



SUMMARY REPORT

Recycling in the Circular Economy *Roles, Opportunities & Challenges*

11th October 2016

European Parliament, Brussels

Policy-makers, industry, NGOs, and other stakeholders gathered in the European Parliament to discuss the vital role of recycling in the circular economy providing the perspective of the many stakeholders working in the value chain. The meeting was organised by **MEP Pavel Poc**, Chair of the Intergroup on “*Climate Change, Biodiversity, and Sustainable Development*” and **MEP Giovanni La Via**, Chair of the EP Committee on “*Environment, Public Health, and Food Safety*”, and was hosted by **MEP Inés Ayala Sender**.

Inés Ayala Sender MEP welcomed the participants by highlighting the importance of recycling and its role in the legislative package. The need for consistent regulation on recycling was stressed as well as the important discussion needed on identifying and improving rules of stakeholders. The scarcity of raw materials was mentioned also stressing the need to set up a secondary market for raw materials. The need for the EU to maintain its leadership on such issues was emphasised as well as provide support for the new sustainability paradigm that the circular economy entails.

Julius Langendorff, Deputy Head of Unit “Waste Management and Recycling”, DG ENV, European Commission highlighted that a more circular economy requires reducing the input of materials and energy in the economic system, maintaining the value of products and materials for as long as possible, and reducing the 'leakage' of emissions and residual waste. The role of recycling in the EU waste hierarchy was highlighted; it was important to bear in mind its definition in article 3 of the EU Waste Framework Directive. As regards anaerobic digestion involving the production of digestate it was also important to bear in mind Commission Decision 2011/753. It was said that the circular economy package aims to promote more *and* better recycling. With regards to the *waste proposals* it was underlined that they provide ambitious recycling and landfill reduction targets for municipal and packaging waste, clearer and stricter calculation methods, additional separate collection and sorting obligations, better use of economic instruments and extended producer responsibility, providing overall better implementation of EU waste legislation in Member States. Turning to the *Circular Economy Action Plan* this contained measures to improve the recyclability of products for instance in the context of the eco-design directive, the new work programme of which is foreseen to be adopted shortly. A strategy on plastics will be issued by the end of next year and for 2018 it is aimed to develop a strategy on the waste/chemicals interface addressing issues that may stand in the way of recycling. Quality standards for secondary raw materials are also being developed. The importance of green public procurement was raised as well as eco-labels. It was also mentioned that EU cohesion funding will focus on the higher tiers of the waste hierarchy such as available investment in recycling rather than the establishment of additional landfills.

Mr. Dominique Maguin, President of the European Recycling Industries' Confederation (EuRIC) explained that EuRIC aim to promote the benefits of recycling for the environment, economy, and society by supporting European and national policies fostering recycling while striving for competitive European recycling industries. It was underlined that the transition towards a circular economy is pivotal for sustainable development. Recyclers play a key role in this transition by being the link in the circular economy which turn waste into new resources and re-introduce them into production chains. Consequently, it was emphasised that recycling should be measured at the point where waste is turned into a new resource substituting virgin materials. This also entails correcting the definition of “final recycling” which confuses between two distinct steps in value chains as it refers to production processes where both virgin and recycled materials can be used. In order to enable a genuine shift towards a circular economy, it was stressed that a well-functioning market where resources can circulate freely is essential, underlining the fact that there is currently no well-functioning internal market for secondary resources. In a circular economy, wastes must be considered as resources, hence the urgent need to make progress on their legal status through end-of-waste, in particular for newer resource streams. The pivotal need to safeguard competitive neutrality between private and public operators in the field of municipal waste by preserving the “quantity” criterion was also stressed. The importance of pull mechanisms was also underlined in order to correct market failures and reflect in prices the environmental benefits of recycling. In practice, this has to be translated into stimulating market demand for recycled materials through green public procurement and by rewarding the CO2 and energy savings of recycled materials through e.g. tax rebates. Another market failure to be addressed was emphasised by underlining the need to think circular at the design stage as well as through eco-modulation of fees as a requirement for EPR schemes.

Jan Bollen, Environment Product Manager, ArcelorMittal outlined that steel is the most recycled industrial material in the world due to its physical properties that made it relatively easy to capture the economic value from its recycling. The recycling value chain was underlined highlighting the importance of collection, pre-processing and sorting, and final recycling process into a new product. Other scrap sources in addition to End of life scrap were also highlighted. The end-of-life scrap has more impurities mixed in that need to be separated out. It was said that high quality scraps are needed as they must meet the demand of steel producers in the EU market (oriented at high-end products rather than commodities). It was pointed out that the legislative proposal calls for the measurement of recycling rates to be in the “final recycling process” which begins when no further mechanical sorting operation is needed and waste materials enter a production process. It was however stressed that it would be more correct to measure the rates from the new products produced from recycling. It was said that this would help establish if the scraps are fit for purpose and usable in an economic market. Further, it also allows the inclusion of losses in the final recycling process. Overall it was said that in order for the EU to close the loop, scrap sorting has to achieve a quality standard to match demands of final products made by EU steel sector and without recourse to export of scraps of inferior quality. Further, to close the loop over current practice, measurement has to be at “final recycling process” as this provides the ‘real’ recycling performance as well as an automatic feedback on secondary raw material quality.

