ENVI Public Hearing 'Less waste, more value: Towards an EU Circular Economy Act'

Contribution Hilde Sijbring | Dutch Banking Association | 23 June 2026

Chair, Honourable Members of the ENVI Committee, thank you for the opportunity to speak today. My name is Hilde Sijbring, and I am pleased to share the perspective of the Dutch banking sector.

What I would like to bring to today's discussion is a financing lens: when assessing the Circular Economy Act, we should not only ask whether it raises ambition, but whether it creates the market conditions that make circular business models financeable at scale. I would consider my contribution a success if one message stays with you today: **Circularity will only scale when circular business models make economic sense for entrepreneurs. When the business case is viable, it becomes financeable.**

This is not only a Dutch banking perspective. The European Banking Federation has made the same point: the Circular Economy Act must correct market failures to create robust, profitable business cases on a large scale.

This is **especially urgent in today's geopolitical context**. From an environmental perspective, there was already broad consensus on the need for a circular economy. Today, it has also become a matter of strategic autonomy: Europe's dependence on critical raw materials, combined with supply chain disruptions and price volatility, is exposing the structural weakness of our linear economy. **Circular strategies can strengthen the resilience of businesses**. But from a banking perspective, a viable circular business case is required. And that is exactly the challenge: Despite existing and

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forthcoming regulation for circular products, a functioning market for these products often remains absent.

To help bridge this gap, I will focus on three conditions that are essential to make circular business models financeable at scale: **create a level playing field, embed circularity into EU financial architecture, and enhance circular data.**

Before turning to these three conditions, let me briefly explain **why the banking perspective matters**. The financing challenge is not only Dutch, and not only European; it is shaped by global markets for materials, products and capital. But Europe can influence the conditions under which circular business models scale within its own market. Banks are central to financing SMEs, including in the Netherlands, where they provide more than 90% of SME lending. For many SMEs, the first challenge is not unwillingness, but limited time, capacity and urgency to change business models that still work today; they need both incentives and a clear perspective that circular choices will pay off. At the same time, bank financing can only scale when there is confidence in future cash flows, repayment capacity, and assessable risks. Many circular companies cannot yet provide that certainty. They face uncertain demand, limited track records, and higher costs, because circular companies often pay for activities that linear models avoid: recycled materials, take-back, repair, cleaning and refurbishment. As long as markets reward the lowest-price option, circular businesses remain at a disadvantage. So this is not only about access to finance. Current market conditions still direct capital towards linear models, because they often remain cheaper and more predictable. When circular business models make economic sense for entrepreneurs, they become easier to finance. This is where the Circular Economy Act can make a difference: by reshaping market conditions and making circular business models financeable.

The first condition, therefore, is to create a level playing field that makes circular business models economically viable and the most logic choice for entrepreneurs. EU-policy measures should focus on stimulating demand, reducing fragmentation in the

Single Market for secondary materials, and ensuring that linear alternatives more accurately reflect their true costs. This fits the expected focus of the Act on secondary raw materials and demand creation. However, from a financing perspective, the key is that this becomes concrete enough to give companies and financiers confidence to invest. In practical terms, this can include measures such as setting minimum recycled content requirements for products containing critical raw materials. These requirements matter because they create demand for secondary materials, improve the business case for recycling, and give investors more confidence that a market will be there. If ambition is too limited, secondary market development slows down and so does circular investment. A second important measure is to integrate circular criteria into EU procurement. Given that public procurement represents around 14% of EU GDP, it can play a decisive role as a market-shaping instrument in creating predictable demand and scaling circular solutions across sectors, which is exactly the certainty that businesses and banks need to invest.

The second condition is to embed circularity into the EU financial architecture. As a level playing field will not emerge overnight, in the meantime circular companies need EU financial instruments that help de-risk investment and mobilise private capital. This means using guarantees, blended finance and circular eligibility criteria.

The European Competitiveness Fund is a useful example. It is designed as a single toolbox combining grants, procurement, guarantees, blending and advisory support across the full investment journey, from innovation to scale-up. If Europe wants circular business models to scale, circular criteria should be embedded into such instruments from the start.

The Dutch plastics recycling sector shows why public financial support and market creation must go hand in hand. In the Netherlands, public support had gone into recycling capacity, but when the expected demand for recycled materials was not secured through legislation, recyclers were left competing mainly based on price with cheaper virgin materials. As demand fell , bankruptcies followed and recycling capacity was lost. Public money can help bridge the early and scale-up phases of circular investments, but it risks being wasted if it is not accompanied by rules that create demand.

The third and final point is to enhance circular data. Private capital can only flow at scale when risks and returns can be assessed consistently. This requires clear and harmonised definitions of circular activity and reliable data on matters such as material use, value retention and end-of-life performance. This will become essential for assessing companies' exposure to, for example, supply disruptions and price volatility.

To conclude, the Circular Economy Act can help strengthen Europe's economy and accelerate the circular transition. **The key question for this Act should therefore be whether it creates the market conditions that make circular business models economically viable for entrepreneurs and therefore financeable at scale.** From the perspective of the Dutch banking sector, that means three things: a level playing field, circularity embedded into EU financial architecture and enhanced circular data.

Thank you very much and I look forward to your questions.
