



Council of the
European Union

144663/EU XXVII. GP
Eingelangt am 12/06/23

Brussels, 12 June 2023
(OR. en)

10478/23
ADD 12

ENV 672
COMPET 608
MI 508
AGRI 314
IND 308
CONSOM 225
ENT 131

COVER NOTE

From:	Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director
date of receipt:	8 June 2023
To:	Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union
No. Cion doc.:	SWD(2023) 189 final
Subject:	COMMISSION STAFF WORKING DOCUMENT The early warning report for Hungary <i>Accompanying the document</i> REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS identifying Member States at risk of not meeting the 2025 preparing for re-use and recycling target for municipal waste, the 2025 recycling target for packaging waste and the 2035 municipal waste landfilling reduction target

Delegations will find attached document SWD(2023) 189 final.

Encl.: SWD(2023) 189 final



EUROPEAN
COMMISSION

Brussels, 8.6.2023
SWD(2023) 189 final

COMMISSION STAFF WORKING DOCUMENT

The early warning report for Hungary

Accompanying the document

Report From The Commission To The European Parliament, The Council, The European Economic And Social Committee And The Committee Of The Regions

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{COM(2023) 304 final} - {SWD(2023) 175 final} - {SWD(2023) 176 final} -
{SWD(2023) 180 final} - {SWD(2023) 181 final} - {SWD(2023) 182 final} -
{SWD(2023) 183 final} - {SWD(2023) 184 final} - {SWD(2023) 185 final} -
{SWD(2023) 186 final} - {SWD(2023) 187 final} - {SWD(2023) 188 final} -
{SWD(2023) 195 final} - {SWD(2023) 196 final} - {SWD(2023) 197 final} -
{SWD(2023) 198 final} - {SWD(2023) 199 final} - {SWD(2023) 200 final}

1. Introduction

The early warning report aims to assist Member States at risk of failing to meet: (i) the 2025 target of 55% for the preparing for re-use and the recycling of their municipal waste (this target is set out in Article 11(2)(c) of Directive 2008/98/EC); and (ii) the 2025 target of 65% for the recycling of their packaging waste (this target is set out in Article 6(1)(f) of Directive 1994/62/EC). It also provides an update on how Member States are performing against the 2035 target to send no more than 10% of their municipal waste to landfill (this target is set out in Article 5(5) Directive 1999/31/EC).

This report builds on previous support provided by the Commission to help Member States comply with EU law on municipal waste management, including, where relevant, the early warning report from 2018¹.

The assessment underpinning the early warning report identified 18 Member States at risk of missing the 2025 preparing for re-use and recycling target for municipal waste, 10 of which are also at risk of missing the 2025 recycling target for all packaging waste.

This assessment is based on a collaborative and transparent process involving the Member States concerned, the European Environment Agency², and an in-depth analysis of the most recent policy developments in the Member States. This process also involved extensive consultation with the Member State authorities in charge of waste management. The possible actions identified during this process are based on existing best practices and aim to help Member States meet the 2025 targets, and as such they focus on policy measures which can be taken in the short term. These actions should be seen as complementary to those recommended in the roadmaps which were drawn up as part of preceding compliance-promotion activities and to those recommended in the Environmental Implementation Review³.

2. Key findings

Based on the analysis of collected data and existing policies in the area of waste management, Hungary is considered to be at risk of missing: (i) the 2025 target of 55% for the preparing for re-use and the recycling of its municipal waste; and (ii) the 2025 target to recycle 65% of its packaging waste. The distance between Hungary's current landfilling rate and its 2035 target to landfill no more than 10% of its municipal waste is also of concern.

Municipal waste generation in Hungary was significantly below the EU average in 2019 (387 kg/person vs an EU average of 502 kg/person). Packaging waste generated in 2018 was also below the EU average (142 kg/person vs an EU average of 177 kg/person). This might indicate that some quantities of generated municipal waste and packaging waste are not being reported.

