

## Joint Nordic response to the Circular Economy Act

The Nordic Capital Regions welcome the European Commission's initiative to advance the circular economy with the Circular Economy Act. This joint response to the public consultation on the Act is submitted by regions and cities from three Nordic Capital regions: the Capital Region of Denmark, the City of Helsinki, Helsinki-Uusimaa Regional Council, and the Oslo Region European Office. This joint response follows the corporation established through our EU Green Week 2025 event, [\*Nordic Capital Regions - Advancing Circular Construction\*](#).

The Circular Economy Act will have a broad scope, addressing all aspects of the circular economy and involving multiple industrial sectors. This response focuses specifically on the building and construction sector – in particular on, questions concerning dismantling and demolition of construction works. It is important to underline that products demolished intact with the intention of being reused or remanufactured should not be considered waste. Therefore, we encourage the harmonisation of End-of-Waste criteria and invite the Commission to also consider valorisation of by-product streams to support the uptake of reused and remanufactured construction materials.

Given the critical need for action and the transformative potential of the construction sector, we identify five priority focus areas:

### 1. Broaden the scope beyond recycling

**The Act should include all circularity strategies, not only recycling.** Stronger focus is needed on *rethink, reduce, reuse, repair, refurbish* and *repurpose* to fully capture the potential of the circular economy in the construction sector, in line with the EU Waste Hierarchy.

While recycling will remain important, it typically requires large inputs of energy, chemicals, and logistics, and can lead to quality losses over multiple cycles. This limits both environmental gains and business value. A **stronger policy focus on strategies such as rethink, reuse, repair and design** can therefore substantially reduce energy demand, resource dependency and emissions long before recycling is needed.

The transition to a truly circular economy is also a matter of **strategic resource security and competitiveness**. Across Europe, access to raw materials is increasingly constrained by local opposition, competing land uses (energy production, food production, nature protection, urban development), and declining availability. Construction relies heavily on locally sourced materials due to transport costs, where biobased materials (e.g. wood) are key to ensuring conditions for circularity. This has

already resulted in rising prices and supply insecurity. For example, in Denmark, shortages of virgin materials such as sand and gravel have led to prices doubling in recent years.

Circularity in construction is therefore not only an environmental concern but also an **industrial and strategic one**: it underpins Europe's ability to maintain competitiveness, secure value chains, and meet its climate commitments. Without decisive action, the EU will struggle to increase its circularity rate or reach its industrial and climate goals.

## 2. Prioritise the building and construction sector

The building and construction sector accounts for a major share of Europe's resource use and emissions and holds great potential for circular transformation. **Circular construction should be the third main pillar of the Act** to be prepared with close cooperation with the actors from the construction sector, standardisation organisations and the Construction Policy Unit at DG Grow. The Act should promote standardisation, quality assurance systems and infrastructure for reuse, such as regional reuse hubs.

The EU should introduce **mandatory circular criteria in public procurement**, applied consistently across Member States. Public procurement is one of the most powerful levers for scaling circular construction. When **clear, measurable, and ambitious targets** are set, the private sector can innovate and deliver.

Public construction projects should be required to set quantitative targets for both reused and recycled materials, or alternatively introduce limits on the use of virgin resources. These thresholds must be progressively strengthened over time to **drive the market toward circular materials and solutions**. Circularity criteria should be integrated alongside price criteria in tendering processes.

Finally, circularity requires the right physical and digital infrastructure. An analysis in the Capital Region of Denmark shows that within five years, 10 million reusable bricks and 330,000 tonnes of recyclable concrete will each year **require dedicated material stations for storage, sorting, and treatment**. Such infrastructure reduces emissions and costs, as **transport distances are a main driver** of both. The EU should therefore **support the establishment of regional material stations** through:

- Legal enablers (streamlined permitting processes)
- Financial enablers (funding and state aid flexibility)
- Information tools (to match supply and demand)
- Capacity building (for public and private entities)

### 3. Integrate circularity in spatial planning and urban transformation

Conditions for circular construction are defined early in the planning processes. The Act should encourage planning frameworks that prioritise preservation, transformation, and adaptive reuse of existing buildings and urban structures.

**The existing building stock must be treated as a primary resource.** Planning should begin by evaluating how current buildings, materials, and land can meet future societal needs, thereby reducing unnecessary demolition and new construction. This approach ensures that urban development is driven by resource availability and long-term resilience rather than linear expansion. In fast-growing metropolitan regions, circular planning is essential to meeting housing and infrastructure needs within ecological limits.

Circularity should be embedded into planning through **mandatory assessments of material reuse potential** and the application of **Whole Life Carbon methodologies** in redevelopment projects. Aligning spatial planning with **the EU Taxonomy and Environmental Product Declaration standards (EN 15978)** will support coherent implementation across Member States and provide comparable data for monitoring progress.

### 4. Strengthen economic incentives for reuse and preservation

Circular transformation requires **financial mechanisms that reward resource efficiency**. EU funding instruments, research and development programmes, and public procurement should drive innovation, support new business models, and stimulate market development for circular construction. Here, close collaboration between public and private stakeholders at the local and regional level is key to ensure swift implementation of new solutions and allow for economics of scale in secondary raw material markets.

Currently, circular construction practices remain the exception rather than the norm. In most markets, **secondary materials continue to be more expensive than virgin materials**, partly due to a “chicken-or-egg” problem of limited supply and demand. Breaking this cycle requires regulatory support and stronger economic incentives that make circular choices financially viable.

To this end, the EU should eliminate double taxation and hidden VAT burdens on reused and recycled materials. It should also extend the margin VAT scheme to construction materials and develop an EU-wide Circular VAT Incentive to make reuse and recycling economically attractive.

## 5. Support implementation and capacity building

To achieve real change, the Act should include measures for education, training, and knowledge sharing to support actors across the value chain in applying circular principles and shifting mindsets.

EU-level programmes should facilitate **cross-regional learning**, pilot projects, and data exchange between frontrunner regions and those beginning their circular journey. Particular emphasis should be placed on **public authorities**, who play a key enabling role through procurement, permitting, and spatial planning. These programmes should also prioritise scaling proven solutions and best practices so they can be replicated across regions and mainstreamed into standard practice.

Capacity building should also extend to **digital skills**, enabling authorities, and market actors to make use of digital material passports and platforms for traceability and circular asset management. Accordingly, the Act should accelerate the **mainstreaming of digital material passports** and support the creation of a **European marketplace for secondary raw materials**, enhancing transparency, and enabling economies of scale.

## Contact and Acknowledgement

The Capital Region of Denmark, The City of Helsinki, Helsinki-Uusimaa Regional Council, and the Oslo Region European Office remain at the European Commission's disposal for cooperation and further dialogue on the above. Please direct any inquiries to:

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We look forward to supporting the Commission's work on the Circular Economy Act.