Circular economy act
FEAD policy recommendations

FEAD
European Waste Management Association

Executive Summary

The Circular Economy Act presents a historic opportunity for the European Union to deliver on its ambitions, improve resource efficiency, reduce external dependencies, and unlock sustainable industrial growth. FEAD, the European Waste Management Association, representing the private waste and resource management sector across Europe, strongly supports the development of this legislation as a cornerstone of the Clean Industrial Deal and the competitiveness agenda.

This paper provides FEAD's key recommendations for a robust and actionable Circular Economy Act. It builds on our Manifesto[1] and aligns with the Commission's strategic goals, including those articulated in the Letta and Draghi reports. Our proposals focus on addressing persistent market failures, enhancing the competitiveness of recycled materials, promoting fair and transparent markets, and ensuring effective implementation and enforcement across the EU.

1 *https://fead.be/wp-content/uploads/2024/05/FEAD-Manifesto-2024.pdf*

FEAD proposes ten policy recommendations to ensure that the Circular Economy Act delivers tangible and systemic impact:

1. **Boost demand for European recycled materials** through binding recycled content targets, a 25% Circular Material Use Rate (CMUR) by 2030, economic incentives (VAT reductions, tax credits), and mandatory green public procurement.
2. **Create a competitive market for recyclates** by addressing structural cost disadvantages through targeted funding, tax reforms, and fair State aid rules.
3. **Adopt EU-wide End-of-Waste criteria** to unlock a functional Single Market for recycled materials.
4. **Ensure fair trade and competition** by applying mirror clauses to imports, improving traceability, and avoiding new trade barriers or export restrictions.
5. **Simplify permitting and waste shipment procedures** with digitalised, accelerated, and harmonised systems across Member States.
6. **Reform Extended Producer Responsibility (EPR) schemes** to ensure they address market failure, respect competition, and drive product eco-design.
7. **Recognise the essential role of Waste-to-Energy (WtE)** for non-recyclable residues, and support investment in upgrading WtE infrastructure.
8. **Manage substances of concern** through upstream restrictions, traceability tools, and decontamination technologies, sustained by the polluter pays principle.
9. **Strengthen enforcement and governance**, ensuring that EU rules are implemented evenly, and that public and private operators compete on a level playing field.
10. **Reduce fire risks from lithium batteries** by creating a Battery Fire Fund under EPR, introducing a Deposit and Return System, and incorporating fire risk into EU strategic assessments.

FEAD stands ready to work with EU institutions and calls for a rapid establishment of the **Clean Industrial Dialogue on Circularity** to ensure the Circular Economy Act delivers a real and strong circular economy.

Introduction

In a context of growing material demand[2] and rising global waste generation, projected to increase by 70% by 2050[3], the European Union faces urgent pressure to secure a sustainable and resilient supply of raw materials. The geopolitical climate, disruptions to global supply chains, and increasing competition for critical inputs have exposed Europe's dependence on finite resources. At the same time, environmental and climate targets demand a shift away from extractive models toward circular, low-carbon alternatives.

FEAD, the **European Waste Management Association**, representing the private waste and resource management industry across Europe, strongly **supports the development of a robust and actionable Circular Economy Act**. We urge the European Commission to develop legislation that goes **beyond critical raw materials**, and lays the foundation for a truly circular European economy, that enhances strategic autonomy, supports domestic industrial ecosystems, and delivers local employment.

This initiative is timely and aligned with the calls of the Letta Report on the Single Market and the Draghi Report on competitiveness. Both reports call for bold action to remove structural bottlenecks, enhance resource efficiency, and revitalise European industry. A well-crafted Circular Economy Act serves as a cornerstone of the Clean Industrial Deal, and offer a concrete response to the challenges identified in the Commission's Competitiveness Compass.

The waste and resource management industry plays a dual role: it is both a public service ensuring environmental protection and health, and a key enabler of a competitive circular economy, recovering materials, energy and reducing reliance on virgin inputs. By supplying recycled materials and renewable energy, the sector contributes significantly to **CO_2 savings**, making it an essential pillar in achieving the EU's **climate neutrality targets**. At the same time, it strengthens the **resilience of the European economy** by reducing strategic dependencies on imports and reinforcing the security of supply for critical sectors.

