

8 July 2025, Brussels

## **FEAD position on the review of the EU emissions trading system – potential expansion of the scope to municipal waste incineration (MWI) and other waste management processes**

**A full inclusion of MWI installations in the EU ETS without any complementing additional measures is not suitable to achieve emission reductions in the waste management sector.** WtE has hard-to-abate emissions that cannot proactively be mitigated by the operators in any other way than with carbon captures. Without this, the only way to reduce emissions would be to shut down facilities or rejecting certain wastes. Waste management must be seen as an integrated system that drives the circular economy and avoids emissions and pollutions elsewhere. As long as the required infrastructure, legal framework and support have not been implemented, a carbon price only leads to higher treatment costs, which also means higher costs for treating recycling residues. Moreover, emissions are not being assigned to those responsible for product design or material choices but to the final disposer.

During the last revision of the EU ETS Directive, FEAD strongly advocated for an impact assessment (IA) as a mandatory precondition before a decision is taken to include municipal waste incineration or any other waste management process in the EU ETS. An IA is currently being conducted, and FEAD believes that this is still essential to analyse and provide the necessary data and information based on which decisions can be made.

Before addressing the basic elements that must be addressed by the IA, FEAD makes the following **considerations in relation to the ongoing process**:

Firstly, FEAD underlines what is mentioned in the questionnaire accompanying the public consultation: **emissions of pollutants to air, including greenhouse gases, from waste incineration, waste co-incineration and from waste management activities are already regulated by the Industrial Emissions Directive (IED)**. These emissions are regulated via operating permits based on the use of Best Available Techniques (BATs) and on associated emission levels. In addition, it must be added that the 2024 amendment to the IED mandated the development of a BAT reference document (BREFs) for landfills, which is already ongoing.

Moreover, **the waste management sector is covered by the Effort Sharing Regulation (ESR)**, under which Member States are responsible for national measures to limit emissions. For waste management, such measures have been translated mainly into taxes. Therefore, the statement in the call for evidence according to which ‘the waste treatment sector is not subject to carbon pricing at EU level’ must be nuanced as the sector is in fact subject to carbon pricing in implementation of the EU ESR. Yet, in line with the current design of the ESR, these pricing measures are certainly not homogeneously implemented nor harmonised across the EU.

Finally, the call for evidence states that, ‘in addition to losing valuable resources, waste can have significant negative impacts on human health and the environment’. While naturally agreeing with this sentence, the message given by the Commission in this paragraph is strongly contested by FEAD. The sentence is complemented by adding ‘for example, incinerating waste can contribute to air pollution, while landfills might contaminate water and land’. This is a misleading message that severely fails to acknowledge the role of waste management precisely in preventing the negative impacts from waste. Waste will indeed have significant negative impacts on human health and the environment when left untreated. **The waste management sector is primarily fulfilling a public service mission of treating waste safely in addition to which, thanks to the investments and commitment of waste management companies, the sector is also able to provide an added value to this waste, treating it into as resource, material or energy.**

In view of the above, **FEAD reiterates its call for a thorough impact assessment that must reflect the best options to tackle CO2 emissions in the long-term, considering both, climate and circular economy, for both municipal waste incineration and for landfilling.** All other technologies mentioned in the questionnaire (composting, anaerobic digestion, recycling, hazardous waste incineration), except for recovery or conversion technologies, such as pyrolysis or gasification, to turn waste into energy and/or synthetic fuels, which can be assimilated to waste municipal incineration, must be clearly excluded from any consideration and assessment of being included in the EU ETS. The competitiveness of recycling in the EU is at stake. Recycling processes composting and anaerobic digestion, prevent emissions from products that would otherwise have been made from virgin/fossil materials.

