

POSITION PAPER

EU CIRCULAR ECONOMY ACT

Call for evidence for an impact assessment
(05.11.2025_Final)

The Shipyards & Maritime Equipment Association of Europe (SEA Europe) represents the European maritime manufacturing industry in 17 countries, encompassing **the production, maintenance, repair, retrofit and conversion of all types of ships and floating structures – commercial as well as military – including the full supply chain with the various producers of maritime systems, equipment material, and services.**

This document represents SEA Europe's response to the [Call for Evidence](#) for the impact assessment of the forthcoming **European Circular Economy Act**. The European Commission's Circular Economy Act aims to boost demand for secondary materials and create a unified waste market, focusing on critical raw materials.

This initiative is crucial for the maritime manufacturing industry, particularly in shipbuilding, maintenance, repair, conversion, and dismantling. This must be considered in the context of European shipyards facing stiff competition from Asian counterparts benefitting from supportive public policies, leading to a decline in market share and capacity in Europe.

SEA Europe's contribution aligns with its broader recommendations for the upcoming **Industrial Maritime Strategy**, which seeks to enhance the competitiveness, sustainability, and resilience of Europe's maritime manufacturing sector. In this regard, **the Industrial Maritime Strategy will enable coherent connection between the 'maritime' elements of various legislative instruments, including the EU Circular Economy Act.**

OVERVIEW OF RECOMMENDATIONS

- A. Require ships to undergo a predefined list of operations throughout their lifecycle as a condition for accessing European ports, while simplifying and harmonizing requirements on documentation of material, incl. inventory of hazardous materials, and administration of substances of concern
- B. Establish unified regulatory requirements for retrofit, maintenance, repair, and dismantling operations under the Ship Lifecycle Passport across the maritime sector
- C. Establish and facilitate a unified market for waste to increase the value of waste from both shipyards and dismantled ships, and create a viable business model for ship recycling
- D. Ensure circularity transparency for the maritime sector by developing industry-driven ESG criteria in line with, where appropriated, CSRD criteria for ship's lifecycle management
- E. Allocate specific funding to modernize shipyards and their supply chains toward circular models, and establish a financial instrument linked to the EU Ship Recycling Regulation to support a legal framework for ship lifecycle management

SEA EUROPE RECOMMENDATIONS

A. Require ships to undergo a predefined list of operations throughout their lifecycle as a condition for accessing European ports, while simplifying and harmonizing requirements on documentation of materials, incl. inventory of hazardous materials, and administration of substances of concern

- Core element to be considered is a mandatory **Ship Lifecycle Passport**¹ promoting the reuse and recycling of components, reducing waste and fostering a circular economy within the wider maritime industry, in line with the Ecodesign for Sustainable Products Regulation (ESPR²) aiming at improving product sustainability by enhancing circularity, energy performance, recyclability, and durability.
- In this respect, the feasibility and opportunity of encouraging a 'recycling content' of materials and components, associated with financial supporting measures for the maritime manufacturing sector, should be considered, with the aim of circularity while promoting the competitiveness of the European market. Additionally, one of the key challenges to enhancing circularity in the maritime industry is the exchange of information on components and materials — particularly in light of intellectual property concerns. To support circularity, the exchange of data and information should be standardised and made mandatory, on the condition that practical tools, harmonised methodologies, and clear guidance are in place to enable companies to comply effectively.
- Furthermore, reinforcing the role of ecodesign in the design phase of a ship by integrating criteria such as circularity, energy efficiency, recyclability, and durability from the technical design phase. This approach would enable better planning for future maintenance, retrofitting, and recycling, thereby optimizing the full lifecycle of future vessels.
- To ensure robust data quality, the **Ship Lifecycle Passport** should foresee a role for accredited environmental verifiers. These verifiers would validate technical elements such as Lifecycle Assessment (LCA) results, scope 3 emissions, and recycled content claims.
- Whilst the FuelEU Maritime Regulation and the European Ship Recycling Regulation have respectively ships above 5000 GT and 500 GT in scope, a ship's threshold under 500 GT, or even 400 GT or lower³, in view of aligning with future revisions of the **FuelEU Maritime Regulation** and the EU ETS Directive. Such tonnage threshold harmonisation and alignment would promote consistency across EU climate and lifecycle approach legislations along the significant role the smaller vessels play in supporting the EU internal market.

¹ As currently developed by the *CirclesOfLife* project (Funding from the European Union's Horizon Europe Research and Innovation Programme under grant agreement No 101138013)

² A key component of the ESPR is the **Digital Product Passport** (DPP), which contains relevant information to support sustainability and circularity for each component and material. Lifecycle Assessment (LCA) reporting at the ship level, covering the entire lifecycle, will highlight the use of recycled content and provide owners with necessary information for compliance with the Corporate Sustainability Reporting Directive (CSRD).

