

POSITION OF THE FRENCH FEDERATION FOR WASTE MANAGEMENT AND ENVIRONMENTAL SERVICES (FNADE)

A CLEAN INDUSTRIAL DEAL FIT FOR THE CIRCULAR ECONOMY

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In her Political Guidelines, Commission President Ursula von der Leyen recognised the need to develop a competitive circular economy in Europe, calling for the creation of market demand for secondary materials and of a single market for waste, notably in relation to critical raw materials. The forthcoming Clean Industrial Deal is an opportunity for industries to reap the benefits of circular economy in terms of decarbonisation, material and energy security. As such, FNADE is fully committed to actively and effectively contributing to achieving a truly circular economy in Europe that will drive sustainable competitiveness. The recommendations presented below are essential to deliver circular economy objectives in Europe and, as such, should constitute the core of the circular economy chapter of the Clean Industrial Deal.

Proposed recommendations for inclusion in the Clean Industrial Deal

- **Recommendation 1:** set a binding target of 25% for the Circular Material Use Rate (CMUR) and strengthen existing or introduce new mandatory targets for recycled content for plastics and other materials. Harmonise EU standards for traceability and quality of recycled raw materials (RRM)¹.
- **Recommendation 2:** as soon as mandatory recycled content targets are set at the EU level, introduce mirror measures for imported RRM, ensuring compliance with EU circularity and waste management standards. Implement differentiated custom codes for virgin plastics and recycled plastics and enforce effective controls, including material controls. Require mirror clauses in all trade agreements for circularity, waste management, and recycled content, with monitoring mechanisms for their effective application.
- **Recommendation 3:** harmonise end-of-waste (EoW) criteria at the EU level to foster a single market for RRM and speed up the start of development work on EoW for paper and the development of EoW for plastics, textiles and construction and demolition (C&D) waste.
- **Recommendation 4:** Introduce EPR schemes only for sectors where there is a notable lack of performance in terms of collection and recycling especially where specific targets are established. Let each Member State adapt EPR schemes at national level, considering pre-existing markets and organisations and adapting them to each national and regional context. Nonetheless, encourage the European Commission to set good practices at the EU level on the implementation of EPR Schemes (i) the financial dimension of EPR schemes should be the norm whilst operational involvement should only be temporarily possible in cases of major failure or absence of a market; ii) streamline eco-modulation; iii) no “free take back” obligation; iv) fair governance of producer responsibility organisations (PROs); v) sanctions and penalties).
- **Recommendation 5:** recognise the climate and environmental benefits of Waste-to-Energy by recognising it in the EU Taxonomy.
- **Recommendation 6:** revise EU public procurement rules to include circularity criteria, prioritising recyclable products and products made from RRM.
- **Recommendation 7:** implement a system that values avoided CO₂-eq emissions through waste management activities.

¹ Whilst the Political Guidelines refer to the term ‘secondary materials’, we prefer the term ‘recycled raw materials’ (RRM).

Detailed rationale for the proposed recommendations

1. Mandatory Targets for Recycled Content

To support the transition to a competitive circular economy, it is essential to reduce the EU's dependence on virgin raw materials and promote the reuse of resources.

The main lever to achieve this goal is to strengthen existing targets and establishing new targets for recycled content for plastics and other materials. Specifically, industries should be required to meet quotas for integrating RRM, expanding these targets beyond plastics to include metal, glass, paper, textiles, etc.

In terms of tools, we recommend the use of mechanisms such as eco-design requirements and harmonising standards for the traceability and quality of RRM. Closely monitoring the Circular Material Use Rate (CMUR) until 2030 and beyond could ensure that these mechanisms are effectively working.

