

### EUROPE'S TRANSITION TO A CIRCULAR ECONOMY: AMBITIOUS, COMPETITIVE AND COST EFFECTIVE

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The transition to a Circular Economy is a unique chance for the environment, global competitiveness and consumer protection in Europe. By creating a political framework that facilitates investment and innovation, the European Union can pave the way for a successful future of the European resource economy.

Landbell Group, offering with its group company European Recycling Platform (ERP) solutions for producers to comply with their extended producer responsibility across Europe, strongly welcomes the aim of the European Union (EU) to establish a more Circular Economy. In order to achieve the greatest benefits for the environment, for European businesses and for the consumers, the political framework should consider the following principles:

#### 1. Environment:

- The most effective means to increase resource efficiency are ambitious but realistic and measurable recycling targets, which take into account different national conditions and the different challenges and opportunities available in different material streams.

Recycling performance is very different across the continent. In the past, various Member States have not fulfilled the EU collection targets. In Spain, for example, only about 20 % (3.4 of the 16.2 kg per capita) of the electrical and electronic equipment (EEE) put on the market are officially reported as collected (Department of the Environment, Community and Local Government, Review of the Producer Responsibility Initiative Model in Ireland, 2014, p.253). Besides, the volume of waste electrical and electronic equipment (WEEE) that is not reported and treated improperly below the standards adds up to more than 16 % (Countering WEEE Illegal Trade Summary Report 2015, p.12). This is due to a lack of compliance, which, if not penalized, gives unfair competitive advantage to wrongdoers and constitutes an incentive to lower overall performance of the sector, to the detriment of the environment (Ministerio de Agricultura, Alimentación y medio ambiente, Memoria del análisis de impacto normativa, Proyecto de real Decreto sobre los Aparatos eléctricos y electrónicos y sus Residuos, 2014). Therefore, legal enforcement of conditions for fair competition is crucial in order to reach resource efficiency and recycling targets.

- In order to achieve ambitious recycling targets, the EU needs a transparent, practicable and comprehensible model that avoids unnecessarily complex data processing.
- Waste incineration and landfilling are still common practice in many EU countries. Since these methods are a waste of valuable resources, the EU should continue to strengthen and enforce the ban on landfill and extend it to the incineration of recyclable materials.

The EU and its Member States have committed themselves to a recycling target of 50 percent of municipal solid wastes (MSW) until 2020. Germany, nowadays, already recovers 66 percent of its MSW. The region of Wales, having committed to be a 'zero waste nation' by 2050, achieved an impressive increase from about 10 % to 64 % within 15 years (2017 EEB report "Recycling – who really leads the world?"). Redirecting material flows from landfilling and incineration to recycling reduces CO<sub>2</sub> equivalents emissions by 19 million Mg per year (Oeko-Institut, Beitrag der Kreislaufwirtschaft zur Energiewende,

2014). Furthermore, it cuts down primary-energy use and saves raw material. Therefore, other Member States should be encouraged to adopt similar recycling targets (European Environment Agency, Managing municipal solid waste, 2013).

### 2. Competition:

- Politically determined targets for recycling and recovery are an important tool, but they cannot be reached or be sustainable without open and dynamic market environments. Landbell Group and ERP have been set up to trigger and are continuously advocating for competition in waste and resource markets across Europe. A competitive market fosters innovation and helps economies and businesses deliver successful outcomes.

Due to competitive structures in the German waste market, the recovery rate of plastics and metal packaging (so called "LVP") increased by 11 percent between 2003 and 2011. Within the same time span, the costs decreased by 46 percent (Bundeskartellamt, Sektoruntersuchung duale Systeme, 2012).

