

Mandatory recycled content

Brussels, 02 December 2021 – The European Commission published a Proposal for a Regulation concerning batteries and waste batteries, repealing Directive 2006/66/EC and amending Regulation (EU) No 2019/1020.

In the following note FEAD would like to highlight the importance of Mandatory Recycled Content (MRC), as a decisive regulatory tool to trigger investments along the recycling chain and to “close the loop”.

The European Union needs an essential market signal such as the Mandatory Recycled Content (MRC) in products because it is the only way to stimulate demand for recyclates. Investments in recycling facilities will only happen if companies have real certainty on the uptake of recyclates, which remains weak if left to market forces only.

- **What are the decisive advantages of MRC?**

Situations of higher prices in the virgin material markets, as we are currently experiencing, may potentially show an economic advantage for recyclates in the future. Scarcity situations may show another advantage for recyclates. By fostering battery recycling, the EU will ensure a strategic stability and independence for batteries producers in supply chains, reduce Europe’s dependency on third countries for raw materials, diversify supply from both primary and secondary sources, and improve resource efficiency and the circular economy¹.

For example, more than 70% of the world’s exploitable lithium reserves are located in Chile, Australia, and China². Which leads to the conclusion that Europe needs to invest more in the production of secondary raw materials, e.g., the collection, recycling, and recovery of batteries. The proposal by the European Commission to include mandatory recycled content for electric vehicle batteries, automotive batteries, and industrial batteries, **should be extended for all batteries** which will create favorable conditions for investments in new recycling technologies and infrastructure, which in turn will create trust among recyclates users, benefitting from long term supply conditions.

- **Why do mandatory recycled contents raise concerns?**

MRC can be considered bureaucratic in approach, however all management policies and instruments, such as Extended Producers Responsibilities schemes, rely on data collection and monitoring, and companies in the waste management sector are well used to it. Other manufacturing sectors work in this way too, such as Electric and Electronic Waste (WEEE) and Single Used Plastics (SUP) Directives. Data collection and monitoring are helpful tools to understand the flows and obstacles in a given manufacturing cycle. Market forces are not the sole conduit for the Circular economy, it needs data, monitoring, compulsory interventions to create a “shock on demand”.

MRC forces the waste management sector to commit to a supply of tonnages that are needed by the manufacturing industry, and we are ready to produce the requested amounts. The MRC sets in motion a meaningful signal for our companies to invest and deploy the appropriate technologies. The

¹ European Commission. Commission announces actions to make Europe’s raw materials supply more secure and sustainable. September 2020. https://ec.europa.eu/commission/presscorner/detail/en/ip_20_1542 (Access on 24.11.2021).

² USGS Mineral Commodity Summaries 2020. BP Statistical Review of the World Energie 2019. (Access on 24.11.2021).

level of the proposed percentages of recycled materials to be mandatorily reincorporated are achievable.

All these concerns were raised in 2018, by some stakeholders from the manufacturing sector when MRC was adopted in the SUP Directive. We see that none of them were justified in practice, and while it was a decisive signal, it had immediate, positive and strong effects on the demand, and triggered investments along the recycling chain.

Mandatory recycled content is crucial in the Batteries Regulation

- *The ever faster growing demand for critical virgin raw materials may lead to scarcity in the next few years.*
- *Recycled materials are (currently) still more expensive than virgin raw materials. Without any obligations, large-scale investments in recycling technologies are impossible.*

The waste management committed to transition to a more circular economy in Europe.

Based on this information, FEAD is not in line with amendments (600, 601, 602, 612 - 623, 630 – 633) proposed by members of the European Parliament, deleting the minimum targets for mandatory recycled content proposed in Article 8, paragraph 2 & 3 of the Regulation. More importantly, we would like to reiterate the importance and express our support for the Commission's proposed targets. FEAD strongly supports mandatory recycled content targets for 2030 and 2035 and calls for an extension of its scope to portable batteries and batteries from light means of transport, as suggested by Sven Giegold (AM 607, 634), Simona Bonafè (AM 73, 74, 76, 77) and Karin Karlsbro (AM 609, 636).

To design new installations as well as dimension and deploy investments accordingly, the **methodology for the calculation and verification of the volume of recovered materials from waste in the batteries is crucially needed as soon as possible**. Therefore, FEAD welcomes the proposal made by Karin Karlsbro (AM 593, Renew) to have the methodology set by end of 2023, instead of end of 2025.

FEAD will continue to follow closely the legislative process on the revision of the batteries Directive (2006/66/EC).

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