In 2020, the recycling rate for municipal waste reported by Hungary was 32% (which was 23 percentage points below the 2025 target), while the landfill rate was 54% (more than twice the EU average). In addition to the absolute level of recycling, general recycling trends in Hungary are also of concern. This is because the recycling rate decreased from 34.7% in 2016 to 32% in 2020, while the landfill rate increased by about 3 percentage points over the same period.

¹ An early warning report was issued for Hungary in 2018 (SWD(2018) 419 final). In total, eight recommendations were drafted within the assessment. According to the Hungarian authorities, two of the report's recommendations therein are considered implemented, four partially implemented, and two not implemented

² EEA and ETC/CE (2022). Early Warning Assessment Related to the 2025 Targets for Municipal and Packaging Waste (<https://www.eea.europa.eu/publications/country-profiles-early-warning-assessments>)

One of the main reasons for this performance is the excessively low rates of composting and digesting. The current capacity for separate collection and treatment of biowaste can only handle a small share of total biowaste generated in Hungary. The amount of municipal waste sent to landfill also remains too high.

In 2019, the overall recycling rate for packaging reached 47.3%, which is a considerable distance from the 2025 target of 65%. This situation is of particular concern due to identified issues with the quality of data on packaging (inconsistencies in the calculation rules). In 2020 the recycling rate for all packaging waste increased to 52.4%.

Significant improvements are needed to bring Hungary's performance in waste management into line with the EU's waste hierarchy. Some of the main challenges facing waste management in the country include:

- the country's plan to transition to a single nationwide waste management concession, which will involve a complete reorganisation of the sector and reassignment of responsibilities, and could result in further delays to achieving the waste targets⁴;
- low capture rates of recyclable waste in the separate collection system (23-44% for dry recyclables and less than 5% for biowaste⁵);
- limited recovery of biowaste and limited efficiency of facilities for treating biowaste;
- insufficient waste treatment infrastructure, notably insufficient capacity to sort and recycle separately collected packaging waste and comingled dry recyclables.

3. Key recommendations

Among the measures deemed necessary to support Hungary's efforts to improve its performance in waste management, three main recommendations are listed below.

1. Support preparing for re-use of municipal waste and re-use systems for packaging.
2. Ensure that the planned transition to a new, single and nationwide concession for waste management is conducted in an efficient and transparent manner. The transition should ensure the support of key local stakeholders and follow a pace that makes it possible to overcome any potential pitfalls in the process.
3. Extend separate collection of waste at the source across the country (especially the separate collection of biowaste). Increase public awareness of waste separation and waste prevention. Implement economic instruments such as pay-as-you-throw schemes, and increase landfill tax to both incentivise separate collection at source and minimise landfilled waste.
4. Further develop waste-treatment infrastructure associated with the higher steps of the waste hierarchy. In particular increase the efficiency of – and treatment capacity for – biowaste, and support home composting.

The table below lists a number of possible actions to support Hungary's efforts to improve its performance in waste management.

⁴ According to the Council Recommendation of 12 July 2022 on the 2022 National Reform Programme of Hungary, waste management was reorganised by the government in several steps. The changes limited competition in the sector, with the side effect of declining efficiency and recycling rates: [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32022H0901\(17\)&from=EN](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32022H0901(17)&from=EN).

⁵ 36 000 tonnes of separately collected biowaste reported to EEA in 2022.

4. Good practices

The following measures implemented by Hungary are considered good practices that could be replicated and that could help Member States to achieve the above-mentioned targets.

A centre for food-waste prevention – A nationwide system for preventing food waste was set up in 2021. This system, which was set up through Hungarian legislation⁶, entails the creation of a dedicated Food-Saving Centre. The Centre acts as both a coordinating body and an intermediary between grocery stores and various organisations to help distribute food items which are nearing their expiration dates, thus preventing waste generation. Organisations distributing food include public entities (municipalities or governments), member organisations of the Charitable Council, or other religious and private entities.

