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FEAD's vision for a Circular Single Market strategy in 2025

FEAD, the European Waste Management Association, representing the private waste and resource management industry across Europe, **strongly supports a new Single Market Strategy to remove barriers to the circular economy**. This aligns with the recommendations in the Letta and Draghi reports and the objectives of the proposed European Circular Economy Act, offering **an opportunity to embed circular economy principles into the Single Market**. **By addressing regulatory fragmentation and fostering investment in innovative waste management, this will drive environmental sustainability, economic growth, and industrial competitiveness, strengthening the EU's resilience and strategic autonomy.**

Our [vision](#) is to shift Europe's overall material use towards recycled materials through industrial excellence in waste management. FEAD's [Manifesto](#) for a Sustainable, Competitive, and Circular EU Industrial Deal (2024) outlines the steps needed to reduce Europe's carbon footprint, strengthen its autonomy in raw materials and energy, and create quality jobs in the circular economy¹. Clear circularity targets are essential:

- 25% of materials used in industrial production to come from recycled sources by 2030, and
- 35% by 2050, in line with the EU objective of becoming the first climate neutral continent.

These targets will drive manufacturers to innovate and adopt sustainable practices. Ensuring that imported products meet the same environmental standards as those produced within the EU will avoid market distortions and promote responsible global trade.

1. A level playing field for circular materials

Mario Draghi points out the 'untapped potential from circularity' and recommends improving the recycling of end-of-life materials both in qualitative and quantitative terms. However, virgin raw materials are today cheaper than recycled raw materials because the negative

¹ As far as the EU as a whole is concerned, according to Eurostat estimates, employment in the EU environmental economy increased from 3.2 million full-time equivalents in 2000 to 5.2 million full-time equivalents in 2021. The environmental economy generated €937 billion output and €369 billion gross value added in 2021. Between 2000 and 2021, employment and gross value added grew faster in the environmental economy than in the overall economy. See Eurostat, Statistics Explained, Environmental economy – statistics on employment and growth (data extracted in March 2024), https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Environmental_economy_%E2%80%93_statistics_on_employment_and_growth&oldid=583805#Development_of_key_indicators_for_the_environmental_economy

externalities of the production and use of virgin materials are not fully incorporated into their price. This gives virgin raw materials an advantage on the market in relation to recycled ones, at the cost of the environment and climate.

As put by Enrico Letta, **the foundation for a Circular Single Market 'lies in ensuring a level playing field for circular materials, products, and services'**. FEAD suggests **incentivising the use of recycled materials by:**

- Introducing additional **mandatory recycled content targets** for more materials and applications as well as the strengthening of existing targets. In addition, FEAD advocates for a horizontal mandatory target to reach 25% of circular material use rate by 2030. This is currently at 11.8%, having barely increased by about 1% in the last 13 years.
- Prioritising recycling from waste sourced and processed locally in Europe. To prevent unfair competition, **EU-equivalence rules (mirror clauses) for imported materials must be applied** whenever the EU adopts mandatory recycled content targets. This is needed to protect the European recycling industry and to ensure that imported materials meet high environmental standards. Market access to imports that fall below an established environmental threshold must be prohibited.
- Improving traceability in international trade with **separate custom codes for virgin and recycled materials**. This is essential to assess the dumping risk on specific recycled materials.
- Implementing the Ecodesign for Sustainable Products Regulation (ESPR) as a top priority, with a focus on **product-specific circularity criteria**. Additionally, **develop standards for circular product design**, in collaboration with European standardisation organisations, to extend product lifetimes, enhance recycled materials' quality, and increase the integration of recycled materials into manufacturing.
- Introducing **binding sustainability criteria** based on the carbon footprint **to determine a ranking/prioritisation of use for all materials** and in particular polymers (both recycled and virgin) in products. This should also take into account the environmental impact of the different recycling technologies.
- **Amending the 2022 Climate, Energy and Environmental Aid Guidelines (CEEAG) to include recycling** activities. Manufacturing industries included in the CEEAG can benefit from reduced energy levies while they are in direct competition with the recycling industry for the production of raw materials.
- Defining a **0% VAT rate for recycling services in the EU** to strengthen their competitiveness.