In the past years, FEAD has repeatedly highlighted a number of **essential aspects that must be considered in the impact assessment** to determine if the inclusion of municipal waste incineration in the EU ETS is the best option to tackle its CO2 emissions:

- 1. The waste management industry is already making an important contribution to climate change mitigation** by avoiding the extraction, processing and use of virgin raw materials and fossil fuels, and its corresponding emissions. These avoided emissions must be recognised and accounted for in EU policies.
- 2. Waste management is a strictly regulated sector** under a variety of different EU and national legislations (e.g. waste framework directive, landfill directive, industrial emissions directive, waste shipments regulation, renewable energies directive, etc). As a paradigmatical example of such strict regulation, for emissions from waste incineration facilities, in contrast to other industrial activities, continuous monitoring is required.
- 3. Waste management operators are located at the receiving end of products’ lifecycle** and, as such, do not determine the nature, amount and CO2 content of the waste streams they receive for treatment. This is specifically relevant to waste incineration operators who, unlike energy producers, do not have flexibility in the choice of input. On the other hand, genuine emission reductions can be achieved by incentivising better separate collection, especially of all highly carbon-containing

plastic waste, improving the energy performance of waste incineration plants and financing innovative solutions for the capture, use or sequestration of CO<sub>2</sub>.

4. Waste incineration facilities are looking into Carbon Capture Utilisation and Storage (CCUS). However, **as for any other industry, there are serious uncertainties linked to CCUS**, such as regulatory uncertainties, lack of infrastructure, high investments and operating costs, etc. The space and energy demands from CCUS are additional and serious constraints for waste incineration plants. As long as the required infrastructure for transport and storage and legal framework as well as support mechanisms to establish business models have not been implemented, a carbon price only leads to higher treatment costs as there are limited options for decarbonising.
5. **The inclusion of waste incineration in the EU ETS has the potential of creating difficulties managing residual plastic**, including residues from recycling, diversion of waste streams towards options lower down the waste hierarchy where they are not combusted, exports or illegal channels, etc.
6. The European plastic and textiles post-consumer industries, preparing for reuse and recycling, are facing a deepening crisis<sup>1</sup> due to high energy prices, low prices of virgin materials, weak demand for recycled content and fierce competition from third countries. **Higher prices for the treatment of recycling residues further increases the pressure and on those activities.**
7. **An effective separate collection of organic waste is a low-hanging fruit** that must be implemented in all municipalities across the EU as soon as possible, and which would prevent such waste from entering both landfills and waste incineration facilities.
8. **In implementation of the waste hierarchy, waste flows should not be diverted from energy recovery to disposal for economic reasons**, ensuring that landfills are not more competitive than waste incineration with energy recovery. For the moment only waste incineration facilities are required to monitor and report their emissions under the EU ETS. As it is unclear how the emissions from landfills could be measured and monitored, the Commission must consider coming forward with an alternative and innovative mechanism addressing landfill emissions, that includes a comprehensive calculation method, without including legacy emissions derived from waste that was landfilled in the past.
9. **The waste sector is committed to decarbonisation but demands effective incentives to further reduce its emissions that ensure price predictability, efficiency and no double burdens** (combination of ETS, ESR, other national taxes), **while guaranteeing a level playing field across the EU and the implementation of the waste hierarchy.**

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<sup>1</sup> [https://data.consilium.europa.eu/doc/document/ST-9967-2025-INIT/en/pdf?mc\\_cid=fa3411326f&mc\\_eid=fdfb2e3ec2](https://data.consilium.europa.eu/doc/document/ST-9967-2025-INIT/en/pdf?mc_cid=fa3411326f&mc_eid=fdfb2e3ec2)

10. When including waste incineration in the EU ETS, emissions are not assigned to those responsible for product design or material choices but to the final disposer. This misalignment weakens incentives for upstream improvements and unfairly burdens waste operators, whose emissions reflect the carbon content of the waste received, not their operational decisions. **Implementing the polluter pays principle so that manufacturers or producers are responsible for the cost of their carbon emissions until the end of life of their products would deliver a stronger steering effect at the source.**

*FEAD is the European Waste Management Association, representing the private waste and resource management industry across Europe, including 20 national waste management federations and 3,000 waste management companies. Private waste management companies operate in 60% of municipal waste markets in Europe and in 75% of industrial and commercial waste. This means more than 500,000 local jobs, fuelling €5 billion of investments into the economy every year. For more information, please contact: [info@fead.be](mailto:info@fead.be)*