

Effort Sharing Regulation - An Opportunity to Reduce GHG Emissions in the Waste Sector?

Zero Waste Europe's Response to the Effort Sharing Regulation proposal
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Introduction

Zero Waste Europe welcomes the European Commission's proposal on ESR defining the national targets for GHG emission reduction in line with an EU-wide reduction of 30% in the non-ETS sectors compared to 2005 by 2030. The Commission's proposal covering 60% of the EU's total greenhouse gas emissions is a centerpiece of EU's efforts to implement the goals of the Paris Agreement. If designed correctly, the ESR can help secure Europe's transformation to a low-carbon economy and lead to more livable cities, cleaner air, reduced energy poverty and the creation of jobs.

However, the current proposed framework does not provide the right incentives to drive significant emission reductions in the non-ETS sectors, which are required to move Europe towards a low-carbon society, particularly in the waste sector. Achieving this requires an ambitious and forward-looking ESR framework and the improvement of the following elements in the Commission's proposal:

1. Build strong policy coherence with the Circular Economy Package, ensuring alignment with the Waste Hierarchy.

The current ESR recognises that EU level policies such as the Circular Economy Package, will also be crucial to achieve to GHG emission reduction in the waste sector.

This is a positive first step towards ensuring coherence between the proposal and key sectoral policies, which was lacking in the previous ESD. As it was noted in the ESD evaluation, the ESD was largely coherent with other EU climate and energy policies, such as the ETS, energy efficiency and renewable energy; but there was a lack of studies specifically relating the ESD and its coherence with other PAMs [National Policies and Measures]¹, which suggested that far too little attention had been devoted to study whether and how the ESD targets relate to sectoral policies at the EU and national level.

Now the ESR has taken a positive step forwards with the inclusion of the Circular Economy Package, but this is insufficient. In order to ensure effective and ambitious GHG emissions reductions, the ESR should take on a more meaningful approach to integrate sectoral policies, and recognise that, specially in the case of the waste sector, sectoral policies such as the CE Package could deliver far more GHG emission reductions than the total amount targeted by the implementation of the ESR, if GHG emissions savings from recycling and reduction of waste were accounted for.