2. Fair competition in the waste market

Fair and transparent markets for waste are essential to encourage private sector investment. Therefore, **any forms of preferential treatment of public entities** (including State-owned enterprises) **over private companies should be excluded**. This includes facilitated access to finance, lower/no VAT rates, in-house procurement without open tenders and cross-subsidiarisation.

As noted by the European Court of Auditors², competition for public contracts has diminished over the last decade. In particular, the municipal waste market has been steadily remunicipalised in recent years and as a result, more and more medium-sized companies are being squeezed out of the market. In addition, the market shares of the remaining private companies are increasing, although the market in which they are active is becoming smaller, exposing them to the antitrust risk of being accused of holding a dominant market position.

- FEAD recommends close monitoring of the ongoing remunicipalisation of waste management activities and a **revision of the definition of the relevant market** for the purposes of EU competition law, **which must be set to cover the entire market and not only the market open for competition**.

A lack of public tendering closes the market to private operators and, although the public sector's involvement mainly refers to municipal waste collection markets, this gives control over the direction of the waste flows. This now coincides with increased public companies also active in recycling. To increase the quantity and quality of recycling as underlined by M. Draghi, innovation and investments are needed, for which market access and competition are key. **FEAD recommends:**

- **Revising procurement rules to ensure that waste management services are always allocated on the basis of environmental quality and economic efficiency to drive innovation in the circular economy.** The protection of public health and the achievement of waste management targets by Member States can also be carried out by tendering and seeking the best services in the market. The Commission should therefore present a proposal to amend Art. 17 of Directive 2014/23/EU, Art. 12 of Directive 2014/24/EU and Art. 28 of Directive 2014/25/EU.
- **Revising the VAT Directive** (Council Directive 2006/112/EC) **to include waste management activities in Annex I** to ensure that bodies governed by public law are regarded as taxable persons when they carry out this activity (Article 13 of the Directive). This is regardless of the fact that FEAD recommends subjecting recycling services in the EU to benefit from a VAT rate of 0% to strengthen their competitiveness.
- Ensuring that **State-owned enterprises do not have easier access to finance and State aid** than private entities.

² <https://www.eca.europa.eu/en/publications/sr-2023-28>

- Prohibiting any legislation or practice that establishes ownership, restricted or priority access over specific waste streams (e.g., by producers, social economy actors or local authorities) as a distortion of competition.

3. Facilitated movement and procedures for recycling

Economies of scale, investments and innovation are strongly needed to increase the quantity and the quality of recycling in the EU. Therefore:

- As recommended in the Draghi report, **more non-hazardous wastes should be classified as “green-listed” for intra-EU movements** under the Waste Shipment Regulation. This can be, for example, separately collected bio-waste or mixed shredder heavy fractions. A single market must be guaranteed, **in particular, for waste containing critical raw materials, starting by maintaining non-hazardous e-waste in the green list beyond 2027.**
- **Accelerated permitting procedures should be mainstreamed**, with less bureaucracy and simplified, digitalised processes across the EU. As an example, EU permitting legislation shall ensure that requests for additional information and documentation can only take place once and all missing elements must be clearly listed.
- **A timely development of a simple, uniform calculation method for determining the financial guarantee for waste shipments based on risk assessments is needed.** Unfortunately, no clear timeframe for this process has been defined, raising concerns about potential delays, increased costs and administrative burdens for operators. In general, proper implementation of waste shipment rules at Member State level is essential, especially in relation to **meeting procedural deadlines**. For this, authorities need **sufficient personnel and sufficiently trained personnel** to be able to manage the notifications effectively and efficiently.

