

## **EPF Response - Call for Evidence on the Circular Economy Act**

The European Panel Federation (EPF), representing the European manufacturers of wood-based panels (WBPs) strongly welcomes the European Commission's intention to accelerate circularity through the upcoming Circular Economy Act (CEA). As one of Europe's leading examples of a circular bio-based industry, the wood-based panels sector contributes substantially to resource efficiency, carbon storage, and decarbonisation.

EPF fully supports the CEA's goal to create a true Single Market for secondary raw materials, in particular for recycled wood, and believes this initiative provides a unique opportunity to remove barriers that currently hinder the recycling of post-consumer wood and its reintroduction into high-value material loops such as wood-based panels.

### **Towards harmonised EU-level standards for wood recycling**

Recycled wood is a key secondary raw material (especially for the WBPs industry), substituting virgin fibre and supporting Europe's circular economy and bioeconomy ambitions. However, today's market is highly fragmented due to divergent national acceptance rules, testing methods, and classification systems for recycled wood.

EPF calls therefore for the development of harmonised EU-level regulation establishing common standards for wood recycling and acceptance across Member States. Such harmonisation would:

- Maximise the share of recycled wood used in material applications, in line with technological developments that allow recovery of high-quality material from sources previously considered unsuitable and sent to thermal recovery;
- Enable the free movement of recycled wood within the Single Market;
- Facilitate cross-border circular value chains;
- Strengthen investor confidence in recycling infrastructure; and
- Reduce administrative burden for recyclers and manufacturers.

### **Improving wood waste collection & sorting**

A major bottleneck for circularity in wood-based materials lies in fragmented and inconsistent wood waste collection systems across the EU. Collection and sorting practices vary widely between Member States and waste streams (construction, furniture and packaging), while infrastructure remains insufficient in many regions. As a result, large quantities of recyclable material are still landfilled, incinerated, or exported, leading to carbon losses and missed industrial and economic opportunities.

To unlock the full potential of wood recycling, the EU must foster dedicated, high-quality collection systems and ensure that clean fractions reach material recycling before energy recovery, in line with the cascading use principle enshrined in the Renewable Energy Directive (RED III).

EPF therefore urges the European Commission to:

- Increase wood-waste collection as a top priority to expand the volume available for material recycling across all streams. Encourage Member States to design and adopt flexible collection and sourcing approaches that reflect local market structures. Where feasible, set ambitious yet realistic recycling targets to drive sustained capture growth, monitoring outcomes to assess whether a later, proportionate harmonisation of collection systems would add value.
- Strengthen and reinvest EPR schemes to continuously improve wood collection and sorting systems, ensuring that recyclable fractions are captured as close to the source as possible and channelled to qualified material users such as wood-based panel manufacturers.
- Encourage producer take-back and reverse logistics schemes for post-consumer wood from furniture, packaging, and construction, closing the loop between product use and raw material supply.
- Support public-private investment in modern pre-processing and AI-supported sorting technologies, including sensor-based and modular systems, to reduce mixing and improve feedstock quality.
- Facilitate digital traceability and data exchange to identify wood fractions suitable for reuse or recycling, and to track the flow of secondary wood materials across the value chain.
- Promote capacity building and infrastructure investment in regions with low recycling rates to ensure EU-wide access to high-quality secondary wood fibres.

Together, these measures would ensure a steady, quality-controlled supply of secondary wood fibres essential for the panel industry's transition to higher circularity.

The importance of strengthening circularity is further underlined by the attached EPF policy paper "[Strategic Wood Availability](#)", which shows that Europe faces a growing structural gap between future wood demand and sustainable domestic supply. The study highlights that without a significant increase in recycling, reuse, and efficient cascading use, rising pressure from multiple competing sectors will exacerbate shortages and undermine both climate and industrial objectives. Reinforcing circularity is therefore essential not only for resource efficiency but also to secure long-term wood availability for high-value material uses, including wood-based panels.

### **Cascading use & bioenergy**

The cascading use of biomass must remain a cornerstone principle of the Circular Economy Act. EPF recalls that wood should be used first for material applications storing carbon for decades, before being directed to energy recovery only at the end of its material life. Ensuring the full implementation of the cascading principle by Member States, as outlined under RED III, is crucial for promoting sustainable resource management and maximising the value extracted from bioenergy and other renewable resources. The cascading use concept emphasises prioritising the most efficient and environmentally beneficial uses of biomass, such as material recycling and energy recovery, before considering disposal or landfilling. This approach helps in reducing waste, lowering greenhouse gas emissions and fostering a circular economy.

The implementation of cascading principles requires coordinated policies, technological advancements, and stakeholder engagement. Member States are encouraged to develop national strategies that align with the objectives of RED III, ensuring that biomass is utilized in a

manner that maximises sustainability and economic benefits. Furthermore, monitoring and reporting mechanisms should be established to track progress and ensure compliance with cascading use principles. This will facilitate transparency, accountability, and continuous improvement in biomass utilisation practices. In conclusion, the cascading use of biomass, including bioenergy, is a vital component of sustainable resource management. A truly circular bioeconomy depends on full and consistent implementation of RED III and the cascading principle in every Member State.

The CEA should therefore:

- Explicitly prioritise material use of wood over energy recovery;
- Promote efficient industrial symbiosis, where bioenergy is limited to process residues and by-products that cannot be used for material purposes.
- Recalibrate public support to avoid distorting competition with the material sectors, by removing subsidies for early energy recovery.
- Support full and harmonised implementation of the cascading principle across the EU.

### **Carbon storage & substitution benefits**

Wood-based products contribute significantly to the EU's climate objectives by storing carbon in long-lived products and by substituting carbon-intensive materials like concrete and steel. EPF encourages the Commission to integrate these climate benefits into circularity and competitiveness assessments under the CEA. Recognising the carbon storage function of wood-based products, alongside their substitution effect, will incentivise circular business models that deliver both economic and environmental value.

To conclude, EPF welcomes the Circular Economy Act as an opportunity to build a stronger, more integrated Single Market for secondary raw materials. By establishing EU-level standards for wood recycling and acceptance; developing robust collection and sorting systems; upholding cascading use principles and removing distorting bioenergy subsidies, and accounting for carbon storage and substitution benefits, the Commission can ensure that the EU's circular economy transition strengthens industrial competitiveness while maximising environmental benefits.