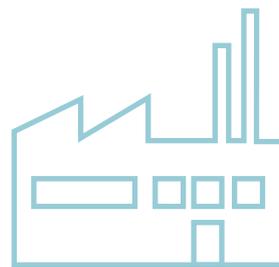
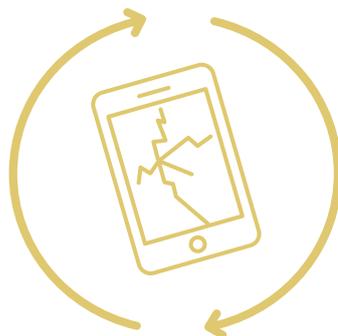


RECYCLING: A KEY INDUSTRIAL SECTOR BRIDGING CIRCULAR ECONOMY, CLIMATE CHANGE POLICY AND INDUSTRIAL TRANSITION



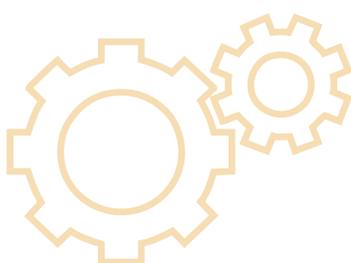
By turning waste into secondary raw materials and reducing Europe's dependency on primary materials, **the recycling industry** plays a **vital role** in the **circular economy**. In addition, **recycling saves a substantial amount of CO₂ and energy**. **Recycling is thus a key sector to make Europe the first climate-neutral continent**, a key objective of the **European Green Deal** highlighted by **Ursula von der Leyen, the President of the European Commission**. Last but not least, recycling is an **inclusive industry** providing **local jobs** which rely on a **variety of qualifications** and **cannot be outsourced**. Thus, **recycling** can significantly contribute to **Europe's re-industrialisation by boosting circular value chains**.

The Circular Economy Package and the Plastics Strategy have paved the way towards more sustainable value chains. Yet, a number of obstacles are hindering recycling activities in Europe and have to be swiftly addressed to unlock the full potential of the transition towards a circular economy and climate-neutrality.



Hence, EuRIC representing the European Recycling Industry, calls for the completion of a competitive internal market for recycling rewarding circular value chains in Europe and beyond, through the following key measures:

- 1** **Reward recycling environmental benefits** to pull the demand for recycled materials in new products and level the playing field with primary materials thanks to **market & fiscal-based instruments, green public procurement and recycled content targets for dedicated streams;**
- 2** **Realize an internal market for recycling** through **simpler and faster waste shipment procedures, harmonized EU or national end-of-waste criteria for targeted streams, a new status of "secondary raw materials to level the playing field with primary materials, both in terms of regulatory constraints and public perception;**
- 3** **Strive for a competitive recycling sector in Europe and globally** by strictly enforcing competition in the waste management and recycling sector to forbid reserved markets and cross-subsidization, implementing a pragmatic approach to residual waste treatment and ensuring free and fair access to international commodity markets;
- 4** **Align the interface between waste, product and chemicals to trusted circular flows** by **phasing out substances of concern at design stage and implementing a risk-based approach** taking into consideration the intrinsic specificities of waste as a resource;
- 5** **Making design for circularity the rule rather than the exception** through requirements to improve products' recyclability and recycled content, reward mechanisms such as eco-modulation of EPR fees and eco-labelling to empower consumers' sustainable choices.



1 Rewarding recycling environmental benefits to pull the demand for recycled materials in new products

Ferrous metals recycling saves the equivalent of 58% of CO₂ emissions when compared with primary steel using iron ore. That percentage raises to 70% for PET, 89% for packaging HDPE, 93% for aluminium and 98% for textiles recycling. Using recovered paper instead of primary materials saves 70% for paper and 77% for cardboard of the energy needed to produce new paper⁽¹⁾. Last but not least, tyre recycling into rubber granulates saves 58,4% of CO₂ when compared with end-of-life tyre's co-incineration⁽²⁾ and can reach 95% of carbon footprint reductions when compared to those of virgin materials substituted⁽³⁾.

To give a practical order of magnitude, using steel scrap collected and processed in Europe to produce steel corresponds to the CO₂ savings of the emissions from the entire automobile fleet in France, Great Britain and Belgium combined⁽⁴⁾. When it comes to plastics, recycling 1 million tons of plastics saves CO₂ emissions equivalent to taking 1 million cars off the road⁽⁵⁾.

