

# Position Paper

## ETS and waste incineration

In order to contribute to the EU climate neutrality objective, plastic producers aim at maximising the plastics circularity, which is a key means to reduce GHG impact of the plastics value-chain. In particular, increasing recycling of plastics waste allows to save the GHG emissions of the avoided incineration which still represents 40% of the plastics waste treatment.

In that perspective, **we think that a European CO<sub>2</sub> price signal on waste incineration emissions**, as there is already one existing on plastics production, **is a meaningful tool to boost circularity**:

- Both mechanical and chemical recycling would benefit from this price signal since incentives are created for the increased and improved collection, sorting and recycling of waste. It ensures that market players have a reliable framework for their investments.
- It will generate revenues for support measures and public investments in the recycling sector.

When designing such a price signal mechanism, attention should however be paid that it does not encourage the landfilling of high-calorific waste and that enough more sustainable alternative waste treatment options are available.

**Therefore, PlasticsEurope calls for the deletion of the scope-exemption of waste incineration installations in Annex I of the ETS-directive, as from 2026, and this in combination with the following considerations:**

1. The following emissions must remain out of the scope of EU-ETS:

- emissions from the incineration of hazardous waste
- emissions from the incineration of sewage sludge
- emissions from the thermal treatment of waste air, waste gases from hazardous waste incineration plants, and residual gases that are unavoidably produced during the material use of natural gas in the context of steam reforming

2. CO<sub>2</sub> captured from waste incineration included in ETS, which is then used materially (not energetically) in products (e.g. CCU), shall not have an obligation to surrender allowances, as proposed by the EU Commission in a new Art. 12 3(b).

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