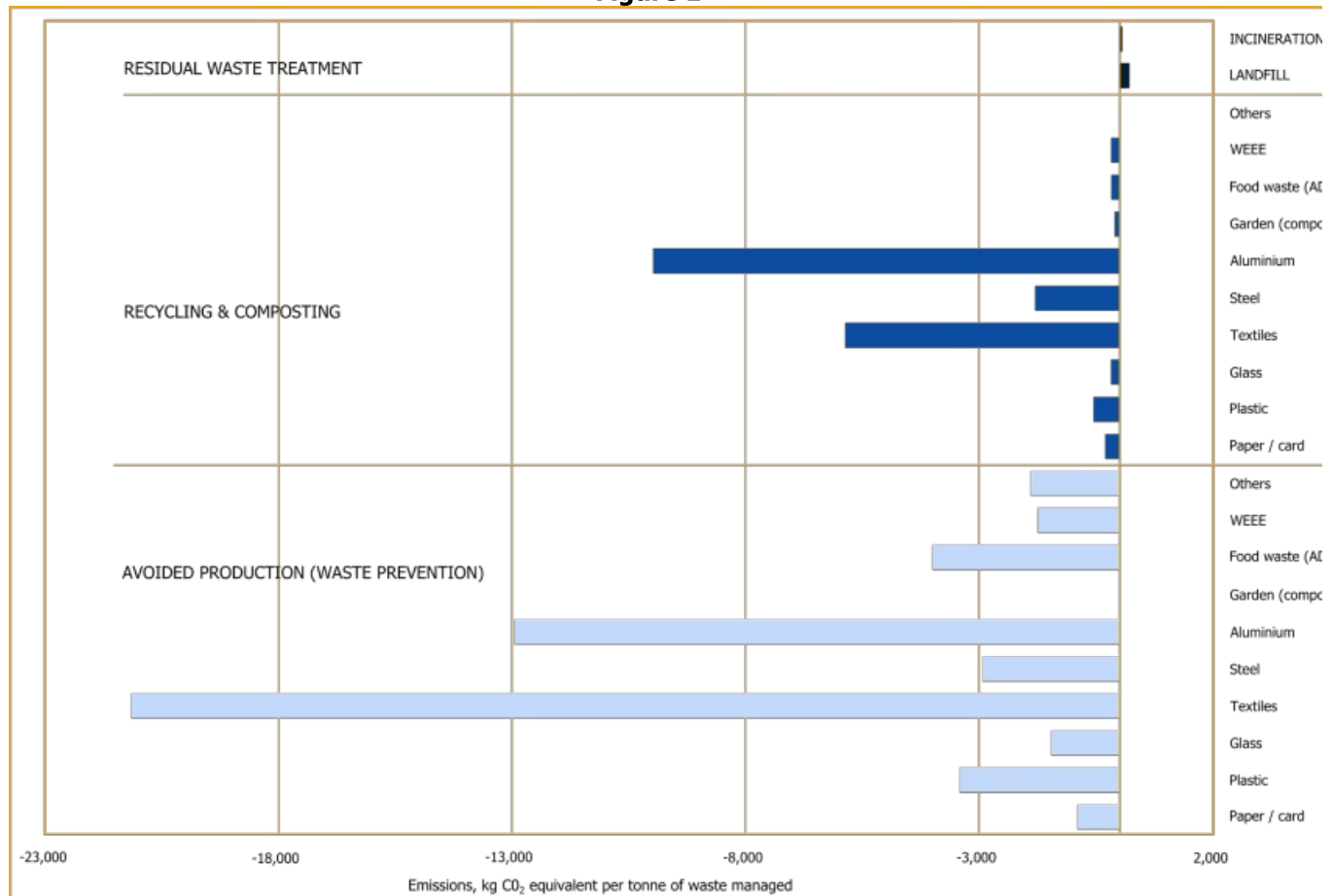
¹Commission Staff Working Document. Accompanying the document "Report from the Commission to the European Parliament and the Council on evaluating the implementation of Decision No. 406/2009/EC pursuant to its Article 14 {COM(2016) 483 final}.

In order to illustrate the potential contribution of the waste sector to a low-carbon economy, recent research calculated the climate contribution from the optimal implementation of the Circular Economy Package waste targets (2014 version).² Assuming the implementation of a 70% recycling, 30% of food waste reduction, and an 80% recycling of packaging waste, the EU would save 190 million/tonnes CO₂-eq/year, which would be the equivalent to the total annual emissions of the Netherlands. Just to put this figure in perspective, the total amount of GHG emissions expected to be reduced by the ESR is 1.000 million/tonnes for the period 2021-2030.

In light of the above, the Effort Sharing Regulation should set mitigation targets that are consistent with the targets of the Circular Economy Package, making sure that the two policies are coherent. Otherwise, it'll be the case that a regulation upon a sector is not thoroughly considering the set of policies already regulating that sector in particular, which seems a very basic principle in policy-making and one of the priorities of the 7th EU EAP.

Moreover, the ESR should ensure that support is given to follow the higher tiers in the Waste Hierarchy, as this is an invaluable tool for resource and waste policies worldwide.² In the EU, the Waste Hierarchy guides the Waste Framework Directive which is currently under discussion within the Circular Economy Package. According to these policies and latest scientific research on this topic, **changing waste management practices can generate significant climate change benefits, mostly from waste prevention and recycling, particularly of dry materials (Fig 1)**. In comparison, residual waste treatment such as landfills and incinerators (with or without energy recovery) actually contribute to climate change. Additionally the IPCC's latest report AR5, refers to waste prevention, reuse and recycling activities in the waste sector that can deliver the largest climate benefits.

Figure 1



²Eunomia, The Potential Contribution of Waste Management to a Low Carbon Economy, 2015. Available here:

<https://www.zerowasteurope.eu/downloads/the-potential-contribution-of-waste-management-to-a-low-carbon-economy/>

³ IPCC AR5. Working group III. Chapter 11.

