

FEAD recommendations for plenary vote on Circular Economy Package March 2017

With great interest, FEAD has been following the current work of the European Parliament on the European Commission proposal on the waste directives (Circular Economy Package). In these recommendations, FEAD focusses on a few key points for our industry in view of the vote on the Waste Framework Directive (WFD), planned for 13-16 March 2017. For more detailed FEAD positions, please consult the voting recommendations issued by FEAD in November 2016.

1. Proposed fee systems might lead to inefficient use of resources and unnecessarily high costs for residents
2. The criterion on quantity is required as a clear distinction between municipal waste and commercial and industrial waste
3. TEEP: local conditions must be taken into account when separately collecting waste
4. Reporting the output of sorting operations is necessary to calculate recycling rates
5. EPR systems shall be innovative and market-oriented business models
6. The complementary role of waste to energy and the role of disposal as a pollution sink should be recognised

Proposed fee systems might lead to inefficient use of resources and unnecessarily high costs for residents

The proposed fee systems to ensure the financing of the waste management infrastructure for municipal waste (former AM 532, initially tabled by MEP Karl-Heinz Florenz, now AM 104 for Plenary session) go against the opening up of waste markets to competition and would adversely affect the already existing well-functioning systems in different Member States. Some countries in Europe have already taken different steps to ensure opening up waste markets for more competition in line with the polluter-pays principle. These countries provide good examples:

- **Extended Producer Responsibility (EPR) waste collection from households:** In many Member States (e.g. Germany, France, Austria, Estonia, Finland, Ireland and Sweden) the private sector has responsibility for collecting EPR waste. In Sweden, the property owners of apartment buildings can buy door-to-door collection services directly from private waste management companies. The services are offered in competition which gives opportunities for customised services.
- **In some countries retailers, businesses, offices, etc. can choose waste management suppliers for all their wastes as 'similar waste'¹ is not a municipality responsibility:** In Norway and Ireland household waste is defined as waste only coming from households. This means that retailers, businesses, offices, institutions etc. are encouraged to take the responsibility for all their waste and can choose between professional waste management companies in order to decide which operator should supply them with cost-efficient services best suited to their needs.
- **Waste collection contracts directly with the households:** In Ireland and parts of Finland households have direct contracts with the waste management companies to collect their

¹ Waste similar in nature, composition and quantity to household waste.

household waste. This gives the private waste management companies a possibility to compete in open markets.

- **Bulky waste from households:** In the city of Stockholm, 19 private waste management companies collect bulky waste from households. This extra service can be bought from any of those companies, while the city provides recycling centre services as part of the main waste fee.

FEAD has observed a clear trend towards increasing public sector activity in the recycling market in several Member States, resulting in cross-subsidisation and no tendering or restrictive tendering of these services. This goes against the evidence which shows that competition and private sector involvement delivers better outcomes for the environment and for taxpayers². The proposed mandatory fee systems might lead to inefficient use of resources and hence unnecessarily high costs for residents who would be tied to an often expensive public waste management authority without the possibility to change to another, more cost-efficient provider.

The criterion on quantity is required as a clear distinction between municipal waste and commercial and industrial waste

The definition of municipal waste is crucial for setting recycling targets and for ensuring that waste markets operate in a fair and open manner. The scope of the term “municipal waste” should refer only to household waste and waste which is truly similar in nature, composition and quantity. It is therefore important to maintain the criterion on quantity in Article 3.1a to prevent large volumes of commercial and industrial waste from being wrongly included in the definition.

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 (all three criteria proposed by the Commission). It would be wrong to include commercial and industrial waste in the municipal waste recycling target, and the collection of commercial and industrial waste should not be financed and cross-subsidised by public funds. Hence, the criterion on “quantity” is of key importance and should be kept.

When preparing her draft report, rapporteur, MEP Bonafè, already then recognised the importance of the criterion on “quantity” in her justification for proposing a definition of commercial and industrial waste. The justification for that amendment reads as follows: *“Municipal waste needs to be distinguished from waste deriving from other economic activities which cannot be considered to be similar due to its nature, composition and quantity”*.

Therefore FEAD supports the EC proposal or alternatively, CA 1B tabled by EPP and ALDE MEPs:

'1a. "municipal waste" means...

*(b) mixed waste and separately collected waste from **small businesses, office buildings and institutions including schools, hospitals, and government buildings** that is **similar to household waste in nature, composition and comparable in quantity.***

FEAD welcomes the recognition by MEPs of the need to clearly stipulate in the definition of municipal waste that it is neutral with regard to the public and private status of the operator managing the waste.

² Good examples could be Germany and Sweden, as demonstrated by the recent EC Study (2016) “Legal assistance on the application of public procurement rules in the waste sector”, https://bookshop.europa.eu/en/legal-assistance-on-the-application-of-public-procurement-rules-in-the-waste-sector-pbET0716179/?pgid=GSPefJMEtXBSR0dT6jbGakZD0000iqVmjsxe:sid=U3uKma6VOFyKo_YFMWkUPsywHhiU6wxWLys=?CatalogCategoryID=yIMKABstfr0AAAeJypAY4e5L

TEEP: local conditions must be taken into account when separately collecting waste

Putting in place systems to collect waste separated at source can be an effective way to increase the quality of secondary raw materials and increase recycling rates. Hence, separate collection at source of recyclable materials, including bio-waste, should be the norm. However, in practice local conditions do not always allow for implementation of a collection system containing many fractions. Therefore, FEAD strongly supports separate collection *where technically, environmentally and economically practicable*, and provided there are effective sorting processes at a later stage. We believe the wording on separate collection in the legislation must stay conditional ("*where technically, environmentally and economically practicable*") to help define when the exceptions are justified locally.