2 *https://www.oecd.org/en/publications/global-material-resources-outlook-to-2060_9789264307452-en.html*

3 *https://openknowledge.worldbank.org/entities/publication/d3f9d45e-115f-559b-b14f-28552410e90a*

Challenges

Despite all the effort of the EU, the performance of the European economy in circular material use remains stagnant[4]. In 2023, only 11,8% of materials used by European industry were derived from recycled sources: an increase of just 1,1 percentage points since 2010. This stagnation highlights the need for

- **robust demand-side measures to complement existing supply-side efforts, and**
- **a level playing field with primary materials.**

Several interrelated challenges continue to hinder the growth and competitiveness of the circular economy in Europe:

- **Limited market demand:** recycled materials are often more expensive than their virgin counterparts due to unaccounted externalities in the pricing of raw materials and overcapacity in third countries.
- **Lack of investment incentives:** capital-intensive recycling operations face regulatory complexity and insufficient financial support.
- **Unfair competition from imports:** non-EU recycled materials often lack reliability, traceability and quality control, undercutting EU standards.
- **EPR scheme limitations:** many schemes are poorly managed, lacking effective incentives to improve recycling and circular design, while unfairly competing with waste management companies.
- **Infrastructure gaps:** especially in separate collection systems for WEEE and biowaste.
- **High landfilling rates of municipal waste:** about 51 million tonnes of municipal waste are still landfilled in the EU (corresponding to 22% in 2023)[5] with striking differences between Member States.
- **Fragmented End-of-Waste criteria:** divergent national criteria and lengthy processes at EU-level hamper the Single Market for recycled materials.
- **Safety risks:** mismanaged waste, particularly lithium batteries and nitrous oxide canisters, is causing rising fire incidents.
- **Substances of concern:** their presence complicate recycling, raise safety risks, and reduce the quality and marketability of recycled materials.
- **Weak implementation:** key EU rules suffer from poor or uneven enforcement across Member States.

4 *https://www.eea.europa.eu/en/circularity/thematic-metrics/materialsandwaste/circular-material-use-rate*

5 *https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Municipal_waste_statistics#Municipal_waste_treatment*

Vision

The waste management sector plays an indispensable role in the functioning of Europe's economy and society. It safeguards public health, prevents and filters out pollution, and provides the infrastructure and expertise needed to manage Europe's waste sustainably. But more than that, it is **the backbone of the circular economy**: an industrial system that transforms society's discards into new resources, energy, and economic value.

Waste management is Europe's invisible filter, enabling the transition from a linear to a circular economy. Through investments in collection, sorting, recycling, and recovery, the sector turns waste into inputs for production, reducing Europe's reliance on virgin materials, fossil energy and third-country imports.

To achieve the EU's strategic objectives, FEAD calls for a step change in how the circular economy is understood and implemented. The Circular Economy Act should not only support critical raw materials, but should fix the underlying market failures that hold back circularity across the broader economy.

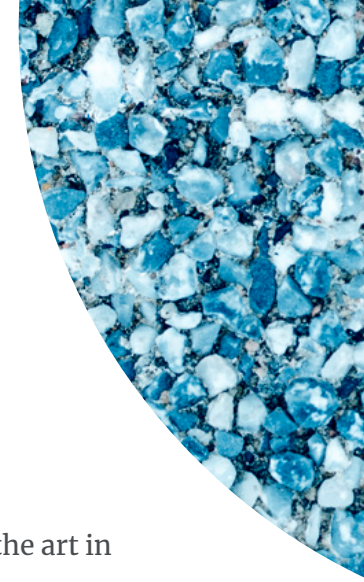
This Act must be a transformational framework based on two central pillars:

Boosting demand for recycled materials through minimum recycled content requirements, public procurement mandates, and economic incentives. In FEAD's Manifesto we called a binding **25% Circular Material Use Rate (CMUR) target by 2030 that is perfectly aligned with the KPI set in the Clean Industrial Deal.**

25%
by 2030

Creating a true Circular Single Market, where recycled materials produced in Europe can move freely, compete fairly, and be prioritised in line with decarbonisation and strategic autonomy goals.