Ettore Musacchi, President, The European Tyre Recycling Association highlighted that over 3 million tonnes of post-consumer tyres are removed from vehicles and defined as waste every year across EU Member States. There are a variety of tyre management systems operating in the EU; producer responsibility; multiple responsibility; negotiated responsibility; free market, or an adaptation entailing a combination of the above mentioned. The data provided by these systems show that they successfully collect approximately 80% of tyres providing materials such as rubber, steel, and textiles with a multitude of usages such as rail products, urban furniture, curbs, insulating panels, and artificial turf. However, it was said that the industry faces various challenges. Firstly, it was stated that the material recycled has the potential to increase but lacks incentives and legislative support. Secondly, the need for regulations to be based on sound scientific analysis was stressed. Thirdly, regulations that call to ban materials with components made of recycled tyres have a negative impact on all RTMs and should rather call for rules and/or guidelines that illustrate the use of recycled materials in substitution of virgin resources. Fourthly, RTMs are used in a variety of products but very little in the production of new tyres. The need for more research, innovation, and technology should be adopted in Europe. Fifthly, it was stressed that the financial contribution of EPR schemes should be managed by a public fund and that 10% of the contribution should be used to fund R&D projects undertaken by recyclers and industry. Further, it was emphasised that national governments must take into account the proximity principle and the development of recycling capacity and markets, as well as to implement and expand Green Public Procurement. It was concluded by highlighting the importance of the circular economy and the promising opportunity it entails calling for clear regulations and incentives to be implemented effectively.

Ferran Rosa, Policy Officer, Zero Waste Europe underlined that a set of conditions are needed to ensure a circular economy. It was said that repair and recycling should become the easiest actions and be economically competitive with end-of-pipe treatments, i.e. with constant clean and quality materials collected and supplied. When discussing the circular economy it was said that such obvious elements are often forgotten but that they are essential for the realisation of the circular economy. It was said that currently not a single EU country is performing in a circular way and that those countries recycling the most also generate a lot of waste, thus wasting materials in landfills and incinerations, while those generating the least amount of waste recycle too little. It was pointed out that landfills are too cheap or even free, waste to energy is subsidised, separate collection is insufficient by not including biowaste, and products aren't designed for their end of life. The European Parliament can help to improve the legislative proposals. It was underlined that recycling targets are fundamental to secure investments and proper implementation for recyclers and municipalities. Effective separate collection of dry and wet fractions were mentioned as well as the importance of EPR schemes to drive eco-design. If a producer is forced to cover the disposal cost this provides an incentive to design products easier to be recycled or repaired. It was said that prevention is the weakest part of the legislative package proposed and specific measures for non recyclable products are needed. It was concluded by emphasising the need to bring coherence with other EU policies, being the circular economy a good opportunity to do so. In this sense, it was noted that the Waste to Energy Communication and the Renewable Energy Directive should push for phasing out subsidies for waste to energy, as they are not coherent with the waste hierarchy.

The discussion with the audience reiterated the importance of prevention emphasising that the Commission has thus far not been ambitious enough. **MEP Margrete Auken** also underlined the example of plastic carrier bags and that by simply putting a price on them the usage decreases significantly. Participants also mentioned that there are various materials that need to be avoided due to their end of life. The issue of microplastics in the tyre industry was raised as there are currently many assumptions that tyre abrasion contributes to microplastics. It was stressed by the tyre industry that this is currently being looked at closely in order to obtain concrete data and insights. The discussion on where to best measure recycling rates was raised. The Commission proposal supports measuring at the "final recycling process" as one of two options with participants supporting this and also highlighting that this is the most practical option. The discussion also pointed out that measuring at final recycling process highlights the need for better traceability of materials earlier on. The topic of funding was raised highlighting the potential need to give more authority to public funds. It was also said that a number of proposals aim to improve the funding of EPR schemes. With regards to EPR schemes it was discussed how to better ensure that they drive eco-design and play a bigger role in waste prevention. The issue of traceability was reiterated underlining its pivotal role in order to monitor that the waste hierarchy is respected also mentioning the role of Member States in its implementation. In this regard the idea of voluntary certification of recycling and waste facilities was put forward as a way to enhance traceability.

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