secondary legislation must seek to maximise its potential for an effective circular economy. This could include, for example, the use of bio-based and biodegradable plastics (see the new EU Bioeconomy Strategy). Reducing the amount of material used in packaging, avoiding packaging altogether where possible and increasing the use of reusable packaging are key to achieving environmental objectives.

Background: The EU Packaging and Packaging Waste Regulation (PPWR; Regulation (EU) 2025/40) entered into force on 11 February 2025 and will apply from 12 August 2026. National legislation must therefore be brought into line with the new EU law by that date. Further changes to national legislation will be required in light of the delegated and implementing acts to be adopted by the European Commission in subsequent years. At EU level, it is also essential to work towards rules that are straightforward to implement and highly effective while keeping bureaucracy to a minimum.

b) Establish extended producer responsibility for textiles

Objective: In accordance with the requirements of the EU Waste Framework Directive, producers will share responsibility for the collection and recovery of waste textiles. This will support nationwide collection infrastructure and the high-quality recovery of waste textiles.

Background: The amended Waste Framework Directive was published in the Official Journal of the European Union on 26 September 2025 and entered into force on 16 October 2025. It sets out requirements for extended producer responsibility for textiles. National implementation will need to combine Germany's existing, well-functioning collection structures with an extended producer responsibility system and establish an efficient system with minimal bureaucracy in Germany. All relevant stakeholders, including producers and retailers, must be closely involved and the obligations

must be enforceable, including against providers based in third countries.

c) Regulation on circularity requirements for vehicle design and on management of end-of-life vehicles

In February 2026, a political trilogue agreement was reached on the EU Regulation on circularity requirements for vehicle design and on management of end-of-life vehicles (End-of-Life Vehicles Regulation). Vehicles contain many reusable and recoverable components, as well as large quantities of critical raw materials that can generally be recovered effectively and economically. The Regulation is therefore an important step towards keeping valuable raw materials within the EU and further developing the end-of-life vehicle recycling sector. It will include minimum recycled content targets for plastics, thereby increasing their circularity. In future, consideration will also be given to minimum recycled content targets for steel and critical raw materials. National legislation will subsequently need to be brought into line with the new EU requirements.

9. Increase recycled plastic content

Objective: We aim to ensure that the recycled content targets for plastic packaging under Article 7 of the EU Packaging and Packaging Waste Regulation (PPWR) have an impact even before they begin to apply in 2030. In the negotiations on the implementing act under Article 7(8) of the PPWR, we are therefore seeking to allow shares of recyled plastic used during 2028 and 2029 to be counted towards the recycled content targets that will apply from 2030.

Background: Circularity in plastics can only succeed if the waste is collected separately and recycled into products for which there is a demand. Recycled content targets, such as those set out in the PPWR, give businesses planning certainty and help overcome economic barriers. A period where recycled plastic use can be “saved up” would incentivise companies to act in the years prior to the targets taking effect in 2030 and encourage packaging manufacturers to increase their use of recycled plastic before that deadline.

10. Promote effective circular economy legislation with minimal bureaucracy at EU level

At EU level, we will work to create a level playing field by harmonising recycling standards, strengthening markets for secondary raw materials, reducing primary raw material consumption through greater use of and support for innovations in circular lightweighting, ensuring effective market surveillance and requiring online platforms to offer only products from manufacturers that comply with applicable producer responsibility requirements. This will help create fair conditions for brick-and-mortar and online sellers, both in Germany and abroad. We will also work to reduce administrative burdens and reporting obligations without weakening or jeopardising environmental standards, including in the development of the EU Circular Economy Act (CEA).

Objective: At European level, we will advance legislative initiatives that further develop the instruments of circular economy law and contribute to diversifying raw material supply, while also working to reduce administrative burdens and ensure that rules are practical to implement.

Background: Alongside measures under the Critical Raw Materials Act (CRMA), strengthening circularity and access to materials is one of the six business drivers identified in the European Commission's Clean Industrial Deal. The European Commission plans to present the EU Circular Economy Act (CEA) at the end of 2026. It is expected to involve amendments to EU circular economy legislation, particularly the Waste Framework Directive, the Waste Electrical and Electronic Equipment (WEEE) Directive and the Landfill Directive. The CEA is intended to harmonise recycling standards and ensure that collection methods are designed to meet their objectives effectively. Administrative requirements will be reviewed and unnecessary bureaucracy reduced. These changes are to be accompanied by economic instruments and incentives. In this context, we will call for clear and enforceable rules for online platforms that prohibit the sale of products whose manufacturers do not comply with producer responsibility requirements.