It is not sufficient to exclude only sparsely populated areas from an absolute requirement for separate collection (AM 156 for Plenary session). Experience in some Member States shows that strict separate collection may also be impracticable in densely populated inner city areas, due to lack of space. Furthermore, decisions on the most appropriate municipal waste collection option should be decided locally, and should be based on local circumstances, subject to monitoring by Member States. There is no "one size fits all" collection system across Europe and no justification for referring local decisions on exceptions from separate collection to the European Commission.

Reporting the output of sorting operations is necessary to calculating recycling rates

Measuring the input into the final recycling operation is an appropriate option for waste streams which are not undergoing a sorting operation and are collected in "short loops" (e.g. certain separate collection schemes). For example it can work well for food waste, which after collection is often delivered straight to composting or anaerobic digestion plants. However this method works much less well, if at all, for dry recyclable materials which are separately or co-collected and sorted one or more times depending on the quality specification required. They may be handled by one or more intermediaries prior to arrival at the final recycling stage, which can often be in a different country from the one where the waste was collected, and may be outside the EU altogether.

Under the Environment Committee's amendment, Member States which do not have a full range of final recycling facilities would be reliant on reporting back from other countries to calculate and achieve their recycling rates. At the point at which dry recyclables such as metals, paper and plastic enter final recycling they are often mixed with materials from non-municipal sources and from other countries. Systems in other Member States and those outside the EU will not be able to report accurate municipal waste recycling data back to the country where the waste originated.

Therefore it is important that the output of sorting stage remains a legitimate point at which recycling rates can be calculated, provided it subsequently goes for recycling and provided any non-recycled material is deducted from the calculation. It should be an equal alternative to the input to final recycling, because it is better suited to some waste streams in terms of traceability and reporting. That is why FEAD calls on the MEPs to reject AM 179 at the Plenary session.

Waste which is considered to have ceased to be waste (EoW), shall be considered as recycled for the purpose of the calculation of the achievement of the targets.

EPR systems shall be innovative and market-oriented business models

FEAD supports having minimum EPR requirements at EU level and believes it is important to ensure that EPR schemes operate on the transparency and polluter-pays principles. FEAD is of

the opinion that the definition, scope and objectives of EPR should be market-oriented so as to fully exploit its potential to achieve a circular economy at best cost and possibilities for innovative EPR models. FEAD supports the goal of ensuring that EPR organisations are not operating monopoly schemes for their own benefit rather than the producers.

Therefore, the idea that contractors of EPR organisations may neither directly nor indirectly be members or owners of those organisations (former AM 731, initially tabled by MEPs Karin Kadenbach, and Jo Leinen), might be counter-productive and hamper efforts to make EPR systems innovative and market-oriented business models. A better solution would be to introduce more competition, hence eroding monopoly positions, rather than banning organisations from running EPR schemes.

The complementary role of waste to energy and the role of disposal as a pollution sink should be recognised

The setting of a 10% disposal limit on the total amount of municipal waste generated (AM 186 for Plenary session) is unrealistic and poses several problems. Firstly, it is unclear how the 10% disposal limit will be calculated as it comprises both landfill and incineration activities. Secondly, disposal operations should remain available for those wastes where it is the best overall environmental option. An unachievable disposal reduction target may lead to an inefficient management of waste by the attempt to recycle or recover it at all costs. Despite a substantial increase in the recovery of waste and a further move towards a circular economy, disposal will still be needed in the future as a pollution sink. It makes sense to continue to dispose of waste in cases where its recovery has a huge environmental impact or involves disproportionate energy consumption and costs.

The proposal to have waste sorted prior to energy recovery or to final disposal in landfill (AM 106 for plenary sitting) will lead to inefficient and burdensome processes. Taking into account the fact that the new revised WFD will enforce broader separate collection obligations, the amendment would apply only to the recyclable waste which for technical, environmental, economic and practical reasons has ended up in the residual bins. FEAD questions whether it is proportionate to put so much effort into these small residual amounts of recyclable municipal waste while the main focus should be on the potential offered by the much larger quantities of commercial and industrial waste. Therefore, where separate collection is properly implemented, there is no need for mandatory sorting prior to energy recovery or to final disposal in landfill. Moreover, the level of contamination of this waste will often be too high to enable their recyclability, and hence make the sorting all the more ineffective.

FEAD is the European federation representing the European waste and resource management industry. FEAD's members are national waste management associations covering 18 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 a key role in the transition to a circular economy by producing resources which can be re-injected in the economy and by supplying energy. Our companies add value through innovative and cost-efficient collection, sorting, and recycling of secondary raw materials. Our members' companies also determine the best environmental option for non-recyclable waste streams.