Policy recommendations for the Circular Economy Act



1

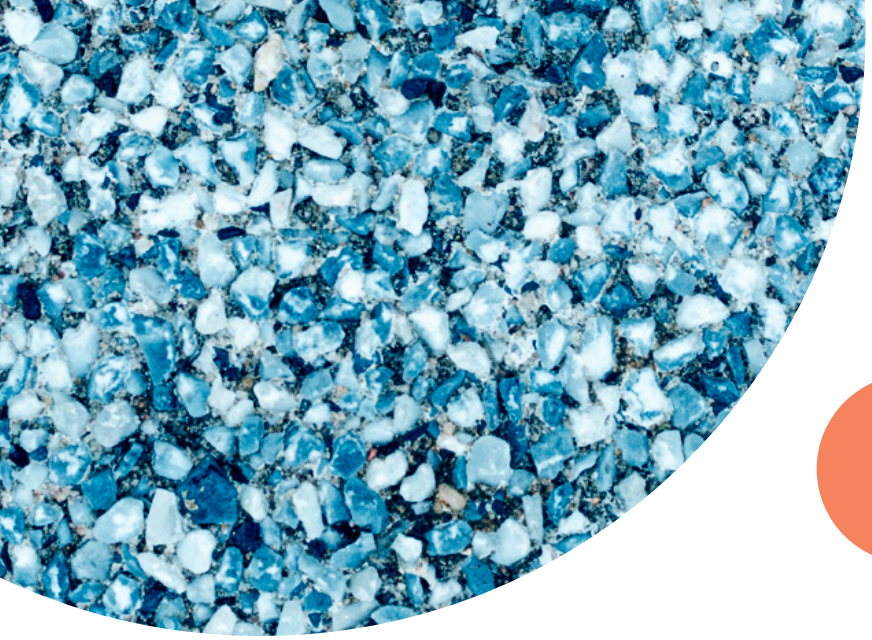
Boost demand for recycled materials

Europe's transition to a circular economy depends on unlocking demand for recycled materials. Recycled content accounts for just 11.8% of materials used in the EU, a figure that has barely changed in a decade, highlighting the need for strong policy intervention.

To stimulate circular markets and shift manufacturers toward circular inputs, the Circular Economy Act should introduce a suite of **coherent, demand-focused measures**. These should combine regulatory requirements with economic incentives and market governance.

FEAD recommends the following:

- **Set binding recycled content targets across sectors and materials:** introduce additional mandatory recycled content requirements for a wider range of applications, including construction materials, plastics beyond packaging, electronics, and textiles. Maintain and strengthen existing targets for European post-consumer recycled content also with intermediary targets.
- **Protect the definition of recycled content:** ensure that only post-consumer waste is counted. **Exclude biobased materials and pre-consumer waste from the definition of 'recycled content'**.
  - Biobased materials cannot be classified as recycled unless they result from actual waste recovery processes, and their recyclability must be proven according to the state of the art in existing technologies.
  - Pre-consumer, post-industrial waste and by-products, which are already part of controlled industrial loops, cannot be equated with post-consumer waste. Post-consumer waste must be collected from dispersed sources, requiring the commitment of consumers and municipal systems, and is more prone to pollution, loss of traceability, and contamination. Its treatment is therefore significantly more complex and costly and cannot compete.
- **Prioritise European recycled materials in product policy and procurement:** to support a strong internal market for recycled materials, policies such as recycled content targets, ecodesign, ecolabels, and GPP criteria should give preference to recycled materials sourced and processed within the EU. This approach would recognise the higher traceability and environmental control of European waste management value chains.
- **Establish a binding 25% Circular Material Use Rate (CMUR) by 2030:** adopt a horizontal target for recycled materials in industrial production across the EU, with intermediate milestones. This should remain an EU-average target. At the same time, it is recognised that does not fully capture the breadth of circular practices. We therefore recommend a revision of the metric to better reflect waste prevention and reuse efforts and to reward the use of recycled content, including when it is sourced from different Member States within the European internal market.