4. EU-wide end-of-waste criteria

Establishing EU-wide end-of-waste criteria is crucial to provide legal certainty, harmonised quality standards and facilitate trade of recyclates. While criteria exist for materials like aluminium, iron, steel, and copper, we must extend these to other waste streams. Today, the Commission is working on plastics, textiles and construction and demolition waste, but more needs to be done. Especially end of waste criteria for paper are urgent and long overdue. **FEAD recommends:**

- **Speeding up the adoption of EU-wide end-of-waste criteria** to create a well-functioning EU market for recycled raw materials. The current procedure is extremely resource-intensive for both the Commission and stakeholders.
- **Elaborating EoW criteria based on existing best practices and technical reports provided by the industry** (and not only based on the JRC's recommendations). Thus, when the value chain agrees on common criteria or

when several Member States have already adopted end-of-waste criteria based on similar criteria or standards (as in the case for paper), fast-tracking is vital.

- **In the absence of European criteria, mutual recognition of national end-of-waste criteria**, in line with article 6 of the WFD.

5. Harmonisation and better implementation of EPR schemes

The recent multiplication of Extended Producer Responsibility (EPR) schemes for different waste streams, and the dysfunctions identified in several Member States, can pose a risk to the circular economy and the single market in Europe. Therefore, **FEAD puts forward that:**

- In line with the principles of proportionality and subsidiarity, **EPR schemes are only set up when there is a need** (i.e. negative value of the waste stream compared to cost to ensure proper collection and recycling).
- **EPR schemes contribute to the objectives of the circular economy by not only looking for the cheapest option for producers but also considering strategic autonomy, environmental quality and efficiency in waste management options, in line with the waste hierarchy.**
- EPR fees take design requirements and share of recycled content into account in order to increase the circularity of products.
- **Waste ownership is retained by the waste management company** entrusted with the responsibility to process the waste.
- **Financial EPR schemes should be the norm.** In any case, it must be ensured that **PROs do not gain any competitive advantage over waste management companies in the markets they organise**; contracts for the collection, transport and treatment of waste must be put out to tender. Operational PROs can close the market to alternative operators. This is, for example, the case in Portugal, where the EPR scheme in charge of WEEE, batteries and packaging, started using its reserves to finance, buy and operate waste management services by themselves, closing the market to external operators. Also in Belgium, the PRO for ELV has set-up a company that prepares used car batteries for use as storage.
- The waste management industry's perspective is taken into account to improve the role and performance of EPR schemes, along with producers to build a shared circularity strategy.

Preserving free and fair competition among European recyclers, and avoiding market distortion by Producer Responsibility Organisations (PROs) with PROs having disproportionate market power is vital for the industry to thrive.

6. Enforcement and implementation of EU rules

Proper enforcement of EU waste legislation remains inconsistent. For example:

- The **European Waste Catalogue** is not properly implemented in some Member States, hindering cross-border trade. This is the case in Austria and Finland, countries that are using different national waste codes.
- Countries have different interpretations of when to apply the R1- or D10-codes.
- Many municipalities are not fully implementing **separate collection** rules for waste, with special regard for the most recent ones, for biowaste and textiles, which is the necessary and essential first step for their recycling.

Any future EU waste legislation must be enforceable. Unfortunately, **due to a lack of enforceability, a number of positive policy measures are simply put to the side** by many Member States.

7. Mandatory green, circular public procurement

Public procurement accounts for 14% of the EU's GDP and can be crucial for achieving the strategic goals of the European Union for its strong market pull.

- **FEAD recommends making green, circular public procurement mandatory.** Deviating from its current voluntary nature, mandatory targets for GPP should be phased in in time as already done in some Member States. Mandatory GPP must include circularity criteria, prioritising recyclable products and products made from recycled materials.

8. Conclusion

FEAD is committed to working with policymakers, industry, and stakeholders to create a competitive, sustainable, and circular Single Market. By addressing these priorities, the EU can unlock the potential of circularity, ensuring resilience and achieving climate neutrality.

FEAD is the European Waste Management Association, representing the private waste and resource management industry across Europe, including 20 national waste management federations and 3,000 waste management companies. Private waste management companies operate in 60% of municipal waste markets in Europe and in 75% of industrial and commercial waste. This means more than 320,000 local jobs, fuelling €5 billion of investments into the economy every year. For more information, please contact:

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