



Press release,
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Recycling in turmoil

A lack of outlets for recycled raw materials, the Chinese import ban on some of these materials and an increase in costs are threatening the economic equilibrium of the recycling industry. Added to all this is the urgent need to find outlets for final residual waste. And yet in terms of recycling, citizens have high expectations and governments have ambitious targets. To meet these challenges, the FREC legislation (Roadmap for the Circular Economy), currently at the draft stage, presents us with a critical opportunity we can't afford to miss.

Not only is there political will to accelerate the growth of the circular economy by substituting recycled materials for virgin materials, it above all reflects a reality of the market economy.

And while progress has been made by the recycling industry such that recycled materials are of the same quality as virgin materials, the economic equilibrium of the industry is too often threatened by political budgetary decisions.

Since July 2018, we have been faced with a new and unprecedented crisis. There is a lack of outlets for the residual waste generated by the treatment of business waste and a change in some rates of the general tax on polluting activities (TGAP) to €151/tonne. In some regions, the authorised annual landfill and incineration capacities have already been reached and these facilities cannot handle any additional tonnage before the end of 2018. And yet this residual non-recyclable waste must be processed. For want of a solution, tonnes of waste are accumulating and some recycling plants have had to be shut down. Initially a regional issue, the backlog is becoming a nationwide problem. If new outlets for this waste are not found, the situation will get much worse in 2019.

This crisis comes on the heels of a prior crisis related to the closing of the Chinese borders to the importation of some categories of raw materials for recycling in the summer of 2017. This is continuing to impact recycling companies, as prices fall and they are forced to find alternative solutions with as yet unproven business models.

Ongoing discussions relating to the national budget are further heightening the industry's concern that a third, legislative, crisis is in the making, which might upset the fragile economic equilibrium of the recycling industry. As might the elimination the reduced rate of the domestic consumption tax on petroleum products (TICPE) for non-road diesel.

We are currently working actively with the government and ministries on the preparation of the proposed "Roadmap for the Circular Economy" bill, which needs to be broader in scope. We have crucial choices to make together. Our industry is hoping lawmakers will choose the right path. This would involve going further with a TGAP (pollution tax) that encourages more recycling, and strong measures designed to create a real upsurge in the demand for recycled materials. Otherwise we will have failed in our response to an environmental emergency, jeopardising direct jobs and targets.



The necessary new measures include:

- Creating the conditions for the growth of sorting, recycling and raw materials pre-treatment capacities by bringing together the reception of sorting waste in all regions so that it can be re-incorporated into industry, organically recovered, and used in the “Solid Recovered Fuel” (SRF) sector. This industrial dimension was omitted from the Roadmap for the Circular Economy, but is strategically crucial for meeting the demand to halve the quantity of waste sent to landfill.
- The introduction of a reduced TGAP rate for residual fractions from certified efficient sorting/recycling/recovery facilities with a minimum recovery rate of 50%. This would really promote the development of alternatives to landfill. Such a measure would also quickly make the activities of sorting, recycling and recovery competitive relative to landfill and would direct waste flows towards these facilities.
- Cancelling the consequences of the government memorandum of 7 July 2018 on the introduction of a TGAP rate of €151/tonne until efficient waste sorting centres receive certification.

Within the context of the proposed FREC legislation, we are calling for :

- The roll-out of measures relating to the prevention of waste and to the sorting of waste at source, such as incentive-based pricing for household waste and monitoring to ensure that businesses are meeting their regulatory obligations.
- Clarification of the limits of public waste management services and the implementation of pricing representative of the services provided by public authorities to those companies whose waste it collects. This is crucial in ensuring that all actors are committed to sorting their waste.
- The development and long-term safeguarding of outlets for recycled raw materials and the creation of real industrial sectors.
- The creation of a Centre for Recycling Expertise (CER) to ensure that future consumer goods are recyclable.
- The participation of manufacturers that are members of the CME (Confédération des Métiers de l'Environnement) in the governance of Extended Producer Responsibility (EPR) schemes.
- The introduction of a simple and effective system to extend EPR schemes for household packaging to professional packaging, in a way that preserves existing B to B relationships and the very high rates of recycling that they make possible. The roll-out of an EPR scheme must thus ensure data transfer, checks that targets have been hit, and the implementation of targeted annual action plans to continuously improve recovery performances.
- The publication, prior to any legislation, of studies currently in progress that will give us a better understanding of public works waste. The high volumes of public works waste require a detailed understanding of the issues and tailor-made approaches based on the size of construction sites.

The Confédération des Métiers de l'Environnement in numbers (2016): €18.5 billion in turnover; €1.17 billion in investments; 1,529 companies; 4,330 sites; 75,840 direct jobs that cannot be outsourced (Sources: FNADE and FEDEREC).