2

Create a competitive market for recycled materials

- **Introduce EU-level incentive schemes for recycling:** implement financial incentives that reward either the recycling process itself or the use of recycled materials in production. These schemes could include:
  - Reduced VAT rates for recycling activities
  - Circular economy tax credits for manufacturers incorporating recycled materials
  - Recognition of avoided CO_2 emissions from recycling, through a dedicated decarbonisation mechanism
- **Embed circularity in public procurement:** make Green Public Procurement (GPP) mandatory across Member States. Public authorities should prioritise recyclable products and those made with recycled content.
- **Introduce sustainability criteria based on carbon footprint:** define binding sustainability criteria that rank and prioritise materials, especially polymers, both virgin and recycled, based on the carbon footprint. These criteria should also account for the environmental performance of different recycling technologies to promote low-carbon circular solutions.

While boosting demand is critical, Europe must also address the persistent barriers limiting the availability and competitiveness of recycled materials. High energy costs, regulatory fragmentation, and lack of investment incentives have created structural disadvantages for recycled materials compared to virgin raw materials. As a result, many recycling operations struggle to scale, and manufacturers continue to rely on primary inputs.

The Circular Economy Act should directly tackle these supply-side challenges by stimulating investment, reducing market distortion, and improving the economics of recycling.

FEAD recommends the following:

- **Create a dedicated Competitiveness Fund toolbox for Circular Economy:** establish a well-resourced EU-level fund to support recycling infrastructure, innovation, and technology deployment. The fund should target European recycled materials that can substitute virgin ones. It should also be equipped to address temporary market failures, e.g. current plastic and textile circularity infrastructures.

- **Introduce capital incentives and tax credits for circular infrastructure:** to increase private and public investment in sorting and recycling facilities, FEAD recommends the creation of capital allowances and circular economy tax credits under EU and national frameworks. This could also be embedded within the upcoming Competitiveness Fund.
- **Define a reduced VAT rate for recycling services:** to level the playing field with virgin materials, recyclers should benefit from a reduced or zero VAT rate. This would send a clear fiscal signal in favour of circular business models and enhance the competitiveness of recycled materials.
- **Amend the Guidelines on State Aid for Climate, Energy and Environment (CEEAG)** to include recycling activities and infrastructure within the scope. Currently, manufacturing industries benefit from energy levy reductions while competing with recyclers for access to materials and market share. Recycling must be eligible for equivalent support under the same logic.
- **Include recycling capacities** and not only manufacturing activities that incorporate recycled content **in the new State aid Framework accompanying the Clean Industrial Deal Communication**.
- **Ensure fair competition between recycled and virgin materials:** virgin materials are often artificially cheaper because their environmental and climate externalities are not fully internalised and there is a significant overproduction in third countries. The EU should explore market-based instruments (e.g. carbon pricing, material taxes) to reflect these externalities, ensuring recycled materials are not penalised by an unfair cost structure.
- **Resist protectionist responses that distort markets:** FEAD notes with concern emerging proposals to restrict exports of valuable waste streams or apply fees to international movements. Rather than creating market barriers, the focus should be on building incentives that support competitiveness and improve recyclate quality, thereby keeping value in Europe.

3

EU-wide end-of-waste criteria and mutual recognition

One of the most persistent regulatory obstacles facing the circular economy is the fragmented and inconsistent approach to End-of-Waste (EoW) criteria across the EU. Despite the objective of establishing a true Single Market for recycled materials, they are still often treated as "waste" even after full processing. This undermines cross-border trade, adds legal uncertainty and costs, inhibiting investments in recycling capacity.

FEAD recommends the following:

- **Fast-track the adoption of EU-wide end-of-waste criteria for key waste streams:** prioritise the development and provide sufficient resources to establish harmonised EoW criteria for waste streams where significant recycling markets already exist, such as plastic, paper, tyres, textiles, and construction and demolition waste. Investigations on promising markets, should also be developed.
- **Allow industry-led technical dossiers to support the criteria-setting process:** the current system relies heavily on Joint Research Centre (JRC) studies, which are resource-intensive and slow. FEAD recommends that the Commission allow sectors or value chains to submit robust technical reports, including standardisation efforts and best practices, as a basis for developing criteria. This would reduce bottlenecks and speed up rulemaking.
- **Ensure mutual recognition of national end-of-waste criteria:** in cases where EU-wide criteria do not yet exist, the Commission should enforce mutual recognition obligations under Article 6 of the Waste Framework Directive. **Recycled materials that meet established EoW criteria in one Member State should be recognised as non-waste in others**, unless there is a clear, justified reason for refusal that is motivated within a short timeframe (tacit approval). At the same time, this process must include safeguards to avoid a race to the bottom, ensuring that national criteria are based on robust environmental and quality standards.
- **Clarify legal consequences and thresholds of EoW status:** to provide certainty to operators, the Commission should issue guidance on the rights and obligations attached to EoW status, including traceability, REACH and CLP compliance, and liability. This would help recyclers better understand the regulatory implications and ensure consistent application across Member States.