Recycling is hence inherently resource and climate-efficient and can play a key role to decarbonise energy-intensive industries. Yet, commodity markets fail to reward these environmental benefits.

EuRIC calls for measures aiming at internalising those benefits in prices and at pulling the demand for recycled materials into products to level the playing field with primary materials:

- ▶ **Market-based instruments and fiscal based-instruments (reduced VAT)** rewarding the use of recycled materials in value chains (metals, papers, plastics, textiles, tyres, etc.);
- ▶ **Mandatory green public procurement (GPP) requirements rewarding circular products** using recycled materials and easier to re-use and recycle at end-of-life stage;
- ▶ **Binding recycled content targets for streams such as plastics, tyres or textiles** in sectorial or future legislation (e.g. packaging, thermoplastics from automotive and electronics' sectors) to boost investments and speed up the transition to circular value chains.

2 | Unlocking obstacles to an internal market for recycling

The European waste management and recycling market remains deeply fragmented by a myriad of jurisdictions interpreting key aspects of recycling activities across EU borders differently (waste shipment procedures, waste classification, waste status, etc.). They represent major obstacles to the transition to a more circular economy and a climate-neutral Europe.

As done for the free movements of goods, services, capitals and persons, **EuRIC calls for priority measures to complete an internal market for recycling using similar policy and legal instruments:**

- ▶ **Simpler and faster waste shipment procedures** suited to the business pace of circularity and which rely on electronic procedures to improve traceability and confidentiality, reduce room for diverging interpretations among Member States and **free resources from enforcement authorities to combat illegal shipments;**
- ▶ **Harmonized EU or national end-of-waste criteria** for recovered paper or tyre-derived rubber materials to ease cross-border EU market access of recycled materials meeting strict quality specifications currently hindered by diverging waste status' interpretations;
- ▶ **Mutual recognition of national end-of-waste criteria meeting EU standards by all Member States to boost the internal market for recycling as done with goods decades ago;**
- ▶ **Work towards the creation of a new status of "secondary raw materials" in the European waste legislation to move away from the stark dichotomy between "waste" and "products" status for processed waste meeting industry specifications or quality standards, without prejudice to existing end-of-waste criteria, to level the playing field with primary materials, both in terms of regulatory constraints and public perception.**

3 Striving for a competitive recycling sector in Europe and globally

In a circular economy, waste is a resource whose value depends on the intrinsic value of the materials targeted and the possibility to recover them under normal operating conditions. Recyclers' output competes globally on commodity markets currently solely based on demand and supply, since markets fail to internalise in prices recycled materials environmental benefits'. EuRIC calls for a proactive policy aiming at levelling the playing field within Europe and globally.

► Enforcing competition principles to the waste management and recycling sector

Fair competition is vital as waste in a circular economy is increasingly valued by end-markets.

Distortions are substantially increasing across Europe. They directly challenge the economic viability of private waste management and recycling companies, be them SMEs or large companies.

Hence, EuRIC calls for applying competition rules to open waste management markets and boost recycling by:

- **Strictly forbidding reserved waste markets or contracts**, for example for municipal waste, to publicly owned waste management companies or cross-subsidization enabling predatory pricing that private recycling companies cannot match;
- **Enforcing competition neutrality** in the management of all waste streams (household, commercial, industrial, etc.) and in tender procedures to adjudicate markets;
- **Ensuring that EPR schemes effectively support recycling and that contributions collected by these schemes directly and solely contribute to finance waste management and recycling activities.** Enforcing minimum requirements enacted in the revised Waste Framework Directive (WFD) shall hence be a priority.

