



PULL MEASURES ARE CRUCIAL FOR A CIRCULAR ECONOMY

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David Palmer-Jones, President of the European Federation of Waste Management and Environmental Services (FEAD), and CEO of SUEZ UK, explains why the European Commission's revised Circular Economy package must contain credible and effective measures to boost demand for secondary raw materials.

In Brussels European Commission officials are working flat out to deliver the “more ambitious” Circular Economy package promised by Vice President Timmermans when the original waste proposals were withdrawn earlier this year.

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 and create much-needed jobs and growth.

As ever, the devil will be in the detail. The revised proposals will need to include measures to incentivise the whole supply chain, and crucially they will need to strike a balance between the supply and demand for secondary raw materials.

Based on my discussions with the Environment Commissioner and his senior officials so far, and on media reports, I am concerned that the Commission does not appear to recognise the importance of the demand side of the equation – the so-called “pull measures”.

The Commission's original proposals on waste targets were mainly about the supply side. The proposals to ban recyclable waste from landfill by 2025, and to set a 70% recycling target for municipal waste by 2030 (which FEAD supported, subject to clarifying the definitions used and the method of calculating the recycling rate) would vastly increase the supply of secondary raw materials.

But where will the demand for these additional materials come from? Like the Commission, FEAD members would prefer to see European secondary raw materials being used by European re-processors and manufacturers, but this will not happen automatically simply by increasing the supply. Secondary raw materials compete with raw materials from primary sources. In some respects, such as homogeneity, secondary raw materials are at a disadvantage to primary raw materials. Recyclers also face challenges relating to the application of the REACH chemicals regulation. In other words, the economic and environmental advantages of secondary raw materials are not always reflected in current prices.

Falling prices for oil and other commodities are already having a negative effect on the recycling sector. Virgin plastic is now cheaper for manufacturers to use than recycled. Other macro-economic trends are also creating difficulties for recycling – for example the falling demand for recycled paper due to the growth in digital media. FEAD does not believe that Europe can rely on demand from China and other fast-growing economies to take up the slack indefinitely. Very soon, those countries will generate and use their own recycled materials.

APOH, Slovakia
ARS, Romania
ASEGRE, Spain
BDE, Germany

ESA, UK
EWMA, Estonia
FEBEM-FEGE, Belgium
FISE, Italy

FLEA, Luxembourg
FNADE, France
HRABRI ČISTAČ, Serbia
IWMA, Ireland

LASUA, Latvia
NORSK INDUSTRI, Norway
PASEPPE, Greece
PIGO, Poland

SRI, Sweden
VA, Netherlands
VÖEB, Austria
YTP, Finland

Of course, markets rise and fall and businesses must adapt to survive. But if Europe truly believes in the wider economic, environmental and social advantages of a circular as opposed to a linear economy, it must recognise that market forces alone, even market forces bolstered by supply side measures, will not deliver a more Circular Economy. If the cost of collecting and sorting secondary raw materials outweighs the output value of that material, it could become uneconomic to collect and process much of Europe's recyclable waste.

That is why FEAD is calling on the Commission to put much more emphasis on the demand side in its revised proposals. The key measures recommended by FEAD are:

- 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

Early indications are that Commission officials are reluctant to consider such measures due to their potential complexity. But I believe that without these or similar credible and effective pull measures, the opportunity to develop a sustainable Circular Economy in Europe is in jeopardy.

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](#).