4

Strengthen circularity through fair competition and trade

A circular economy cannot thrive without fair and transparent market conditions. While EU recyclers are subject to high environmental, quality, and traceability standards, imported materials and products, often with lower sustainability credentials, frequently bypass these rules. This undermines both the environmental goals of the EU and the economic viability of domestic recycling.

Global trade in waste and recycled materials must be governed by principles of environmental equivalence and mutual accountability. At the same time, it must be ensured that no new trade barriers are created that would impair the competitiveness of the European recycling industry.

FEAD recommends the following:

- **Apply mirror clauses to imported recycled materials and products:** ensure that all materials imported into the EU, particularly those counted toward recycled content targets, are subject to equivalent environmental, social, and quality standards. Imports that do not meet these thresholds should not be permitted on the EU market.
- **Prohibit imports below established environmental thresholds:** to reinforce the effect of mirror clauses, market access should be denied to materials and products that fall short of verifiable EU-aligned environmental criteria. This measure is necessary to protect circular value chains from low-quality, low-cost substitutes that disincentivise domestic recovery and reinvestment.
- **Introduce separate customs codes for virgin and recycled materials:** the current customs nomenclature does not distinguish between primary and recycled materials, making it impossible to monitor trade flows of recycled materials. FEAD calls for the creation of differentiated codes for recycled materials, allowing authorities to track volumes, assess risks, and identify dumping practices.
- **Strengthen border checks and traceability of imports:** customs authorities must be equipped with clear guidance and digital tools to trace the origin and quality of recycled content in imported goods. This includes documentation on treatment standards, certification of processing facilities in third countries and physical controls. Capacity building efforts could be supported by the expertise of the waste management industry, ensuring that enforcement practices are realistic, effective, and aligned with circular economy goals
- **Oppose unjustified export restrictions or fees on recyclables:** rather than restricting exports of valuable waste streams or applying fees on outbound flows (including for critical raw materials), the EU should focus on scaling up a competitive domestic recycling sector and creating market demand. Introducing export barriers risks fragmenting markets, distorting pricing, and potentially breaching WTO commitments.
- **Strengthen traceability and quality assurance:** introduce a Guarantee of Origin system for European recycled materials to support transparency and trust.

5

Simplify regulation, permits and waste shipments

The complexity and fragmentation of regulatory frameworks across Member States continue to act as major barriers to the efficient operation and scaling of circular activities. In particular, lengthy and inconsistent permitting procedures and burdensome waste shipment processes delay infrastructure development and discourage investment in recycling.

Moreover, while the Waste Shipment Regulation has recently been revised to strengthen environmental safeguards, its implementation still faces delays and administrative bottlenecks at national level. The success of the Circular Economy Act depends on a regulatory environment that is predictable, transparent, and streamlined across the Union.

FEAD recommends the following:

- **Mainstream accelerated and digitalised permitting procedures across Member States:** the Commission should promote a common EU approach for permitting that ensures simplified, transparent, and time-bound processes. For example, applications should be subject to a single consolidated information request, and deadlines for regulatory responses should be binding. In cases where authorities fail to respond within the specified timeframe, silence should be considered as tacit approval. Permitting must also be fully digitalised to reduce administrative burdens.
- **Incorporate waste-related circular investments into priority permitting categories:** projects related to circular infrastructure, such as new sorting centres, recycling facilities, or waste-to-energy plants, should benefit from the same treatment as renewable energy projects under accelerated permitting frameworks.
- **Expand the green list of waste streams eligible for simplified intra-EU shipment procedures:** FEAD advocates for the inclusion of additional non-hazardous waste types, such as mixed shredder heavy fractions, in the "green list" for streamlined shipments. This would reduce delays and costs for operators and support recycling across EU borders.
- **Implement a uniform, risk-based financial guarantee system for waste shipments:** the calculation of financial guarantees required for transboundary shipments must be harmonised at EU level. A clear, predictable and risk-proportional model would help operators plan and comply while ensuring environmental protection.
- **Strengthen Member States' administrative capacity for shipment oversight:** enforcement of shipment rules is inconsistent across the EU due to staff shortages, a lack of digital tools, and unclear procedures. The Commission should issue guidance and allocate support for building adequate enforcement capacity, particularly at regional level.