► Implementing a pragmatic approach to residual waste treatment

EuRIC calls for a strict enforcement of separate obligations to prevent cross-contamination of recyclables which impact directly their recyclability. Yet, even the most modern material recovery technologies (e.g., post-treatment facilities recovering residual waste from complex streams such as WEEE or ELVs) produce a (minimized) amount of unrecyclable residues. The current lack of capacity for residual waste from recycling activities, in particular for residual waste with a high calorific value, directly impacts their economic viability as the costs for final disposal or incineration reduces or even sometimes exceeds profits resulting from the sales of recycled materials. **Hence, EuRIC calls for:**

- **Fact-based waste management planning to ensure adequate capacity in Europe to treat under affordable conditions residual waste from recycling operations**, in particular fractions with high-calorific value through waste to energy;
- **R&D funds aiming at reducing residual waste from material recovery operations.**

▶ **Free and fair access to international commodity markets**

Trade barriers forbidding waste imports into South-East Asia have been a wake-up call for Europe's waste management and recycling industry relying on exports for streams for which the supply of recovered materials exceeds the demand from European manufacturing industries (such as for paper). **Still, free and fair trade is vital for the recycling industry to balance supply and demand in commodity markets. Hence, EuRIC calls for:**

- Firm responses to **discriminatory trade restrictions often taking the form of technical barriers to trade** impacting processed secondary raw materials;
- **Internationally-accepted quality specifications or standards** for secondary raw materials whose free and fair trade should be unhampered.

4 | Align the interface between waste, product and chemicals to trusted circular flows

Wastes, contrary to primary materials, are heterogeneous by nature. EU chemicals and products' legislation was mostly designed for linear material flows hence the need to improve its interface with waste legislation in order to boost, instead of hampering, safe circular flows. **EuRIC calls for:**

- ▶ **Phasing out substances of concern at design stage whenever proven better alternatives which do not compromise recycling exist;**
- ▶ **Expand producers' responsibility to cover the costs of unrecyclable products;**
- ▶ **A balanced risk-based approach taking into consideration life cycle thinking and overall environmental and socio-economic contributions;**
- ▶ **Test methods adapted to waste for classification purposes and harmonised in the various regulations/directives applicable to waste and recycled materials.**

5 Design for circularity

80% of products' environmental impacts are determined at design stage. Still, the vast majority of products placed on the market are designed without any consideration for their end-of-life stage. **Design for circularity is hence of paramount importance to move towards a circular economy and needs to be extended to all products' categories. Hence, EuRIC calls for:**

- ▶ **Binding requirements to improve products' recyclability and recycled content on a product by product category**, either via the inclusion of resource efficiency criteria in the eco-design regulations or of essential requirements in instruments covering other product categories (e.g., packaging);
- ▶ **Reward mechanisms such as eco-modulation of fees** to ensure that EPR schemes bridge the design phase with the re-use and recycling stage;
- ▶ **Eco-labelling based on objective criteria to empower consumers' sustainable choices.**

EuRIC - The European Recycling Industries' Confederation - is the umbrella organisation for recycling industries. Through its Member Federations from 21 EU&EFTA countries, EuRIC represents across Europe over:

- 5,500+ companies generating an aggregated annual turnover of about 95 billion €, including large companies and SMEs, involved in the recycling and trade of various resource streams;
- 300,000 local jobs which cannot be outsourced to third EU countries;
- Million tons of waste recycled per year (metals, paper, glass, plastics, textiles, tyres and beyond);

By turning wastes into resources, recycling is the link which reintroduces recycled materials into the value chains again and again. Recyclers play a key role in bridging resource efficiency, climate change policy and industrial transition.

Main sources used

- (1) Impact Assessment of ADEME & FEDEREC assessing recycling environmental benefits based on a LCA approach, April 2017
- (2) Comparative life cycle assessment of two options for waste tyre treatment: material recycling vs. co-incineration in cement kilns, By FORCE Technology, Copenhagen Resource Institute & Institut für Energie- und Umweltforschung Heidelberg, 2009
- (3) Carbon Footprint of USA Rubber Tire Recycling 2007, ISRI, November 2009
- (4) Study of the Fraunhofer UMSICHT for BDSV, "The future of steel scrap" 2nd edition, February 2019 AND SCHROTTBONUS – Externe Kosten und fairer Wettbewerb in den globalen Wertschöpfungsketten der Stahlherstellung, Fraunhofer IMWS, Im Auftrag der BDSV, October 2019
- (5) A European Strategy for Plastics in a Circular Economy, Brussels, 16.1.2018 COM(2018) 28 final relying on the study of ADEME / FEDEREC referenced above (1).
- (6) Report from the Nordic Competition Authorities, Competition in the waste management sector – Preparing for a circular economy, 2016.