

## **FEAD suggestions on the Proposal for a Regulation Establishing the European Competitiveness Fund and on the design of a non-collected e-waste own resource supportive of its policy ambitions**

FEAD, the European Waste Management Association, representing the private waste and resource management industry across Europe, welcomes the European Commission's proposal for a Regulation establishing the European Competitiveness Fund (ECF). This Fund is a key opportunity to consolidate EU instruments that drive innovation, competitiveness, and industrial resilience while ensuring that the transition to a cleaner economy is anchored in circularity.

As the private waste management sector, FEAD's members are central to this transformation, providing **recycled materials, renewable energy, and carbon savings** essential to Europe's competitiveness and resource sovereignty.

However, while the proposed ECF represents a milestone in industrial policy integration, **its current design does not sufficiently recognise or support the circular economy and waste management sector**. This document sets out FEAD's recommendations to ensure their inclusion and visibility in the ECF framework.

In addition, FEAD takes this opportunity to share complementary reflections on the design of a non-collected e-waste own resource, announced in the forthcoming Multiannual Financial Framework (MFF) for 2028–2034. While distinct from the Competitiveness Fund, such a mechanism could reinforce circular economy objectives if properly designed to channel part of its proceeds back into the WEEE management and recycling sector.

### **PART I – Strengthening circular economy investments and waste sector eligibility within the European Competitiveness Fund**

The ECF aims to enhance Europe's technological and industrial competitiveness through integrated financing for clean transition, digitalisation, and resilience. Yet, the circular economy, a cornerstone of the Clean Industrial Deal, remains insufficiently represented in the proposal.

Circular industries, including waste management and recycling, are essential to achieving competitiveness by:

- Securing the EU's supply of raw materials.
- Reducing emissions and energy demand through material efficiency.
- Supporting local and regional jobs and innovation.

Still, Europe faces **structural disadvantages in recycling**: high energy costs, fragmented regulation, volatile markets for recycled vs. virgin materials that discourage private investment and limited incentives and financing mechanisms preventing scaling of recycling infrastructure. The ECF should explicitly address these barriers through targeted funding and enabling mechanisms.

## **FEAD Recommendations**

- **Establish a dedicated Circular Economy Toolbox under the ECF**
  - Create a dedicated Competitiveness Fund toolbox for the circular economy, targeting recycling, waste collection and valorisation, and circular manufacturing infrastructure.
  - This toolbox should include: (1) blended finance instruments (grants, guarantees, loans), (2) temporary support mechanisms to address market failures (e.g. current crises in plastic and textile recycling) and (3) innovation support for new circular technologies and material recovery.
  - Priority should be given to EU/EEA-sourced recycled materials that directly substitute virgin ones, in line with the principles of strategic autonomy and sustainability.
- **Include explicit eligibility for waste management and recycling infrastructure**
  - Amend the relevant provisions defining the *Clean Transition and Industrial Decarbonisation window* (and the accompanying recitals) to explicitly list collection, sorting, treatment, recycling, and recovery infrastructure as eligible investment areas.
  - Recognise recycled material production as a strategic industrial activity.
- **Introduce capital incentives and tax credits for circular investments**
  - Integrate capital allowances and tax credits for circular infrastructure into the ECF framework.
  - Enable Member States to complement EU funding with national circular investment incentives under state aid exemptions.
  - Encourage tax advantages for recycling-oriented investments in sorting and treatment facilities.
- **Correct market distortions between virgin and recycled materials**
  - Use Contracts for Difference (CfDs) or similar mechanisms to bridge the price gap between virgin and recycled materials — particularly in plastics.
  - Support public procurement preferences for products containing EU/EEA-recycled content, leveraging the Government Procurement Agreement (GPA) exceptions for environmental purposes.
- **Integrate Circularity in Resilience and Resource Security Goals**

- Redefine “resilience” in the Regulation to include recycled material production and recovery from waste.
- Ensure circular projects qualify for support under Strategic Autonomy and Resilience windows, alongside energy and defence projects.
- **Unlock Access for SMEs and Mid-caps**
  - Establish dedicated ECF funding lines for SMEs in waste and recycling sectors under the Scale-up Facility and InvestEU.
  - Simplify access through technical assistance, advisory services, and project aggregation schemes for smaller operators.
  - Apply the EU Competitiveness Seal to circular economy proposals achieving high resource efficiency and carbon reduction impacts.

The ECF should recognise that **circularity is competitiveness**. FEAD calls on EU co-legislators to:

- Embed circular economy language and eligibility directly into the Regulation.
- Ensure funding mechanisms address structural barriers in recycling markets.
- Create a dedicated ECF toolbox for circular investments.

A Europe that scales up its recycling and waste infrastructure is one that secures its strategic autonomy, strengthens its industry, and delivers climate leadership.

## **PART II – Design of a non-collected e-waste own resource supporting the Circular Economy Act**

Between 2012 and 2021, the amount of Waste Electrical and Electronic Equipment (WEEE) generated in the EU increased from 7 Mt to 8,4 Mt, making WEEE one of the fastest growing waste streams in Europe and possibly one of the highest in strategic and material value. However, currently in the EU only about 46% of all WEEE is collected and 40% of all WEEE is recycled.

The EU's current e-waste rules are governed by the WEEE Directive, which makes producers responsible for financing the collection, treatment, and safe disposal of electronic waste. It also sets national targets for collection and recycling. While the Directive laid a strong foundation, it faces challenges such as missed targets, inconsistent enforcement, and an ongoing loss of valuable e-waste leaving Europe disguised as second hand electronics.