6

A smart framework for Extended Producer Responsibility (EPR)

The Circular Economy Act should enshrine a more precise, consistent, and competition-friendly framework for EPR schemes. When well-designed and properly implemented, EPR can drive eco-design, finance sustainable waste management, and boost recycling rates. However, the rapid expansion of EPR schemes across Europe, often with varying governance models, has raised concerns about market distortion, lack of transparency, and reduced competition.

Crucially, the decision to establish an EPR scheme must be grounded in a **clear assessment of market failure**, with a focus on outcomes, feasibility, and the role of existing actors.

FEAD recommends the following:

- **Apply EPR schemes only in cases of clearly defined market failure**. EPR should not be a default policy tool. It should only be introduced where open market mechanisms cannot deliver environmentally sound waste management and circularity outcomes. FEAD proposes to develop criteria to determine when a market failure exists, for example:
  - When recyclable waste streams are systematically incinerated or landfilled despite the presence of available recycling capacity and viable technologies.
  - When the economics of recycling are structurally unfavourable, e.g. where recycled materials cannot compete with virgin materials due to price volatility, external cost distortions, or inadequate demand, even though recycling is technically feasible. In these cases, EPR can help stabilise investment and stimulate recyclate uptake.
  - When waste is not adequately collected, sorted, or controlled, leading to high littering risk, illegal treatment, or leakage into the environment. Here, EPR can help professionalise the collection chain and improve traceability, especially for dispersed or hazardous product categories.

  Where recycling is not yet feasible, other instruments, such as research support, public investment, or regulatory standards, may be more appropriate than EPR.

- **Prioritise financial EPR over operational EPR:** financial EPR schemes (where producers fund the system but do not operate waste activities) preserve competitive markets and allow waste management operators to compete on service quality and environmental performance. Operational EPR (where PROs also manage collection and treatment directly) should be avoided, as it risks closing markets and concentrating power under unfair competition. In several Member States PROs have used the market information collected from waste management companies while organising the EPR schemes to invest and operate in the same markets using the reserves from the EPR scheme to create new companies that now dominate the markets.

- **Ensure separation of roles and ownership in EPR schemes:** Producer Responsibility Organisations (PROs) only controlled by producers should not be allowed to determine the waste treatment pathway or own treatment facilities to avoid conflicts of interest and protect market competition. **Waste must remain the property of licensed treatment operators**, enabling them to manage quality, invest with certainty, and meet legal responsibilities.
- **Create an independent monitoring and advisory body:** to oversee EPR schemes, the EU should mandate the creation of national monitoring and advisory bodies including waste operators and recyclers. These bodies should:
  - Ensure environmental and economic performance of schemes
  - Advise on fee structures and eco-modulation criteria
  - Ensure that PROs operate transparently and in the public interest
  - Strengthen eco-design incentives through fee modulation
  - Support investment in local sorting and recycling capacity
- **EPR schemes must be used to promote better product design:** this includes lower fees for products with recycled content and that are durable, reusable, repairable, and recyclable, and higher fees for those that are not. The modulation system should be based on clear definitions and harmonised criteria, developed with input from the waste management sector.
- **Ensure data transparency and market access:** PROs must publish clear, disaggregated data on collection, sorting, recycling, and final treatment. Contracts for service provision should be tendered fairly, and access to the market must not be restricted through opaque practices or preferential arrangements.

7

Enhance the role of waste-to-energy and residual waste treatment

While the transition to a circular economy must first and foremost prioritize waste prevention, reuse, and recycling, the reality is that not all materials can be recycled. Even in the most advanced systems, a residual stream will persist, composed of contaminated, complex, or non-recyclable materials. For this fraction, **waste-to-energy (WtE)** offers an essential and environmentally sound solution contributing to resource efficiency by recovering energy and materials from the residues. It plays a complementary role to recycling by providing a hygienic and safe final treatment option and drastically reduces dependency on landfilling, and should be fully recognised within the EU's sustainability and climate frameworks.

