

## POSITION PAPER

# EUROPE'S TRANSITION TO A CIRCULAR ECONOMY: AMBITIOUS, COMPETITIVE AND COST EFFECTIVE

The transition to a Circular Economy is a unique chance for the environment, global competitiveness and consumer protection in Europe. By creating a political framework that motivates investment and innovation, the EU can pave the way for a successful future of the European resource economy.

**European Recycling Platform (ERP)** and its main shareholder, the **Landbell Group**, strongly welcome the initiative of the EU Commission for a European Circular Economy Strategy, including a revised legislative proposal on waste. In order to achieve the greatest benefits for the consumer, for the environment and for European businesses, the Circular Economy Strategy should consider the following principles:

### 1. Environment

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- ✓ In order to increase resource efficiency, the Circular Economy Strategy has to come up with ambitious and measurable resource efficiency and recycling targets for different waste streams. It must also take into account different national conditions and the different challenges and opportunities available in different material streams.

Recycling performance is very different across the continent. In the past various EU member states have not fulfilled the EU collection targets. In Spain, for example, only about 20 % (3.4 of the 16.2 tonnes per capita) of the WEEE put on the market is collected (*Department of the Environment, Community and Local Government, [Review of the Producer Responsibility Initiative Model in Ireland, 2014, p.253](#)*). This is due to a lack of compliance, which, if not penalized, gives unfair competitive advantage to wrongdoers and constitutes an incentive to lower overall performance of the sector, to the detriment of the environment (*Ministerio de Agricultura, Alimentación y medio ambiente, Memoria del análisis de impacto normativa, [Proyecto de real Decreto sobre los Aparatos eléctricos electrónicos y sus Residuos, 2014](#)*). Therefore legal enforcement of conditions for fair competition is crucial in order to reach resource efficiency and recycling targets.

- ✓ In order to achieve improved resource efficiency and recycling rates, the EU needs a transparent, practicable and comprehensible model that avoids unnecessarily complex data processing.
- ✓ Waste incineration and landfilling are problems in many EU countries and these methods are a waste of valuable resources. The EU Commission should continue to strengthen and enforce the ban on landfill and extend it to incineration for recyclable materials.

The EU and its member states have committed themselves to a recycling target of 50 percent of municipal solid wastes (MSW) until 2020. Germany, nowadays, already recovers 62 percent of its MSW. Redirecting material flows from landfilling and incineration to recycling reduces CO<sub>2</sub> emissions by 19 million Mg CO<sub>2</sub>-eq./a (*Oeko-Institut, [Beitrag der Kreislaufwirtschaft zur Energiewende, 2014](#)*). Furthermore, it cuts down primary-energy use, and saves raw material. Therefore, other member states should be encouraged to adopt similar recycling targets (*European Environment Agency, [Managing municipal solid waste, 2013](#)*).

## 2. Competition

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- ✓ Politically determined targets for recycling and recovery are an important tool, but they cannot be reached or be sustainable without open and dynamic market environments. European Recycling Platform (ERP) and the Landbell Group have always shared the common goal of bringing competition to waste and resource markets across Europe. A competitive market fosters innovation and helps economies and businesses deliver successful outcomes.

Due to competitive structures in the German waste market, the recovery rate of light packaging increased by 11 percent between 2003 and 2011. Within the same time span, the disposal costs decreased by 46 percent (*Bundeskartellamt, [Sektoruntersuchung duale Systeme](#), 2012*).

- ✓ The transition to a circular economy requires a transformation of the entire economic system – this cannot be done quickly or imposed on a top-down basis. Therefore the new Circular Economy Strategy must stimulate entrepreneurship and open markets so that new and sustainable business models and experimental innovations can be developed to deliver the resource efficient circular economy of tomorrow.
- ✓ ERP and Landbell are committed to a competitive environment to ensure lower costs for consumers and society, and to offer producers a freedom of choice with fulfilling their compliance obligations.

For example in UK, regulatory changes within the framework of the WEEE Directive Recast with the goal of “freeing up businesses” have stimulated competition and led to a favourable market development. Accordingly, in 2014 the UK “saw a 4% increase in collections compared to 2013 and estimated savings to producers of electrical equipment in excess of £18 million” (Department for Business, Innovation & Skills, [Recycling up and costs down under new regime](#), 2015).

In Ireland, increased competition (ERP Ireland shifted its market share from 10,7 % in 2005 to 33% in 2011) went hand in hand with a reduction of non-compliant producers from 421 in 2005 to 126 in 2011. In the same time period a sharp increase of collected WEEE from 5,545 to 25,991 tonnes could be observed. A competitive and innovative environment in the WEEE sector has enabled Ireland to reach and exceed its targets (8.2 kg per capita in 2010). Further, with 228 €/t Ireland shows the second lowest treatment costs among EU member states (*Department of the Environment, Community and Local Government, [Review of the Producer Responsibility Initiative Model in Ireland, 2014, p. 252ff](#)*).

In Slovakia, the opening of the borders for WEEE treatment abroad (as a result of an EU infringement procedure) led to a decrease in treatment prices from approx. 120 EUR/t for screens and 56 EUR/t for other WEEE to 0 EUR/t in the course of two years (2012-2014).

In Italy, 17 Compliance Schemes are competing on the WEEE market. Due to this competitive model, the costs of treatment/collection of WEEE strongly decreased in the last years, and consequently the fees applied to producers have been reduced by all Compliance Schemes, in favour of end-users.

- ✓ For these reasons the EU Strategy and its legislative proposals for waste and resource policy must ensure free market access and protect the principles of the common European internal market.

### 3. Responsibility

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- ✓ In packaging, WEEE and waste portable batteries, producer responsibility has proven to be a successful tool to increase recycling and recovery rates. Producers should continue to take on responsibility for take-back and disposal of their sales packaging and end-of-life electricals and batteries.
- ✓ The principle of producer responsibility has decreased consumer costs, increased recycling and ensured better quality of recycling processes and the recycling material outputs.
- ✓ Extension of producer responsibility on further waste streams is an effective means of promoting viable markets for secondary raw materials, enabling a better quality of recycling and a higher demand for recycled materials.
- ✓ Even though producer responsibility reduces the volume of waste unaccounted for, Member States should continue to stress the need for enforcement to prevent free-riding, poor quality treatment and illegal waste shipments.

For example, in Italy only 36% of the WEEE collected by municipalities and distributors is managed by Compliance Schemes. With the new Italian WEEE regulation, municipalities or distributors can deliver WEEE collected to third parties out of producers' system. These volumes are included in the calculation of the collection target but controls on the treatment standards are not in place yet. Moreover, around 30% of the WEEE generated disappears from official channels (illegal shipment, misclassification etc.) (*"I pirati dei Raae"*, *Legambiente*, 2014).

European Recycling Platform (ERP) is the only pan-European organisation offering compliance services for WEEE, batteries and packaging, including 14 subsidiaries and 5 partnerships and joint ventures in more than 32 countries across the continent. We are operating cross-border in order to meet the producers' demand of European-wide compliance solutions. ERP has the largest footprint of any Producer Responsibility Organisation (PRO) across Europe in terms of scope and waste streams covered.