In context of the upcoming WEEE Directive revision, **FEAD calls for effective measures to improve the collection rates of e-waste**, which are a prerequisite needed to achieve higher e-waste recycling rates and lower the dependency Europe has on imports of critical raw materials, ultimately to increase its strategic autonomy.

**FEAD takes note of the proposed own resource on non-collected e-waste**, as announced in the Multiannual Financial Framework for the period between 2028 to 2034. This could be an additional step forward to increase the collection rates for e-waste in the EU and thus

support its policy objectives, provided that part of the collected funds finds its way back into the circular economy. We therefore believe the **current proposal should be revised to improve its achievement.**

In this context, we call for the implementation of effective and targeted measures to improve the proposed own resource on non-collected e-waste in Europe, including:

- **Efficient monitoring and controls on the way the resource is computed, to make sure that all Member States pays what is actually due.** Commission must draw lessons from the non-recycled plastic packaging waste own resource introduced in 2021. Improper implementation of this own resource by the Member States lead the [European Court of Auditors](#) to conclude that there were 'persistent problems with data comparability and reliability, as well as a lack of appropriate checks of plastic packaging waste that is actually recycled, meaning that the resource is likely to be calculated incorrectly. Given the complexity of estimating the quantity of uncollected e-waste in Member States, we strongly request clear guidelines and effective, timely support from the Commission in calculating these quantities. The Commission must dedicate specific resources to continuously monitoring the implementation of the resource in the Member States.
- **Earmarking of part of the resource to the WEEE management sector,** via the Competitiveness Fund, for instance. Given the urgent need to increase WEEE collection and enhance the recovery of critical raw materials, the EU's ambitions for a circular economy also necessitate substantial investment in innovation, infrastructure, and advanced recycling technologies. This investment is essential in order to handle the growing complexity of electronic waste streams and improve material recovery, particularly for CRMs. We therefore demand earmarking part of the own resource for the WEEE management sector – potentially through the Competitiveness Fund – to co-finance state-of-the-art sorting, treatment and recovery technologies, particularly for CRMs. In view of the continuing difficult market situation for recycled materials and the associated risk of a reduction in recycling capacity in the EU, it must also be possible to use the own resource to subsidise the operating costs of recycling and bridge the price gap between primary materials and recycled materials.
- **Earmarking of part of the resource to increase resources to better monitor imports and exports of EEE and WEEE.** On the one hand, the EU is facing a growing volume of imported EEE, with many imported products entering the EU market without meeting key regulatory requirements, such as those relating to hazardous substances under REACH, EPR obligations under the WEEE Directive, ecodesign requirements under the Ecodesign-Regulation 2024/1781 and provisions linked to batteries under the new Battery Regulations. To ensure a level playing field and protect the environment and compliant operators, enhanced monitoring and enforcement mechanisms are essential. On the other hand, the EU continues to face challenges in tracking and controlling the cross-border movement of WEEE. A significant proportion of WEEE remains unaccounted for, due to illegal exports, informal flows disguised as second-hand goods or incorrect customs declarations. These loopholes undermine collection targets and result in environmental harm, loss of valuable resources and unfair competition for compliant operators. Therefore, we demand earmarking part of the own resource to increase support for the national competent authorities, both

financially and technically, to enable them to monitor imports and exports of EEE and WEEE more effectively.

- **Cascading of the own resource cost that does not negatively impact WEEE management systems.** Drawing a parallel with the own resources relating to non-recycled plastic packaging waste, some Member States have decided to pass the financial burden onto the producers of plastic packaging. If a Member State were to implement such a cost-cascading measure in the form of a tax on EEE producers, this should not negatively impact the financial resources allocated to EPR schemes. The efficiency of EPR schemes and their financing must remain a priority to ensure an effective waste management system. Additionally, under no circumstances should the cost of this own resource be passed on by Member States to waste operators, since they are not ultimately responsible for poor WEEE collection levels.
- **Keep supporting collection improvements**, including when the tax will be passed down to consumers and its effects limited on the responsible operators. If the cost of the own resource is cascaded down to EEE producers, these costs are ultimately reflected in the price of products and therefore passed on to consumers. With this cascading mechanism, consumers ultimately bear the financial burden of the resource, while the impact on responsible operators (e.g. national authorities and producers) is limited. Therefore, we are calling on the Commission to thoroughly monitor the benefits incentivised by the own resource over time, while setting high collection expectations under the revised WEEE Directive, to ensure continuous improvement in WEEE collection, even when the tax is passed on to consumers.

The current regulatory and economic context does not provide sufficient incentives to enhance circularity in the electrical and electronic equipment value chain. Recyclers face challenges, including low collection rates, long administrative delays for the transport of e-waste, low demand for recycled materials and the slow implementation of ecodesign rules in new products. Recycling facilities across Europe are closing down and the current conditions make investments into additional recycling processes more challenging.

**Policy support is crucial to ensure European recyclers are able to process more e-waste** and deliver on the ambitious goals set out in the Critical Raw Materials Act (CRMA) and support Europe's strategic autonomy. For this reason we urge policy makers to take into account our policy asks ahead of the upcoming negotiations on the MFF.

***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 500,000 local jobs, fuelling €5 billion of investments into the economy every year. For more information, please contact: [info@fead.be](mailto:info@fead.be)***