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RECYCLERS' PRIORITIES 2024 - 2029

Bridging policy ambition
with industrial reality



EuRIC - The European Recycling
Industries' Confederation

Bridging policy ambition with industrial reality

EuRIC prioritises **integrating recycling into Europe's broader industrial and environmental agenda, specifically linking circular economy objectives with climate policies**. It calls for enhancing the global competitiveness of the European recycling sector, advocating for balanced trade policies and the promotion of circular materials.

It also underscores the importance of advancing eco-design and incentivising the use of recycled materials to align with the European Green Deal's objectives. Lastly, it highlights the need for legislative reforms to facilitate circular value chains, including the expedited adoption of EU-wide End-of-Waste criteria.

Switching towards a circular and climate neutral economy must remain more than ever a priority. The Earth Overshoot Day, marking the date when **humanity has used more natural resources than the Earth can generate in a year**, was reached on 2 August 2023. This is months earlier than the first Overshoot Day on 25 December 1971. Over the last 5 years, the EU has made significant progress by progressively including recycled content targets in its legislative framework to pull the demand for circular materials. Such measures are key for addressing market failures and leveling the playing field with extracted raw materials, which are still prevalent in most value chains. In addition, pull measures incentivise not only recycling but the entire value chain towards adopting circular business models.

Yet, the scope and magnitude of such instruments remain too limited to drastically increase the circular materials use rate: currently, **only 11.5% of materials used by the European industry comes from recycling** (EUROSTAT). As a result, the EU remains heavily dependent on imports of hydrocarbons (incl. in the form of finished products, such as plastics or synthetics textiles) and extracted raw materials. This leaves the EU constantly exposed to the geopolitical vagaries of the energy market, leaving the EU vulnerable to the geopolitical whims of the energy market. Utilising recycled content could disrupt this dynamic and significantly restabilise long-term consumer prices. To initiate the right dynamic, a mix of ambitious measures combined with a consistent industrial policy is absolutely necessary to boost recycling alongside the re-use of end-of-life products.

This is crucial to ensure that the European Union continues to lead in the race towards a low-carbon and circular economy while retaining a competitive industrial framework, vital for its welfare state and thus, its socio-political stability. The COVID pandemic combined with the subsequent energy crisis have demonstrated the EU's reliance on a variety of goods and services not manufactured within the EU. Worse, since the end of the pandemic, the US, EU's closest economic ally and competitor has laid down a set of policies best embodied by the Inflation Reduction Act (IRA), resulting in a GDP growth rate twice than of the EU's. Therefore, **EuRIC supports a Green Industrial Deal 2.0 that will rely on economic incentives (market-based, tax-based, policy-based) to drive the much-needed investments required to achieve the EU's twin transition and improve the consistency between various EU legislations in the fields of resource-efficiency, climate and chemicals**.

EuRIC's priorities for the period 2024-2029 set out a strategic direction for the European recycling industry.

A roadmap for the industry, outlining key goals and strategies to promote sustainable and circular practices within the EU.



1
PLACING **RECYCLING AT THE HEART OF EUROPE'S INDUSTRIAL GREEN AGENDA** BY BRIDGING EU'S CLIMATE AND CIRCULAR ECONOMY POLICIES



2
UNLEASHING A **COMPETITIVE RECYCLING INDUSTRY** IN EUROPE AND GLOBALLY



3
LEVELLING THE PLAYING FIELD THROUGH **EFFICIENT INCENTIVES AND ECO-DESIGN** TO BOOST THE USE OF **CIRCULAR & CLIMATE-NEUTRAL MATERIALS**



4
TURNING LINEAR INTO **CIRCULAR LEGISLATION** TO REMOVE BARRIERS TO CIRCULAR VALUE CHAINS

RECYCLERS' PRIORITIES

1 PLACING RECYCLING AT THE HEART OF EUROPE'S INDUSTRIAL GREEN AGENDA BY BRIDGING EU'S CLIMATE AND CIRCULAR ECONOMY POLICIES

Recycling, thanks to the significant CO2 savings it brings, is key to decarbonise energy-intensive industries and thus for the achievement of EU's climate-neutrality roadmap.

Yet, **current European policy initiatives do not sufficiently link climate neutrality and circularity**. The final agreement of the COP28 acknowledges, though timidly, that “circular economy approaches” play a key role in addressing climate change.

