



Summary of FEAD Opinion Pieces on Circular Economy June 2015

In this article David Palmer-Jones, President of the European Federation of Waste Management and Environmental Services (FEAD) and CEO of SUEZ Environnement UK, summarises the necessary ingredients for a successful transition to a Circular Economy in Europe.

FEAD sees the development of a revised and more comprehensive Circular Economy package as a golden opportunity for Europe to show leadership in this field. A truly forward-looking set of measures to promote resource efficiency would provide Europe's industries with a firm foundation to invest. The private waste and resource management industry can make an important contribution to growth, jobs and sustainability in Europe if the right framework conditions are put in place to provide direction and legal certainty and so encourage investment.

Private sector investment

A more circular economy can only be achieved if European policies and policy instruments support and facilitate the construction of the alternative waste and resource management facilities required to move materials up the waste hierarchy and put them to beneficial use. This requires considerable capital investment and most Member States will have to rely on the private sector to provide this investment.

Private sector investment is the key to making progress towards a more circular economy in Europe and closing the gap in performance between Member States. To get the necessary investment, and so create growth and jobs, Europe needs a long-term vision for resource policy beyond 2020, the right regulatory framework, and competitive markets. That is why FEAD is calling for the following measures to be included in the Commission's revised Circular Economy package:

- Full implementation and proper enforcement of existing waste and resource management legislation. Implementation of waste management plans at national level should be closely monitored.
- EU funds provided to Member States for investments in waste or resource management infrastructure must respect the waste hierarchy. EU Structural Funds must be used more efficiently.
- Binding recycling and landfill diversion targets are needed to provide legal certainty beyond 2020 and a firm basis for making business and investment decisions. FEAD strongly believes that these targets should remain harmonised at EU level, with longer transition periods and extra help for some Member States where necessary.
- Market-based solutions are a key driver for investment and innovation. To achieve a circular economy, free and fair competition is needed throughout the value chain to stimulate customized services and solutions.

[Link to the Opinion piece: Investment is the Key to Creating a More Circular Economy](#)

Resilient markets for secondary raw materials

Europe's economy can only be truly circular if markets are available for the secondary raw materials (SRM) the recycling and reprocessing sectors produce. The current markets are unstable and disincentivise SRM production and uptake by Europe's industry. While secondary materials are in direct competition with lower-price virgin materials, we will not deliver a more circular economy in Europe, even when overall demand for raw material is strong, unless the environmental cost of using primary raw materials is better reflected in their price.

FEAD is calling for credible and effective measures to help build resilient markets for SRM across Europe by boosting demand and creating the conditions for price stability:

- In order to reduce dependency on virgin raw materials and increase the circulation of SRM, the EU's reindustrialisation strategy should boost markets for SRM within the EU.
- The Eco-design Directive should go beyond energy efficiency and include measures for material resource efficiency, including recyclability requirements for selected products such as electronics.
- Eco-labelling rules on products should be amended to make it easier for consumers to choose recycled and resource efficient products.
- The Commission should encourage collaboration between all actors in the value chain, fund innovative substitution technologies and reward first-movers through market instruments such as a lower rate of VAT on second-hand goods and products with recycled content, to promote waste prevention and re-use.
- The Commission should clear the barriers impeding the wider adoption of Green Public Procurement practices, a potentially powerful market driver. Public procurement should be by open competition and should be awarded to the offer which delivers the most sustainable outcome.
- The Commission should ensure that extended producer responsibility schemes operate in a transparent way, to incentivize manufacturers to design their products in a recyclable and non-hazardous way and to ensure fair and equal access to materials and resources.

[Link to the Opinion piece: A Circular Economy Needs Resilient Markets for Secondary Raw Materials](#)

Pull measures

FEAD broadly supported the Commission's original proposals to ban recyclable waste from landfill by 2025, and to set a 70% recycling target for household and similar waste by 2030, which would vastly increase the supply of secondary raw materials. But where will the demand for these additional materials come from? Increasing the supply of SRM does not automatically create demand for it, due to competition from lower-priced primary raw materials. If the cost of collecting and sorting SRM outweighs the output value of that material, it could become uneconomic to collect and process much of Europe's recyclable waste.

If Europe truly believes in the wider economic, environmental and social advantages of a Circular Economy, it must recognise that market forces and supply side measures alone will not deliver it. Hence, FEAD is calling on the Commission to put much more emphasis on the demand side:

- Minimum recycled content requirements for selected products.
- Minimum green public procurement requirements at EU level to boost purchase of recycled products and materials.



- Eco-labelling rules to incorporate indications of recycled content and recyclability.
- Lower or zero rate of VAT on second hand goods and products with recycled content.

[Link to the Opinion piece: Pull Measures Are Crucial for a Circular Economy](#)

Open markets and fair competition

A crucial element in delivering a Circular Economy is to create open markets and fair competition for waste and resource management services. By ensuring open markets and fair competition, jobs and growth will be created. For the private sector to deliver these services and make the necessary long term investments for a circular economy, they need legal certainty and fair competition rules ensuring that the household waste market is opened up for increased competition.

Free and fair competition will deliver a circular economy much more effectively and efficiently. The benefits are clear; more choice for customers, lower costs for households, higher recycling rates, more innovative recycling solutions and the potential for higher growth and more jobs.

FEAD has observed a clear trend towards increasing public sector activity in the recycling market in several Member States. This goes against ample evidence which shows that competition through private sector involvement delivers better outcomes for the environment and for taxpayers. Against this background, FEAD makes the following recommendations:

- Household waste management markets should be opened up to competition from private entities. Competition in waste markets should be the norm.
- The legal responsibility of municipalities should be limited to the collection arrangements for household waste only, by recourse to mandatory open tender to provide the best value-for-money service to the taxpayer and the most efficient use of taxpayer funds.
- In line with European Commission recommendations, Member States should not attach specific public service obligations to waste management services that are already provided or can be provided by undertakings operating under normal market conditions.
- There should be equal market conditions and clear regulations for municipalities operating both on the household and commercial waste markets. The competitive advantages enjoyed by municipal undertakings should be removed (such as lower VAT rates and the possibility of “cross-subsidisation”).

[Link to the Opinion piece: Free and Fair Competition is Essential for a Circular Economy](#)

More information is available on the FEAD website at www.fead.be

About FEAD

FEAD is the federation of the European private waste management industry. FEAD's members are national waste management associations covering 18 EU Member States, Norway and Serbia. They have an approximate 60% share in the household waste market and handle more than 75% of industrial and commercial waste in Europe. Their combined annual turnover is approximately € 75 billion.

FEAD represents about 3,000 companies with activities in all forms of waste management. These companies employ over 320,000 people who operate around 2,400 recycling and sorting centres, 1,100



composting sites, 260 waste-to-energy plants and 900 controlled landfills. They play an important role in the determination of the best environmental option for waste management problems and in returning valuable secondary raw materials to the European economy.

FEAD's recently-launched Strategy 2014-2020 brochure "Driving the Circular Economy" sets out our vision of the policies needed to allow the industry to play its full part in achieving economic growth in a resource efficient and environmentally sound way, and it can be downloaded [here](#).

