



Brussels, 9 June 2016

Pull measures – Boosting the use of secondary raw materials for a sustainable economy

European organisations working on circular economy wish to stress the importance of creating strong and resilient markets for secondary raw materials. We believe the revised Circular Economy Package should have proposed a number of regulatory pull measures so as to correct existing market failures. For a Circular Economy to work in practice, waste which cannot be prevented must be capable of being recovered as a useful resource in line with the waste hierarchy. This will only happen if the recovery of those waste resources is economically viable at prices which reflect the true cost of collecting them, sorting them, recycling and marketing them to end users. It is therefore key to reward the environmental benefits of recycling and level the playing field with virgin materials.

The EC proposals to ban separately collected waste from landfill and to set binding recycling targets for municipal waste are very much welcomed. These proposed targets would increase the supply of secondary raw materials, but would not automatically create demand for them. We also need to make sure that European legislation lays down the framework conditions to support a sustainable demand for those secondary raw materials, so that the economics of a circular economy become self-supporting.

The Commission proposals also imply that if the quality of materials collected for recycling is improved, that will automatically create more demand for SRM from manufacturers. We do not think this is the case. Quality has always been a driving objective for the recycling industry and we fully acknowledge the importance of providing manufacturers with quality materials meeting their specifications. But quality generates an increased cost which is currently not reflected in prices closely correlated with prices of primary raw materials, many of which are readily available.

Without demand side measures which create sustainable markets for secondary raw materials, the environmental benefits of recycling activities in terms of energy savings or CO₂ reduction will not be realized, and there will be no economic basis for the investment needed to achieve the goals set out in the Circular Economy Package.

That is why we are calling for more emphasis on the demand side in the Commission Circular Economy proposals. We think the European Parliament and the Council of Ministers should amend the Commission proposals in a number of ways to boost demand for SRM:

- Ensure fair competition between virgin and secondary raw materials by financially rewarding the environmental benefits of recycling;
- Introduce minimum recycled content requirements for selected products;
- Introduce minimum green public procurement requirements at EU level to boost purchase of recycled products and materials;
- Amend eco-labelling rules to incorporate indications of recycled content and recyclability.
- Encourage Member States to take fiscal and financial incentives such as lower or zero rate of VAT to favor secondary raw materials which will be re-injected in the economy and products;

In addition, products need to be designed in order to foster their reparability and recyclability.

Sustained demand for secondary raw materials in Europe needs to be triggered for the recycling sector to be an economically viable business model delivering high quality recycled materials, thereby increasing customers' confidence.

Signed by the following organisations:

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