- The transition to a Circular Economy requires a transformation of the entire economic system – this cannot be done quickly or simply imposed on a top-down basis. Therefore, the political framework must stimulate entrepreneurship and open markets so that new and sustainable business models and experimental innovations can be developed to deliver the resource efficient Circular Economy of tomorrow.
- Good practice through the years has proven that extended producer responsibility achieves the best results in terms of environmental and economic benefits when producers are free to choose among multiple competing producer schemes. This helps reducing cost of waste management for the consumer, while at the same time increasing recycling rates.<sup>1</sup>

In the United Kingdom (UK), for example, regulatory changes within the framework of the Waste Electrical and Electronic Equipment Directive Recast with the goal of "freeing up businesses" have stimulated competition and led to a favourable market development. Accordingly, in 2014 the UK "saw a 4 % increase in collections compared to 2013 and estimated savings to producers of electrical equipment in excess of £18 million" (Department for Business, Innovation & Skills, Recycling up and costs down under new regime, 2015).

In Ireland, increased competition (ERP Ireland, a subsidiary of Landbell Group, shifted its market share from 10,7 % in 2005 to 33 % in 2011) went hand in hand with a reduction of non-compliant producers from 421 in 2005 to 126 in 2011. In the same time period a sharp increase of collected WEEE from 5,545 to 25,991 tonnes could be observed. A competitive and innovative environment in the WEEE sector has enabled Ireland to reach and exceed its targets (8.2 kg per capita in 2010). Further, with 228 €/t Ireland shows the second lowest treatment costs among EU Member States (Department of the Environment, Community and Local Government, Review of the Producer Responsibility Initiative Model in Ireland, 2014, p. 252ff).

In Slovakia, the opening of the borders for WEEE treatment abroad (as a result of an EU infringement procedure) led to a decrease in treatment prices from approximately 120 €/t for screens and 56 €/t for other WEEE to 0 €/t in the course of two years (2012-2014).

In Italy, 17 compliance schemes are competing on the WEEE market. Due to this competitive model, the costs of treatment/collection of WEEE strongly decreased in the last years and, consequently, the fees applied to producers have been reduced by all compliance schemes, in favour of end-users.

- Ensuring a free market access and protecting the principles of the common European internal market are key for achieving the recycling rates and reducing costs for consumers.

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<sup>1</sup> OECD (2016), Extended Producer Responsibility, Updated Guidance for Efficient Waste Management

### 3. Responsibility:

- Extended producer responsibility has proven to be an effective tool to increase take-back and recycling of WEEE, waste batteries and waste packaging. Consequently, it shall be further strengthened and extended to other material flows.
- The principle of producer responsibility has decreased consumer costs, increased recycling and ensured better quality of recycling processes and the recycling material outputs.
- Extension of producer responsibility on further waste streams is an effective means for promoting viable markets for secondary raw materials, enabling a better quality of recycling and a higher demand for recycled materials.
- Even though producer responsibility reduces the volume of waste unaccounted for, Member States should continue to stress the need for enforcement to prevent free-riding, poor quality treatment and illegal waste shipments.

Only 35% (3.3 million tons) of all WEEE in 2012 has been recycled under compliant conditions in Europe (Countering WEEE Illegal Trade Summary Report 2015, p.17). For example, in Italy only 36 % of the WEEE collected by municipalities and distributors is managed by compliance schemes. With the new Italian WEEE regulation, municipalities or distributors can deliver WEEE collected to third parties out of producers' system. These volumes are included in the calculation of the collection target, but controls on the treatment standards are not in place yet. Moreover, around 30 % of the WEEE generated disappears from official channels due to illegal shipment, misclassification etc. ("I pirati dei Raae", Legambiente, 2014).

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### About Landbell Group

The Landbell Group is the leading supplier of service and consulting for global environmental and chemical compliance. It offers take-back/collection schemes for various waste flows, comprehensive services and consulting as well as respective software solutions from a single source. Established as a packaging scheme in Germany in the year of 1995 Landbell Group operates 32 take-back/collection schemes worldwide and, up to now, has managed the collection of more than 3 million tons of waste electrical and electronic equipment, more than 7.0 million tons of packaging and more than 50,000 tons of used batteries towards environmental recycling.

For more information on Landbell Group, please visit [www.landbell-group.com](http://www.landbell-group.com).