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# WtE growth is back in Europe

**The market for thermal treatment plants continues to be strong. Although Asia is still in a dominant position concerning commissioning and planning, the market situation in Europe is again characterized by an upward trend.**

At the end of 2018, an estimated number of 2,450 thermal treatment plants were active throughout the world, with an overall treatment capacity of approximately 370 million tpy. For 2019 alone, we expect about 60 plants worldwide to be commissioned, with a capacity of 14 million tpy. By the end of 2028, ecoprog expects an increase of the global plant inventory to about 2,700 units, as well as global treatment capacities amounting to some 530 million tpy.

In this context, China will keep dominating the global market volume, even though a decrease in the build-up of waste incineration plants can be anticipated in the medium term against the backdrop of China’s recent efforts to expand material recycling and a slowdown of economic growth. Other countries, such as India or Indonesia, will probably only be able to partially countervail the decreasing Chinese market volume as from about 2025.

In Europe, on the contrary, a growing number of commissionings is anticipated in the years to come. For the next 5 years, ecoprog expects about 50 additional plants to be commissioned with a capacity of approximately 18 million tpy.

The main reason for this development lies in the European Union’s waste policy. Interestingly enough, the latter leads to a repeated boom, ironically in the very country which is to leave the EU in 2020. For the implementation of the EU landfill directive, Great Britain has, for instance, massively raised the landfill tax in the home country. As a consequence, exports of refuse-derived fuels increased to 3.4 million tonnes in 2018. As of 2020, these exports will be significantly hampered due to new taxes in the most important target countries, the Netherlands and Sweden. Subsequently, pressure is rising to create new capacities in the home country. In Poland as well, the increased landfill tax entails a more urgent need for waste disposal already now. More countries like France or Spain have already decided to raise landfill taxes or are in the process of discussing such measures.

It is above all the so-called Circular Economy Package of the EU which will create a further demand for thermal treatment capacities. By 2035, landfilling of municipal waste is supposed to be limited to 10% - that is in compliance with new statistical calculations based on the output criterion. This also puts pressure on those countries which have already extensively invested into the pre-treatment of mixed wastes given their high proportion of mechanical-biological treatment plants. This includes, amongst others, Spain, France, Italy or Poland. Their waste statistics will presumably look quite different in 2027 when the percentage of recycling in mechanical-biological treatment plants will be downgraded in the statistics.

Even if the EU recycling quota of 65% were to be reached in 2035, this would imply a necessity for additional thermal treatment capacities in the EU. The industry association CEWEP values the latter at about 40 million tpy. Ecoprog deems this number to be rather defensive as this calculation does not take into account a growing population. In addition to that, achievement of the recycling goals is very uncertain at the moment. Unlike in the case of landfilling, we do not know at present through which instruments these quotas can be realised. This also holds true for countries such as Germany or Austria.

“We assume that solely quotas for recyclates are promising when it comes to achieving the envisioned recycling goals”, states Mark Döing, ecoprog’s managing director. “So far, these quotas have only been discussed – they are no actions decided. Unlike the established waste policy of the EU such recyclate quotas would not only affect the waste industry, but all industries. As a consequence we anticipate major opposition to their implementation. This is why we do not expect material implementation within the next 10 years.”

For the time being, waste incineration can thus benefit from the restriction of landfilling in Europe, whereas recycling efforts only marginally reduce waste volumes for incineration.

Hence the biggest problem for the WtE industry in Europe is not so much represented by the market situation; it is rather a matter of suitable locations and political resistance in some countries. “We expect that the build-up of incineration capacities won’t keep pace with the demand”, as Döing puts it. “This is of course good news in general for the operators of existing plants in Europe.”

ecoprog’s study “Waste to Energy” is updated annually. In the field of thermal waste recovery, it is the most extensive market survey and data collection worldwide. The current 12th edition is available at: www.ecoprog.com

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