
Gevolgen van fiscale maatregelen voor concurrentiepositie afvalverwerkingssector



Vereniging Afvalbedrijven

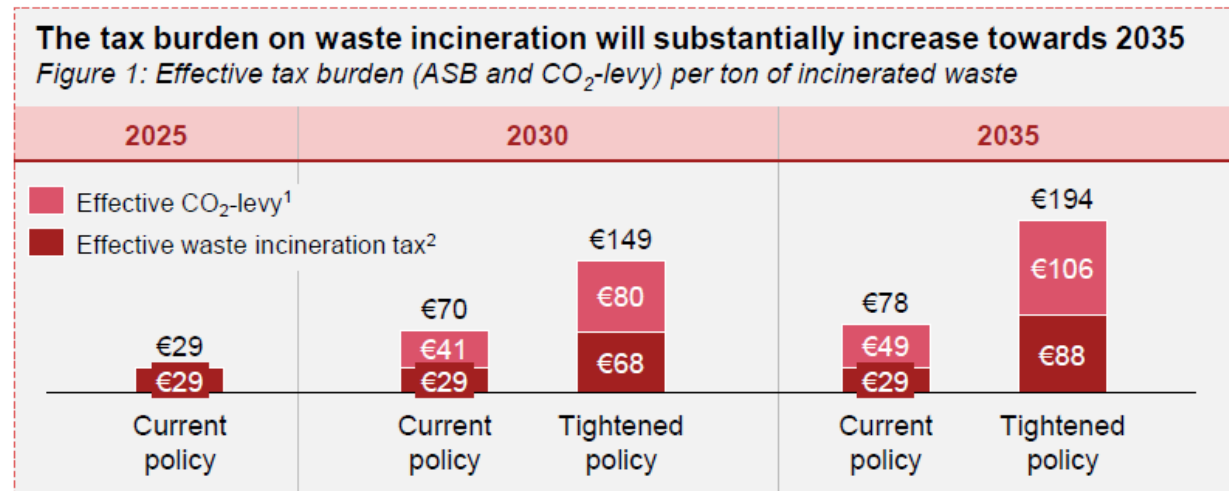
Partner in de circulaire economie

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Executive summary (1/6)

Announced fiscal measures in the waste sector, including a higher Dutch waste tax (ASB) and CO₂-levy, will make waste incineration more expensive. This affects the entire waste processing chain

- Announced fiscal measures in the waste sector are making waste incineration more expensive. Under current policy, waste incinerators pay a Dutch waste tax (ASB) on incinerated waste and a Dutch CO₂-levy on CO₂-emissions. The CO₂-levy increases over time due to a rising rate and the phasing out of free allowances
- Tightening of both levies is intended. For the CO₂-levy, this involves a higher rate (up to €295/tCO₂) and accelerated phasing out of free allowances (in 2033). For the ASB, this involves broadening the base (including bottom ash and captured CO₂) and an undefined increase in the rate until the budgetary target of €567 million is reached
- The impact of the levies affects the entire waste chain, consisting of sorting and recycling companies, waste incineration plants, bottom ash processors, and landfills



Due to the levies, sorting and recycling in the Netherlands becomes more expensive, creating a risk of relocating and/or decreasing recycling activities. This puts pressure on Dutch ambitions in the field of recycling

- During sorting and recycling, residual streams are produced that are incinerated.³ Due to the levies, the costs for incinerating and landfilling residues increase, making sorting and recycling more expensive
- As a result, Dutch sorting and recycling companies become more expensive compared to those abroad. The effect is greatest for imported waste, as foreign sorting and recycling companies do not have to pay the higher ASB nor the CO₂-levy, while import is necessary to fully utilize the current Dutch recycling capacity. For domestic waste too, the Dutch sorting and recycling sector becomes more expensive, because the CO₂-levy does not have to be paid on export. Even if recyclers choose to incinerate residues abroad, costs increase due to higher transport costs⁴
- The levies also make Dutch sorting and recycling companies more expensive compared to new virgin products, further increasing the unprofitable top for (plastic) recycling
- Thus, the levies do not align with Dutch ambitions to be a leader in (plastic) recycling and increase the dependency on foreign recyclers to meet (European and national) targets for the use of secondary raw materials (including recyclate)⁵
- The impact of the loss of import volumes may be greater for the plastic recycling sector than for waste incineration plants because it concerns a larger portion of the current volumes (at least 32% for plastic recyclers vs. 15% for incineration plants)

1) The effective CO₂-levy rate is calculated based on the current fossil CO₂-intensity of the waste incinerated in the sector; 2) The effective ASB depends on whether product streams (bottom ash, captured CO₂, and sludge) are exempted or not, based on current sector averages; 3) More than 40% of the waste incinerated in incineration plants comes from sorting and recycling processes, 2021, ([link](#)); 4) The costs increase either because higher rates are paid to Dutch incineration plants or because higher costs are incurred for transporting the residues abroad; 5) EUR-LEX, 2025 ([link](#))

