



## FEAD position paper on a new Commission proposal on Circular Economy

17 March 2015

### Introduction

The European Commission has declared that it will replace its July 2014 proposal for revising European waste legislation with a “more ambitious” Circular Economy package comprising measures which go beyond waste issues.

A well-functioning Circular Economy offers immense benefits in terms of improved resource efficiency and resource security, as well as sustainable growth and green jobs, as was highlighted in the Commission’s Communication, COM(2014) 398. FEAD agrees that the Circular Economy is not simply a question of better waste management. Progress towards a more Circular Economy involves improvements in the way products are designed and used, and consequent benefits throughout the supply chain. This should be one of the EU’s key priorities to drive competitiveness and growth, alongside the European Industrial Renaissance.

FEAD urges the Commission to draw on the wealth of existing initiatives such as the European Resource Efficiency Platform (EREP), the European Innovation Partnership on Raw Materials, the Roadmap to a Resource Efficient Europe, and the 7<sup>th</sup> Environmental Action Programme, as well as existing waste and packaging legislation, to steer towards a more circular economy.

### FEAD priorities for a revised Circular Economy package

The waste and resources industry plays a key role in the circular economy by providing secondary raw materials and energy for Europe’s industries and consumers. This paper briefly summarises the key elements FEAD members would like to see included in the Commission’s revised package in order to “complete the circle”:

1. Measures to stimulate markets for recovered materials
2. Measures to promote investment and innovation in resource management
3. Measures to improve product design for material resource efficiency

#### 1. Measures to stimulate markets for recovered materials

*For Europe to achieve higher recycling and landfill diversion rates there will need to be stronger demand for the increasing amounts of secondary raw materials being generated. This suggestion is not new<sup>1</sup> but is in need of concrete proposals to make it happen.*

- FEAD calls on the Commission to consider introducing minimum recycled content requirements for selected products.

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<sup>1</sup> Reference to the Packaging and Packaging Waste Directive and the Roadmap to Resource Efficiency.

*Public authorities are major consumers in Europe: they spend approximately **2 trillion euros annually, equivalent to some 19% of the EU's gross domestic product**. By using their purchasing power to choose goods and services with lower impacts on the environment, they can make an important contribution to sustainable consumption and production.<sup>2</sup>*

- FEAD calls on the Commission to introduce minimum green public procurement requirements at EU level to ensure that the use of secondary raw materials is maximized and products are designed for recycling.

*Information for Europe's consumers on how to identify, purchase or use resource efficient products and materials is poor. Unless consumers are given clear information about the resource implications of products they will not be able to express their preferences freely.*

- FEAD calls on the Commission to incorporate into the eco-label system wider resource considerations other than energy. EU-wide product environmental footprint calculations should include characteristics such as recycled content and product recyclability. This was a policy recommendation of the EREP and the Commission's Roadmap.

## **2. Measures to promote investment and innovation in resource management**

*Member States largely rely on the private sector to provide the capital investment needed to implement existing waste targets and to move towards a more circular economy. In order to invest the private sector needs a stable fiscal and regulatory framework.*

- FEAD calls for full implementation and proper enforcement of existing legislation on waste and resource management in all Member States. Implementation of waste management plans at national level should be more closely monitored and enforced.
- Binding recycling targets provide legal certainty and are an important basis for making business and investment decisions, so should remain part of the waste legislation. Targets should remain harmonized at EU level, with longer transition periods for some member states where necessary.
- Defining the types of wastes to which the new EU recycling targets would apply should not place undue emphasis on who collects the waste. The role of the public and private sectors in waste collection varies widely between Member States and is a matter for Member States to decide. The scope of the term "municipal waste" should not be broadened to include commercial and industrial waste which is not similar in nature, composition and quantity to household waste.
- FEAD supports the Commission proposal to ban landfilling of recyclable wastes from 2025, and the aspiration to reduce landfilling further after that, subject to review of progress in 2025. At the same time, landfilling should remain available for those wastes where it is the most sustainable option.

*To achieve a circular economy, free and fair competition is needed throughout the value chain to stimulate customised services and solutions, and possibilities for innovation and investment. Market-based solutions are a key driver for investment and innovation.*

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<sup>2</sup> [http://ec.europa.eu/environment/gpp/what\\_en.htm](http://ec.europa.eu/environment/gpp/what_en.htm)



- FEAD calls on the Commission to take measures to ensure that public bodies respect fair competition rules within waste markets and do not for example cross-subsidise their commercial services with public money or circumvent public procurement rules.

*A truly circular economy must apply to all types of waste.*

- FEAD believes that the Commission should examine the possibility of taking measures to incentivise a more circular economy for commercial and industrial waste in the future, and take steps to ensure that Member States gather data on commercial and industrial waste to help facilitate this.

*Where public funding is provided, it must respect the waste hierarchy and promote resource efficiency.*

- FEAD calls for more efficient use of EU Structural Funds for developing the necessary resource management infrastructure, and for the Juncker Investment Plan to give proper weight to circular economy investments and to Public Private Partnerships.

### **3. Improved product design for material resource efficiency**

*Eighty percent of the environmental impact of products is determined at their design stage, providing an excellent opportunity for Europe to take the lead in smart eco-design.*

- FEAD calls on the Commission to introduce eco-design measures to improve material resource efficiency, including durability, reparability and recyclability requirements for selected products such as electronics. This includes looking at these aspects within the Eco-Design Directive, but also to set up a platform for product designers and the waste and resource management sector to learn from each other.

*Re-use, re-manufacture and repair are near the top of the waste hierarchy but only 2% of products on the market are estimated to be re-manufactured. Charging VAT when reusing a product means that VAT is levied twice for the same item, which is a disincentive to resource efficiency.*

- FEAD recommends that the Commission explores the possibility of applying a lower or zero rate of VAT to second hand goods, re-manufactured products and products with a minimum recycled content so that the benefits of these products are recognised in their pricing.

#### **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.