A climate-neutral solution may neither be circular nor technologically mature, thus perpetuating linear value chains and increased supply chain risks. The European steel industry, for example, keeps prioritising energy-source substitution to reduce its carbon footprint at the expense of circular and climate friendly solutions: increasing the **use of recycled materials in steelmaking**, by expanding the capacity of electric arc furnaces in Europe and increasing the intake of recycled steel scrap in blast oxygen furnaces.



EU policy shall prioritise for its twin transition, whenever available, technologies that can make a dual leap, namely circular – thus switching feedstock and driving up circular materials' quality – and climate-friendly – reducing carbon emissions. It is urgent to enhance the consistency of EU climate and circular economy policies so as to ensure that industrial solutions meeting both criteria are given priority.

From an industry policy perspective, economic incentives must be deployed to ensure that prices better reflect environmental impacts. Applied to circular materials, the EU must reward within the EU ETS the CO2 savings stemming from the use of recycled materials, thus incentivising circular and climate efficient value chains. Internalising such CO2 savings is also highly relevant when designing emission trading schemes in other regions of the world to boost such a twin transition, which is equally critical beyond Europe.



On a wider level, Europe needs an ambitious industrial strategy with substantial means to level the playing field on a global scale. Substantially higher energy prices have impacted the recycling industry and its customers, which are often energy intensive industries. Not only European energy policy must enable abundant access to carbon neutral energy at an affordable price, but Europe's industrial policy must be accompanied by powerful financial drivers as the one set up by the US Inflation Reduction Act. In that respect, funding opportunities stemming from the EU must be SME friendly, as SMEs remain the powerhouse of EU's economy.

2 UNLEASHING A COMPETITIVE RECYCLING INDUSTRY IN EUROPE AND GLOBALLY

While the *New Circular Economy Action Plan (CEAP)* rightly captures the importance of “creating a well-functioning EU market for secondary raw materials”, there is still today an important margin for improvement. **Incentives to boost recycling across value chains** shall be set and removing obstacles that hamper a market-driven circular value chains are critical to support a competitive recycling industry.

Trade remains essential to the competitiveness of the recycling industry. Recyclers fundamentally oppose exporting waste problems outside the EU, as it results in both material loss and environmental harm. Yet, the broad definition of waste under EU law confuses unprocessed trash with high-quality recycled materials, which are key enablers of a circular and low-carbon economy. As is the case in any industry, **access to international markets is vital** for the European recycling industries. Restricting exports of recycled raw materials from recycling without **sufficient demand for recycled materials** in Europe will critically hamper the EU's recycling industry competitiveness and its ability to recycle more and better for domestic and global markets.

EuRIC calls for:

-  Restricting/banning exports only of unprocessed waste such as mixed plastics, e-waste, ELVs, unprocessed tyres, etc. ;
-  Protecting free and fair trade of raw materials from recycling used in production processes both inside and outside European borders;
-  Incentivising the use of recycled materials in European circular value chains through fit-for-purposes pull measures, particularly recycled content targets in finished but also semi-finished products. Together with other measures like Green Public Procurement or taxing virgin materials to level the playing field, this will drive investments in the most circular and low-carbon value chains and bridge product design with high quality recycling of waste;
-  Protecting the EU market from imports of products which do not meet REACH, and put in place mechanisms to ensure that imported products which are not compliant with EU's sustainability requirements don't distort fair competition. This is particularly important for products which should comply with recycled content targets;
-  Providing the much-needed flexibility to road test innovative new circular value chains, often reliant on existing manufacturing hubs outside the OECD;
-  Setting the framework conditions to promote investments in innovative processes that enhance the quality of recycled raw materials and overall the competitiveness of the recycling industry.

In addition, while transitioning towards a more circular economy will inevitably lead to new business models, the value added must remain with the economic operator responsible for its creation. Preferential rights (such as proposed rights of pre-emption, namely a right of first refusal) or allowing PR schemes to have an operational role and thus directly compete with recyclers not benefitting from such rights, will deprive the recycling industry of the value it generates by turning waste into resources. This would hinder its capacity to invest in innovation and capacity-building. Now more than ever, **competition law is essential to protect the interests of recycling companies, many of which are SMEs, from abuses of a dominant position**, sometimes embedded in legislation.

3 LEVELLING THE PLAYING FIELD THROUGH EFFICIENT INCENTIVES AND ECO-DESIGN TO BOOST THE USE OF CIRCULAR & CLIMATE-NEUTRAL MATERIALS

EuRIC fully endorses the very objectives of the European Green Deal. Recycling end-of-life products plays a key role in de-risking materials' supply and in decarbonising energy-intensive industries at the same time. To level the playing field with extracted materials, positive externalities must be reflected in reward in prices to drive innovation. **Pull measures are absolutely essential to increase the share of recycled materials into new products.**

EuRIC calls for:



Systematically linking recycling targets with recycled content targets to boost at the same time both supply and demand of recycled materials and to give a competitive edge to circular over linear value ones.