11. Deepen international cooperation on the circular economy, strengthen the resilience of value chains and harness global economic opportunities

We cooperate with international partners at bilateral and multilateral level to shape a resource-efficient and circular global economy that is inclusive and socially just, operates within planetary boundaries and involves countries of the Global South.

Objective: Through a socially just and economically viable transition to a circular economy in partner countries, we will help mitigate climate change, biodiversity loss and environmental pollution. Effective coordination of activities under the Action Plan will also provide positive impetus in partner countries. It will support efforts to promote global trade relations, help countries of the Global South transition from raw material suppliers to producers of semi-finished and finished goods, and strengthen their competitiveness. At the same time, we will create planning certainty through reliable partnerships for international value chains. In this way, we will reduce the German economy's dependence on primary raw materials and increase its competitiveness and resilience by promoting innovative resource efficiency and environmental protection technologies. We will also develop markets for German circular economy technologies, with support from business partners in the networks of Germany Trade & Invest (GTAI), the PREVENT Waste Alliance and the German Chambers of Commerce Abroad (AHKs).

Background: Given the global challenges arising from still predominantly linear economic practices, governments and businesses need to work together on solutions to advance and strengthen the circular economy internationally. Moreover, many value chains span multiple countries and involve businesses in different parts of the world. Production locations and areas of specialisation shift in pursuit of lower costs. International partnerships are therefore an important factor in promoting

circular economy practices across value chains. Cooperation that builds on the existing economic frameworks in individual countries creates valuable synergies in the development of sustainable products and services. It also supports the export of German technologies to these countries and fosters global cooperation on secondary raw materials.

Next steps:

- We will establish political **circular economy dialogues** with priority countries – China, India and Brazil – to strengthen exchanges on political and market developments in the circular economy and promote regulatory convergence.
- With selected partners, we will also seek to establish **secondary raw material partnerships** (Just Circular Economy Partnerships). These partnerships will strengthen capacities in partner countries for the sustainable extraction and use of secondary raw materials and for the production of competitive semi-finished and finished goods based on secondary raw materials within a sustainable circular economy.
- We will support partner countries in building economic and industrial policy capacities to **develop a policy framework** for their economies that is compatible with the global circular economy and global value chains.
- To harness the global economic opportunities associated with the circular economy, we will also use existing **funding programmes** such as the International Climate Initiative (IKI) to promote climate action and environmental protection, particularly in major G20 emerging economies such as Brazil, Mexico and South Africa. The thematic priority "Closing the Loop" promotes measures to strengthen and harmonise policy frameworks, build capacities and facilitate knowledge exchange. It also supports pilot projects with circular business models and financial instruments for innovative circular economy approaches. The Federal Government also supports the circular economy through development cooperation programmes in partner countries.
- We will continue our efforts to conclude an ambitious and **internationally binding agreement to combat plastic pollution** in the environment and oceans.

12. Use the Sustainable Renewable Resources funding programme to harness the potential of the circular economy

Objective: The Sustainable Renewable Resources funding programme of the Federal Ministry of Agriculture, Food and Regional Identity (BMLEH), administered by the Agency for Renewable Resources (FNR), aims to support the sustainable production and use of renewable resources – particularly biogenic resources, residues and by-products, waste materials and products made from them. The programme funds research, development and demonstration projects on the processing, use and cascading use of biogenic materials and their return to circulation. The aim is to support a sustainable circular bioeconomy and combine resource conservation and climate action with economic innovation.

Background: The funding programme makes an important contribution to the circular economy and supports the establishment of sustainable, closed material cycles, particularly in the bioeconomy. Knowledge and expertise are already available in the following areas:

- Production, supply and processing of sustainable renewable resources.
- Recycling processes for biogenic and other renewable resources.
- Development and implementation of strategies for multiple and cascading use.
- Research into and application of new technologies in the circular bioeconomy.
- Cross-sector sustainability concepts and societal dialogue on the circular economy.

Examples include measures for the cascading and circular use of wood, as well as model and demonstration projects on paludiculture and peatland protection that prioritise material recovery of biomass. These projects aim to promote circularity through multiple and cascading use.

Next steps:

- We will look into supplementing the programme with a funding call on “Measures to develop innovative biogenic materials, with particular consideration of cascading and multiple use (circular economy).”