



## INVESTMENT IS THE KEY TO CREATING A MORE CIRCULAR ECONOMY

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*In the second of a series of Opinion pieces on the Circular Economy, David Palmer-Jones, President of the European Federation of Waste Management and Environmental Services (FEAD), and CEO of SUEZ UK, explains why private sector investment is the key to making progress towards a more circular economy in Europe and closing the gap in performance between Member States.*

Recent studies have highlighted the huge disparity between Member States' compliance with existing waste management obligations. No fewer than twelve Member States have a very large implementation gap with the Waste Directives – being “highly dependent on landfilling, other treatment options [being] rarely in place”. A further five “average performing” Member States also rely heavily on landfilling, lacking alternative treatment infrastructure or enabling policies to drive waste up the hierarchy.

In any event, all Member States, even those in compliance with EU waste legislation, are still a long way from achieving a truly circular economy where waste is designed out or reduced and - when it does exist - is fully brought back into productive use as materials or energy.

The Commission's ambitions for a more circular economy can only be achieved if its policies and policy instruments support and facilitate the construction of the alternative waste management facilities required to move materials up the waste hierarchy and put them to beneficial use. This requires considerable capital investment. Across the EU, it has been estimated that upwards of €40 billion of investment will be needed to achieve full implementation of the existing waste acquis by 2020 – and that does not take account of the infrastructure required to meet the even more challenging targets contemplated by the Commission for 2030.

While some of this capital could come from the public sector, there is little doubt that with public finances under stress, most Member States will have to rely on the private sector to provide this investment if they are to implement the Commission's vision and move towards circularity.

In revising its Circular Economy proposals by Autumn 2015, one of the key challenges the Commission must address is how to de-risk this investment so that private capital is encouraged to fund the infrastructure on which the circular economy depends. This investment can be deployed through a variety of project financing and operating models, where appropriate in partnership with the public sector.

But in many Member States the necessary conditions to de-risk this investment are not in place. Poor regulatory enforcement undermines the businesses of legitimate operators, discouraging new investment. The lack of coherent strategic planning across the waste management chain, from collection systems to treatment plants to markets, and the absence of appropriate “pull” policies, as I pointed out in my [previous article](#), has led to value chain cul-de-sacs: for example, the production of recovered materials with no or limited markets, or market prices that are unable to sustain viable recovery operations.

To get the necessary investment, and so create growth and jobs, Europe needs a long-term vision for resource policy beyond 2020, the right regulatory framework, and competitive markets. That is why FEAD is calling for the following measures to be included in the Commission's revised Circular Economy package:

- Full implementation and proper enforcement of existing legislation on waste and resource management in all Member States. Implementation of waste management plans at national level should be closely monitored. An early warning system should be put in place to ensure progress towards meeting EU obligations.
- EU funds provided to Member States for investments in waste or resource management infrastructure must respect the waste hierarchy. EU Structural Funds must be used more efficiently. The 315 € billion Investment Plan for Europe should provide support to Circular Economy projects. The role of the European Investment Bank in co-financing EU-funded projects should also be enhanced.
- Binding recycling and landfill diversion targets are needed to provide legal certainty beyond 2020 and a firm basis for making business and investment decisions. FEAD strongly believes that these targets should remain harmonised at EU level, with longer transition periods and extra help for some Member States where necessary.
- Market-based solutions are a key driver for investment and innovation. To achieve a circular economy, free and fair competition is needed throughout the value chain to stimulate customized services and solutions.
- And, as I said in my previous article, appropriate "pull" measures must be put in place.

A supportive long term policy framework from the public sector would enable the private sector to leverage the necessary investment, so leading to greater circularity. The newer Member States will need a lot of assistance - the private waste management industry can provide knowledge and expertise via partnerships, joint-ventures, and the development of new facilities.

FEAD and its members stand ready to play their part in support of national and European regulators by disseminating environmentally responsible management practices across the sector. But without the necessary investments, the vision of a circular European economy will not become a reality.

## About FEAD

FEAD is the federation of the European private waste management industry. FEAD's members are national waste management associations covering 18 EU Member States, Norway and Serbia. They have an approximate 60% share in the household waste market and handle more than 75% of industrial and commercial waste in Europe. Their combined annual turnover is approximately € 75 billion.

FEAD represents about 3,000 companies with activities in all forms of waste management. These companies employ over 320,000 people who operate around 2,400 recycling and sorting centres, 1,100 composting sites, 260 waste-to-energy plants and 900 controlled landfills. They play an important role in the determination of the best environmental option for waste management problems and in returning valuable secondary raw materials to the European economy.

FEAD's recently-launched Strategy 2014-2020 brochure "Driving the Circular Economy" sets out our vision of the policies needed to allow the industry to play its full part in achieving economic growth in a resource efficient and environmentally sound way, and it can be downloaded [here](#).