³ European shipyards also build a considerable number of ships below 400 GT such as, but not limited to, fast ferries, tugs, pilot boats, multi-cats, shoalbusters, harbour work boats or patrol boats.

B. Establish unified regulatory requirements for retrofit, maintenance, repair, and dismantling operations under the Ship Lifecycle Passport across the maritime sector

- The unified regulatory requirements should encompass the **procedure for selecting the shipyards, equipment suppliers, and dismantling facilities** certified for the above-mentioned lifecycle operations under the Ship Lifecycle Passport. Selection should be based on transparent criteria, including technological capability, resilience (with local content requirements for specific strategic markets), and working conditions.

C. Establish and facilitate a unified market for waste to increase the value of waste from both shipyards and dismantled ships, and create a viable business model for ship recycling.

- New business models could entail the European shipbuilders to keep the ownership of the ships and all the materials that compose them and the responsibility for the full lifecycle, with the aim at full circularity while promoting the European market.
- In a similar approach, a **unified market for second hand equipment** with a certification scheme of remanufactured or refurbished parts can further support the transition to a circular economy. A key factor in creating demand for used components and materials is ensuring their quality. Certification and testing processes should be strengthened to allow components to be recertified — ideally, as good as new — whenever possible⁴.
- It is crucial that the entire value chain is covered, including both dismantling and the reuse of recycled materials. This will provide a stable **supply of high-value raw materials** (e.g. high grade steel) for the shipbuilding - and Ship's Repair, Maintenance and Conversion (SMRC) industry -, aligning with the European Commission's European Steel and Metals Action Plan and European Advanced Materials Act.
- A key challenge to increasing the use of recycled materials in the maritime industry is the limited access to high-quality recycled steel, often due to regulatory constraints under REACH and the Waste Framework Directive. These restrictions stem from concerns about potentially unknown hazardous substances in recycled steel. To address this, conducting both technical and regulatory reviews by the EU Commission is essential to enable the safe and traceable use of recycled steel in shipbuilding or in any steel-dependant industrial sectors. In this respect, it is also recommended to support the development of a more mature and accessible recycled material supply chain to make the use of recycled materials a more competitive and cost-effective solution.

D. Ensure circularity transparency for the maritime sector by developing industry-driven ESG criteria in line with, where appropriated, CSRD criteria for ship's lifecycle management⁵

- Key objective is to incentivize shipowners engaging in lifecycle approaches, offering benefits like improved ESG rankings and easier access to private and public financing. Working with a **certified circular European supply chain** should be regarded as the gold standard. In this respect, the approach being developed by the EU project CirclesOfLife has the ability to set standards.

⁴ In accordance with e.g. the certification requirements under Directive 2014/90/EU on Marine Equipment.

⁵ Taking into account the simplification adjustments described with the **Sustainability Omnibus Act**.

E. **Allocate specific funding to modernize shipyards and their supply chains toward circular models, and establish a financial instrument linked to the EU Ship Recycling Regulation to support a legal framework for ship lifecycle management**

- Such a financial instrument should aim to reduce operational and recycling expenses over the ships' lifetime, thereby enabling the European industry **to gain a competitive advantage on the full cost of ownership** compared to foreign competitors. This should encompass all lifecycle stages, from efficient design and sustainable material sourcing to the safe, environmentally sound dismantling, waste treatment, and recycling of materials, providing valuable resources to Europe. Europe can position itself as a leader in this field, thereby enhancing the competitiveness and efficiency of European shipyards, equipment manufacturers, and shipowners. Shipowners conducting circular operations should then benefit from **lower insurance premium**, or any other benefits.
- Making **access to some EU incentives or funding conditional upon the achievement of targets of recycling content for newbuilds or rebuilds**. In this respect, creating a reverse supply chain in Europe should ensure that used products can be returned to suppliers, which is essential for reusing components. This allows for remanufacturing parts, which produces fewer emissions, and recycling steel, which helps reduce carbon emissions in the European steel industry.

These measures aim to **establish a strong business case for ship lifecycle management in Europe**, starting from newbuild and including fully automated, efficient, safe, health and environmentally sound ships dismantling and waste treatment downstream management, positioning Europe as a frontrunner in this market and ultimately enhancing the competitiveness of European shipyards, maritime equipment manufacturers, and shipowners. **That business case should be profitable for both the shipbuilding supply chain and shipowners.**

An Industrial Alliance bringing together shipbuilders, shipowners, and investors should be established to design an investment roadmap with clear targets for lead markets of common interest. In other words: to **identify shipowners' needs, shipyards' capacity, and investment possibilities for business cases in Europe.**

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