FEAD recommends the following:

- **Recognise WtE and bottom ash recovery within EU sustainability and climate frameworks:** as an essential public service, WtE should be explicitly acknowledged as a necessary and climate-compatible part of the waste management hierarchy. This includes integrating WtE facilities treating non-recyclable waste into the EU Taxonomy for sustainable finance and recognising the material recovery from bottom ash as a form of recycling under the Waste Framework Directive.
- **Enable access to EU climate finance and innovation support for advanced WtE systems:** the EU should facilitate investment in modern and efficient WtE facilities that contribute to both environmental protection and system resilience. This includes support for facilities that incorporate carbon capture technologies; those that are integrated into district heating networks or industrial ecosystems; and facilities that adopt hybrid models combining upstream sorting, energy recovery, and post-treatment of residual fractions.
- **Promote a balanced and pragmatic role for WtE in EU waste policy:** EU guidance should clarify the role of WtE as a complementary solution to reuse and recycling and an indispensable tool in diverting waste from landfills. This is especially relevant for Member States that still rely heavily on landfilling and for residual waste streams where no feasible recycling options exist. The Circular Economy Act should offer policy certainty to ensure continued investment in safe, efficient, and climate-conscious treatment infrastructure.

8

Manage substances of concern in the circular economy

To ensure the safety, credibility, and marketability of recycled materials, the Circular Economy Act must address the growing challenge posed by substances of concern in waste streams. These substances threaten the quality of recycled materials, complicate treatment processes, and pose risks to human health and the environment if not properly managed. Ensuring the safe circulation of materials requires both upstream action at the design stage and building capacity for safe treatment at end-of-life.

FEAD recommends the following:

- **Phase out substances of concern at the source ("close the tap"):** the Commission should prioritise the restriction and substitution of substances of concern during product design. To ensure safe substitution, the environmental impact and end-of-life behaviour of alternative substances must be thoroughly assessed. Full transparency from manufacturers on product composition is essential, as is strict enforcement of equivalent requirements for imported goods.

9

Strengthen implementation, enforcement and market governance

Even the most well-designed circular economy policies will fall short if implementation is weak, enforcement is inconsistent, or markets are distorted by unequal treatment of operators. While the EU has made important strides in setting ambitious waste and recycling targets, uneven transposition, regulatory interpretation, and monitoring across Member States continue to undermine results.

In several cases, Member States have delayed or only partially implemented key provisions of EU legislation, such as the obligation for separate collection of biowaste and textiles. In parallel, divergent classifications of waste and differing interpretations of EU codes (such as R1 and D10 for recovery and disposal) create confusion, legal uncertainty, and barriers to the movement of waste. Moreover, anti-competitive practices, such as the remunicipalisation of waste services without open tenders, are threatening the integrity of the waste and recycling market.

- **Invest in traceability, measurement, and decontamination technologies:** support the development of harmonised contaminant detection methods, advanced separation and treatment technologies, and digital traceability tools to improve recyclate quality. These investments will enable recyclers to meet increasingly stringent requirements while preserving market access.
- **Ensure fair cost-sharing based on the polluter pays principle:** producers placing substances of concern on the market must contribute to the costs of managing their impacts at end-of-life. While EPR may not always be appropriate, alternative financing mechanisms should ensure that waste operators are not left to bear the burden alone.
- **Promote a phased, risk-based approach to contaminant management:** the EU should support a pragmatic framework that balances achieving zero pollution while advancing in circularity and reaching the 25% CMUR. For waste streams that cannot be fully decontaminated, a risk-based approach should define safe applications within closed-loop or traceable systems, while allowing for gradual improvement through investment in innovation.

To deliver on its circular ambitions, the EU must ensure that rules are properly enforced, that markets remain competitive, and that waste is managed in line with environmental and economic best practices.