Collection of wastepaper at schools – This is a well-established initiative in Hungary, which has been in place for several decades⁷. As part of this initiative held twice a year, teachers and students are encouraged to collect all wastepaper generated at educational institutions. Collected wastepaper is weighed on site and subsequently handed over for recycling. The initiative has a competitive element to it, encouraging children to strive for the title of the class that collects the most wastepaper.

⁶ Act XLVI of 2008 on the Food Supply Chain and on the Control and Supervision of the Food Supply Chain § 38/H.

⁷ Act CLXXXV of 2012 on Waste Management Activities and the Collection of Waste 12 § (2a).

OVERVIEW OF POSSIBLE ACTIONS TO IMPROVE PERFORMANCE

Governance

- 1) Ensure that the planned transition to a new, single and nationwide concession for waste management is conducted in an efficient and transparent manner. The transition should ensure the support and involvement of key local stakeholders and follow a pace that makes it possible to overcome any potential pitfalls in the process.
- 2) Address data-quality issues, especially issues related to the application of consistent calculation rules for municipal waste recycling rates and packaging waste recycling rates. For instance, it should also account for packaging waste generated through online sales and free riders.
- 3) Set national standards for the quality of compost and digestate produced from biowaste treatment plants. This should help to create strong demand for those products for fertilising purposes. Standards should be developed in close dialogue with the farming community.
- 4) Set mandatory objectives or indicators for separate waste collection at the level of the bodies in charge of collecting and managing municipal waste in order to monitor, enforce and achieve higher capture rates. This could be complemented with a system of performance-bound financial rewards and penalties dependant on the achievement of the targets. Information on the performance of those entities could also be made available to the general public to raise awareness (e.g. by publishing on a website).

Prevention

- 5) Take measures to increase re-use and to prevent the generation of non-recyclable municipal waste.
- 6) Ensure that the results of the annual monitoring of the country's waste-prevention programme are widely available to the public to strengthen transparency and accountability. It should foster coordination between central government and local government to achieve the EU's waste-prevention objectives.

Separate collection

- 7) Hungary should develop, enforce and monitor minimum national-service standards for separate waste collection (including biowaste). This could include specifying, for example: (i) the type and volume of containers to be used; (ii) the minimum and maximum frequency of collections; and (iii) the type of vehicles that may be used for collections. These standards should take into account the type of housing stock, climate, seasonality, etc. Hungary should ensure that the necessary infrastructure for separate collection is put in place.

Waste treatment

- 8) Support preparing for re-use of municipal waste and develop waste treatment infrastructure associated with the higher steps of the waste hierarchy. Firm plans and concrete actions are needed, such as supporting home composting and increasing the efficiency of – and treatment capacity for – biowaste to fully cover the generated biowaste.

Communication and awareness raising
<p>9) Carry out awareness-raising activities specifically tailored to different target groups (e.g. households, commercial waste generators, schoolteachers, and students) to increase participation in separate collection. A set of national communication materials should be developed that: (i) are addressed to the general public, farmers, and pupils for use at local level; (ii) have clear and consistent messages; and (iii) have a particular focus on biowaste, home composting, and sound management of waste (e.g. sorting).</p>
Extended producer responsibility and economic instruments
<p>10) Implement a pay-as-you-throw system for businesses and households to both attain higher capture rates for recyclable fractions and reduce residual waste. Local authorities could be supported through guidance on how to design incentive mechanisms and how to introduce – or learn from – pilot projects.</p>
<p>11) Use economic instruments (e.g. raising landfill taxes to a sufficient magnitude; they are currently about EUR 15 per tonne) to incentivise waste management focused on the higher steps of the waste hierarchy. This will help to make reuse, preparation for reuse, and recycling economically attractive and reduce dependency on landfilling. The economic incentive should be designed and sufficiently large to create a ‘steering effect’. Landfill taxes that increase over time in correlation to specific targets are considered the most effective.</p>
<p>12) Stepping up efforts to establish reuse systems for packaging will bring environmental benefits and help Member States in complying with the EU packaging recycling targets.</p>