While further investigation is needed to determine how best to account for and report emission savings from waste related activities into national inventories, the ESR should not ignore the realities of the sector and miss the chance to drive a real low-carbon transformation. In this sense, the reformed ESR should acknowledge the wealth of expertise in the waste sector and include a set of recommendations that would enhance the policy coherence amongst climate, energy and waste.



Changing waste management practices can have a significant impact on climate change mitigation, primarily from waste prevention and recycling, particularly of dry materials. In comparison, residual waste treatment such as landfills and incinerators actually contribute towards climate change.

In sum, the ESR should:

1. Recognise the particular policies governing the waste sector, i.e. the Circular Economy Package, and ensure that the ESR targets take into account the climate mitigation that will be achieved through the waste-related targets, i.e. 65% recycling, 75% recycling packaging waste, 10% maximum landfill rate, etc.
2. Establish the ESR in alignment with the Waste Hierarchy and scientific research, by including explicit language of support to waste reduction, reuse, recycling, composting and sustainable consumption and production as key mitigation strategies in the waste sector.
3. Introduce accounting mechanisms to quantify the emissions savings from waste recycling and waste prevention activities at national level, even if only as information notes in the national inventories. This simple action would allow a much more accurate representation of climate mitigation achieved through recycling and waste prevention activities and therefore would provide an incentive to increase the virtuous cycle.

2. Increase ambition in line with the Paris Agreement and EU long term goals

The ESR should also follow the long-term goal to limit global warming to well below 2°C, and pursue efforts for keeping it at a 1.5°C increase. EU's contribution to this global effort will be determined largely by the Effort Sharing Regulation as the EU's largest climate policy instrument after 2020 as it will regulate about 60% of the greenhouse gas emissions from sectors including transport, agriculture, waste and the buildings.

The current proposed 2030 target of reducing emissions by 30% in the sectors covered by the ESR is not sufficient to keep global warming in check in line with the Paris agreement. To reach the goals set by the Paris Agreement, the ESR should set a trajectory to reach an overall GHG emission reduction target of at least a 45% reduction by 2030³. Moreover, the proposal does not contain any reference to the EU's long-term goals towards 2050 goal or foresees measures to revise the ESR targets in the light of development of EU or international commitments. It must be noted that the EU's domestic long-term objective is to cut emissions by at least 80% by 2050, and therefore the ESR needs to include a mechanism to revise and increase the EU's and national climate targets to meet these commitments.

The Paris Agreement requires the transition across sectors to a low-carbon economy, ensuring actual emission reductions and creative solutions for a long-lasting, inclusive change. Zero waste solutions, alongside climate action in other sectors, will contribute to achieving the global target of a maximum of 1.5 degrees global warming, embracing the principles of conservation of materials, the reduction of toxics, equitable distribution, and access to resources.

Zero waste solutions—including waste reduction, redesign, composting, biogas, producer responsibility, consumption changes, and recycling—could be implemented today, using existing innovations, and with immediate results.

[The Network of Zero Waste Municipalities](#) is showing ground-breaking results: several cities in Italy have successfully implemented 80% of separate collection for example, and others follow closely. In contrast with the old idea of burning waste, recycling and composting create jobs, save money, and protect the environment and public health. These efforts go hand-in-hand with clean production, producer responsibility, and waste minimisation programs for dangerous and hard-to-recycle materials. Together, these practical solutions provide some of the best-decentralised urban actions for reducing climate pollution, conserving energy and natural resources and present enormous opportunities for developing local living economies.

3. Revise flexibilities and avoid loopholes

The current proposal provides different flexibility instruments to help MSs achieve its annual targets cost-effectively. However, the full application of the different flexibilities, plus the emission accounting loopholes, could lead to a reduction of actual emissions in ESR sector by much below the required 30% target by 2030, potentially by merely 23%⁴, putting the delivery of of the EU's 2030 target for the ESR sectors at risk.

3.1. The ETS flexibility - avoid loopholes from hot air. Certain countries are eligible to use ETS credits during the period of 2021-2030 to comply with the targets in the ESR sectors. Bearing in mind that ETS credits have not necessarily resulted from actual GHG emission cuts, it seems this will not result in any real emission reduction and will become a loophole rather than a flexibility.