FEAD recommends the following:

- **Ensure consistent and effective enforcement of EU waste legislation across Member States:** the Commission should prioritise the monitoring of national implementation, particularly for rules on separate collection, shipment procedures, and treatment standards. This includes clear expectations on enforcement timelines and the allocation of sufficient administrative capacity at national and regional levels.
- **Harmonise the interpretation and application of key regulatory elements:** to enable the smooth functioning of a Circular Single Market, the application of the European Waste Catalogue, recovery/disposal codes (R1/D10), and classification systems must be consistent across borders. The Commission should issue clarifying guidance and explore the establishment of a centralised technical platform to assist national authorities.
- **Protect competition and fair market access in the waste sector:** it is crucial to ensure compliance with the principles of the free market and fair competition by clearly distinguishing the functions of municipal companies as market participants and as market creators. It should be considered inappropriate for a public entity to simultaneously perform both of these roles, as this may lead to a conflict of interest and a distortion of competitive balance in the market. The growing trend of remunicipalisation in certain Member States—often without competitive tendering—poses a serious risk to market integrity. Public authorities should be required to apply EU procurement law and avoid practices that grant preferential access to municipal operators. Contracts for treatment and logistics must be awarded based on transparent criteria that reward environmental performance and economic efficiency rather than in-house solutions.[6]
- **Ensure a level playing field between private and public operators:** the VAT Directive should be revised to ensure that public bodies providing waste services are treated as taxable entities, preventing unfair fiscal advantages. In addition, it must be ensured that State-owned enterprises do not have easier access to finance and State aid than private entities.

6 *See FEAD's proposal for the revision of the EU public procurement framework here: https://fead.be/wp-content/uploads/2025/03/FEAD-position-paper-evaluation-of-procurement-directives-7-March-2025.pdf*

10

Reduce fire risks from batteries in waste management facilities

The misplacement of lithium batteries in waste streams is causing a sharp rise in fire incidents across the European waste management sector. These fires pose a growing threat to worker safety, destroy critical circular infrastructure, and undermine the financial viability of waste operators. With lithium batteries now embedded in a wide range of consumer products, and often disposed of incorrectly, this issue is intensifying unless decisive action is taken.

Current regulatory efforts under the Battery Regulation and guidance on removability are welcome, but insufficient. The scale of the problem requires additional targeted instruments.

FEAD recommends the following:

- **Establish a battery fire prevention and recovery fund under EPR:** the scope of Extended Producer Responsibility should be expanded to cover preventive measures and compensation for battery-related fire incidents. A dedicated fund should support investments in detection and fire prevention systems, emergency response, awareness campaigns, and compensation for affected facilities. It should also help mitigate rising insurance costs and cover all waste facilities exposed to battery risks, not only those directly managing batteries.
- **Introduce a Deposit and Return System (DRS) for lithium batteries and battery-embedded devices:** a DRS is essential to incentivise proper disposal of batteries and meet the Battery Regulation's ambitious collection targets. It would also reduce fire risks and keep critical raw materials within the EU's circular value chains.
- **Ban disposable products with unnecessary embedded batteries:** items such as single-use e-cigarettes, light-up textiles, and gift cards with batteries contribute disproportionately to fire risk and battery leakage. These products should be prohibited at EU level. The ESPR should define design requirements and enable targeted bans where appropriate.
- **Embed battery-related fire risks in strategic and economic assessments:** the rising cost burden, safety risk, and insurance volatility linked to lithium batteries must be integrated into the Commission's **risk assessment frameworks** for the waste and circular economy sectors. The full economic impact must be acknowledged and addressed in future legislation and funding programmes.

OUR FULL MEMBERS

ARI

asegre
De residuo a recurso con gestión segura

ASSOAmbiente
Associazione Imprese Servizi Ambientali ed Economia Circolare

BDE
Kreislauf. Wirtschaft. Zukunft.

BRRA
Bulgarian Recovery and Recycling Association

ČAOOH
ČESKÁ ASOCIACE OBĚHOVÉHO HOSPODÁŘSTVÍ

círculo*

denuo

Dutch Waste Management Association
Partner in the circular economy

ESTONIAN CIRCULAR ECONOMY INDUSTRIES ASSOCIATION

esa environmental services association

flea
fédération luxembourgeoise des entreprises d'assainissement

fnade
Fédération Nationale des Activités de la Dépollution et de l'Environnement

IWMA
Irish Waste Management Association

LASUA

Norsk Industri

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FEAD
European Waste Management Association

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:
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