As a benchmark, **EuRIC proposes to double the share of the circular materials use rate (CMUR) from 11.5% in 2022 to 23% by 2030 and link the gradual increase to carbon savings.** A substantial increase of the CMUR will also be a key driver of restoring biodiversity.

It is thus key to **enlarge the scope of recycled content beyond plastics and critical metals to basemetals, tyres and textiles.** This expansion is key to driving innovation, reducing Europe's dependence on extracted raw materials, mostly imported from non-EU countries, and boosting industrial investments in Europe. This is all the more crucial to boost innovation in the production of high-quality recycled materials required for specific applications;

EuRIC suggests:



Considering lower VAT for products made of recycled materials, in line with the recent proposal by the Czech Republic to the Council. Lower VAT could extend to repair and re-use;



Making sustainability the norm, embedding recycling as a core component: an ambitious implementation of the Ecodesign for Sustainable Products Regulation (ESPR) that fosters cooperation across the value chain is instrumental to ensure that products that cannot be recycled are phased out of the market, in line with EuRIC priorities.



Ensuring that the eco-modulation of fees in EPR Schemes actually benefits the most circular products and rewards effectively recycled content;



Ensuring that extended producers' responsibility schemes, in line with EuRIC position, are set only when there is a genuine market failure which hampers proper treatment;



Guaranteeing that EPR Schemes cannot compete in the commercial arena with waste management and recycling companies; if otherwise, the principles of fair competition enshrined in EU law would be breached since EPR Schemes do enjoy rights that no waste management and recycling company can benefit from.

4 TURNING LINEAR INTO CIRCULAR LEGISLATION TO REMOVE BARRIERS TO CIRCULAR VALUE CHAINS

European legislation has played a key role in achieving an internal market for goods. Yet, it still falls short in favoring circular value chains. The discrepancy between waste as a practical resource and its overly wide scope and restrictive legal definition is a clear example.

EuRIC strongly supports revisiting several established concepts that are yet to become mainstream:



Speeding up the adoption of EU-wide End-of-Waste criteria (EoW): the new Circular Economy Action Plan rightly acknowledged that EU-wide end-of-waste criteria are essential to create a well-functioning EU market for secondary raw materials.

EuRIC strongly suggests adopting a new approach to accelerate the adoption of EU-wide end-of-waste criteria. When criteria meet the requirements of article 6 of the Waste Framework Directive (WFD) and are supported by the relevant value chain, they should benefit from a fast-track adoption procedure at the EU level.

The current procedure, which is extremely resource-intensive for both the Commission and stakeholders, impedes the development of necessary criteria at scale. To boost recycling. When the value chain agrees on common criteria or when several Member States have already adopted end-of-waste criteria based on similar criteria or standards (as in the case for paper), fast-tracking is vital.

In the absence of EU-wide EoW criteria, it is important to ensure that national end-of-waste criteria for non-hazardous waste, meeting the criteria of article 6 from the WFD, are mutually recognised.



Faster waste shipment procedures remain recyclers' priority: in the digital era, it is overly important to implement without any delay fast-track procedures and harmonised digital waste shipment procedures. They will expedite cross-boundary movement of waste for recovery purposes but it will also enhance traceability, protecting business confidentiality and combatting illegal shipments.



Ensuring consistency among the objectives of various legislations: EU legislation has resulted in overly complex procedures in some areas and sometimes contradicting objectives.

EuRIC urges legislators to:



Extend the principles of the CRM Act beyond its scope to accelerate the permitting of industrial facilities in Europe, particularly those contributing to a circular and carbon-neutral economy;



Ensure stable regulations on chemicals, supported by evidence-based scientific risk assessment. A hazard-only evaluation of recycled materials, often based on test methods that are not suited to the material intrinsic properties, can have catastrophic consequences for crucial circular resource streams, including metals, recycled rubber from tyres or batteries. It is essential to address substances of concern at source and ensure that chemicals' legislation is compatible with circular principles;



Guarantee that imported products and materials are compliant with EU law, in particular chemical legislation. When products must use recycled content under EU law, set up an effective traceability system to ensure that these products comply with minimum recycled content targets set under EU law. This is essential to level the playing field and thus protect the European industry subject to strict requirements across the Board.