⁴ https://www.transportenvironment.org/sites/te/files/publications/Policy-Brief_ESD-after-2020-Ensuring-that-the-EU%E2%80%99s-largest-climate-instrument-is-fit-for-purpose_final.pdf

⁵ http://carbonmarketwatch.org/wp-content/uploads/2016/09/CMW_THE-2030-EFFORT-SHARING-REGULATION_final2016_WEB.pdf

This is most critical in the case of the cement industry, which has [reportedly been receiving rainfall profits from the ETS](#) and contributed the market with an enormous amount of hot air. Moreover, [some of this hot air in fact results from burning municipal solid waste](#) - which the cement industry falsely promotes as a carbon-neutral combustion and therefore goes unaccounted. Across Europe, [local communities have been denouncing the cement industry for this polluting practice](#), which poses grave health and environmental impacts. Given the cement industry is not a sole case, ETS credits should not be considered the result of an actual emission offset.

3.2 Allocation for lower-income MSs - a misleading flexibility for the waste sector.

Under the ESR, lower-income countries benefit from extra emissions allocations of in total of 39 millions tons of CO₂. Indeed, it is important to respect the UNFCCC principle of 'common but differentiated responsibilities'. However, in regards to the waste sector, the same sectoral advice -- following the Waste Hierarchy and the Circular Economy Package - would apply to these countries, regardless of their level of income.

Even more, having lower GHG emissions reductions targets in these countries may send the wrong message and allow governments to invest in large infrastructure for waste disposal - which are the least climate friendly options. Inadvertently, this may create an economical and infrastructural lock-in effect for decades, in which it will be impossible for this country to move away from waste incineration and landfilling, thus jeopardising compliance with the Circular Economy reuse and recycling targets. Ultimately, this may be avoided by making explicit reference to the most climate-friendly options in the waste sector and ensuring policy coherence between waste and climate policy agendas.

3.3. The LULUCF flexibility. All MS are eligible to use a certain quantity of LULUCF credits. In total, 280 million tons of LULUCF credits can be used during the 2021-2030 period. Similarly to the ETS credits, the LULUCF credits may not necessarily represent a real emission reduction; therefore they are creating an emission accounting loophole that will undermine the effectiveness of the ESR.

3.4 The starting point (2016-2018) - another loophole to be avoided. In the ESR proposal, the starting point is set on the basis of the average 2016-2018 emissions. This will mean inflated carbon allowances for the members states as the emissions are expected to decrease between 2016-2020 and another loophole to be avoided. Setting targets on the basis of an average of 2016-2018 emissions would therefore mean a lower GHG emissions reductions in the period of 2021-2030 (as it doesn't take into consideration the actual 2020 emission levels). Moreover it rewards non compliance by the countries⁵ that fail to meet their 2020 targets.

4. Compliance and transparency

The ESR proposal establishes binding targets for each year in the 2021-2030 period. However, the compliance checks and penalties will only take place every 5 years. According to the proposal, the first check will be done in 2027, which risks to be late if corrective measures are to be taken. The ESR should apply annual rather than five-yearly compliance checks to ensure that the annual targets are met.

⁶ Belgium, Denmark, Ireland, Luxembourg and the Netherlands

Furthermore, the ESD evaluation noted that a lack of information over the specific sectoral policies implemented in each MS make it impossible to actually assess the effectiveness of the ESR: "some stakeholders considered that the ESD has been an important driver for new national policies and measures in certain Member States, others considered that the ESD may have had little or no influence on national policy developments so far.⁶ In other words, GHG emissions may have gone down but it's rather difficult to elucidate why and how.

This shows a serious lack of transparency and prevent further looking into whether measures applied by MS in the different sectors are aligned with the EU environmental, social and economical agenda. The ESR should include a transparency mechanism to request sectoral information to MSs in order to ensure the best performance possible.

⁷ Report from the Commission to the European Parliament and the Council on evaluating the implementation of Decision No. 406/2009/EC pursuant to its Article 14. {SWD(2016) 251 final}

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