2. Mirror Measures in European legislation and Clauses in trade agreements

To combat unfair competition of recycled raw materials (RRMs) imported from third countries, which undermine the viability of the European recycling industries and hence the waste management capacity in Europe, it is essential that the Clean Industrial Deal sets the principle of systematic mirror measures into European regulations and effective controls of their application. Specifically, as soon as a binding target for the incorporation of RRMs exists in European law, these measures will ensure that imported RRMs comply with circularity and waste management standards equivalent to those applied within the EU. This approach aims to ensure that European companies are not penalised by less stringent collection or recycling practices and recycled content obligations by aligning the obligations of producers from third countries with the EU's requirements.

We also call for the Clean Industrial Deal to set the principle of a systematic obligation to negotiate mirror clauses in all EU trade agreements, specifically regarding circularity, waste management and recycled content. These clauses should ensure that third countries adopt standards equivalent to the current or future European objectives. It is paramount to establish monitoring mechanisms to ensure the effective implementation of these clauses and to guarantee that international business practices do not undermine the EU's environmental goals.

3. Harmonised 'end-of-waste' criteria at the EU level

The Clean Industrial Deal should strengthen the single market for RRM by harmonising end-of-waste (EoW) criteria at the EU level. This approach aims to develop the circulation of RRM throughout the EU, ensuring that waste is correctly classified and managed to be reintegrated into the economy. This notably involves establishing strict conditions under which certain materials can leave the waste status, aligned with best practices in the European recycling industry, a crucial step to stimulate their industrial reuse.

4. Guiding principles of Extended Producer Responsibility (EPR)

The Clean Industrial Deal should also define the guiding principles to follow for setting up EPR schemes, which aim to hold producers accountable for the management of waste generated by their products. These principles should include establishing EPR schemes only when collection and recycling targets are not reached, excluding the principle of "free take-back" of products for the waste owner, and ensuring stakeholder balance in the governance of PROs. An industrial vision is needed for EPR schemes, and, in this regard, waste management companies must be fully involved. Effective penalties in the event of failure to meet the targets should also be part of EPR schemes' guiding principles.

5. Waste-to-Energy as a taxonomy-eligible activity

It is becoming increasingly critical to recognise Waste-to-Energy as an eligible activity within the Taxonomy. Aging Waste-to-Energy plants face a growing need for public and private funding, estimated at 15 billion euros for the French market by 2050. Waste-to-Energy plants provide a treatment solution for residual waste that has been separately collected, whilst providing a local, stable, affordable source of renewable and low-carbon energy (including waste heat). It supports the decarbonisation of Europe's energy supply by replacing imported fossil fuels, thereby advancing pollution prevention, combating climate change, and helping achieve the EU's sustainability goals.

6. Demand-side measures for low-carbon, sustainable products

To meet decarbonisation goals, it is crucial that the Clean Industrial Deal announces measures to revise public procurement rules, detailing that new rules should establish circularity criteria in public procurement, thereby promoting the purchase of recyclable products or those made from RRM.

7. Recognition of avoided CO₂-eq emissions

Besides public procurement rules, the Clean Industrial Deal should provide for the adoption of a system for recognising and economically valuing the avoided CO₂-eq emissions through waste management activities, such as recycling or energy recovery.

Conclusion

FNADE fully supports the objectives of the Clean Industrial Deal, which will lay the groundwork for a competitive circular economy in Europe. The proposed recommendations are actual requirements to create a fair and efficient market for RRM. By aligning global practices with EU standards and encouraging the use of RRM, the EU will be able to meet its climate targets while fostering innovation and economic resilience. The inclusion of Waste-to-Energy for residual waste that has been separately collected in the European taxonomy is a crucial step in guiding investments that are needed to ensure a sustainable management of this type of waste, whilst reducing landfilling and enhancing local territories' energy security and decarbonisation.

FNADE (French Federation of Waste Management and Environmental Services) is a business association that represents the entire French waste industry. The waste industry is a key player in the circular economy, producing recycled raw materials (RRM), fertilisers and green energy to replace natural resources and fossil fuels.

FNADE in figures: 270 private company members; 46,544 employees throughout France; €11.2 billion turnover; ~€800million in investments.

FNADE is a member of FEAD, the European Waste Management Association.