Executive summary (2/6)

Due to the levies, there is a real risk of relocating waste incineration activities abroad for both imported and domestic volumes, which affects the ability to process domestic waste, reduces the tax base, and results in loss of economic activity

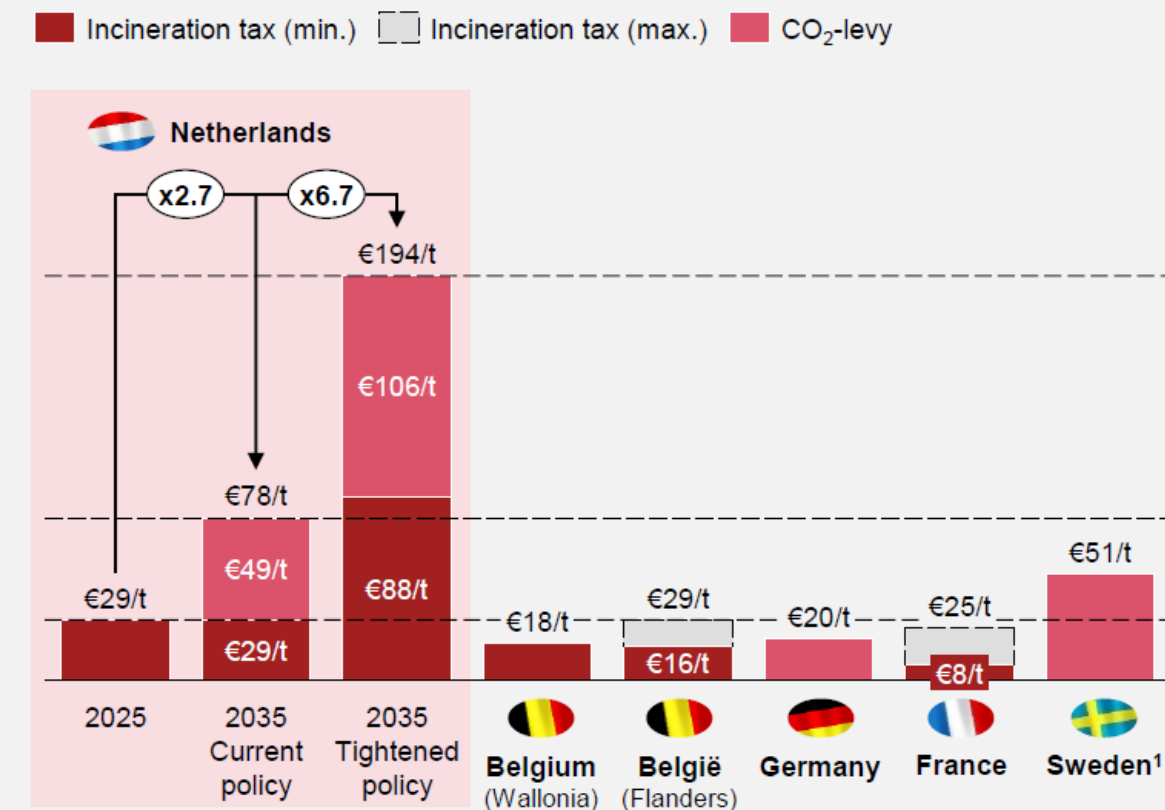
- Our analysis indicates a real risk of relocating incineration activities abroad, as the levies can only partially be passed on through higher incineration rates (gate fees) to waste disposers
- It is expected that in the future, circularity policies will lead to less waste being generated and/or incinerated. However, substantial demand for incineration capacity for Dutch waste will persist, at least until 2050.² There is a risk that the Netherlands might lose part of the capacity to process its own waste
- This relocation also brings the loss of economic added value, as well as erosion of the tax base. This also means that the budgetary target of €567 million may not be reached

There is a very real risk of losing import volumes because passing on the ASB and CO₂-levy on imported volumes is not possible or very limited

- Approximately 15% of the waste incinerated in Dutch incineration plants is imported. The Netherlands has no cost advantage in transport for imports compared to other EU countries, meaning competitiveness is strongly influenced by differences in levies
- Based on current policy, levies in the Netherlands already exceed those in foreign countries (Figure 2); tightening increases this difference even further
- Given these differences, it is very unlikely that Dutch incineration plants can pass the levies on with higher gate price on import volumes. The risk of losing import volumes to foreign countries—and thereby relocating incineration activities—is therefore high

With current and tightened policy, the levies in the Netherlands will increase significantly and become much higher than the current levies in other countries

Figure 2: Comparison of CO₂-levies and incineration taxes in a selection of countries



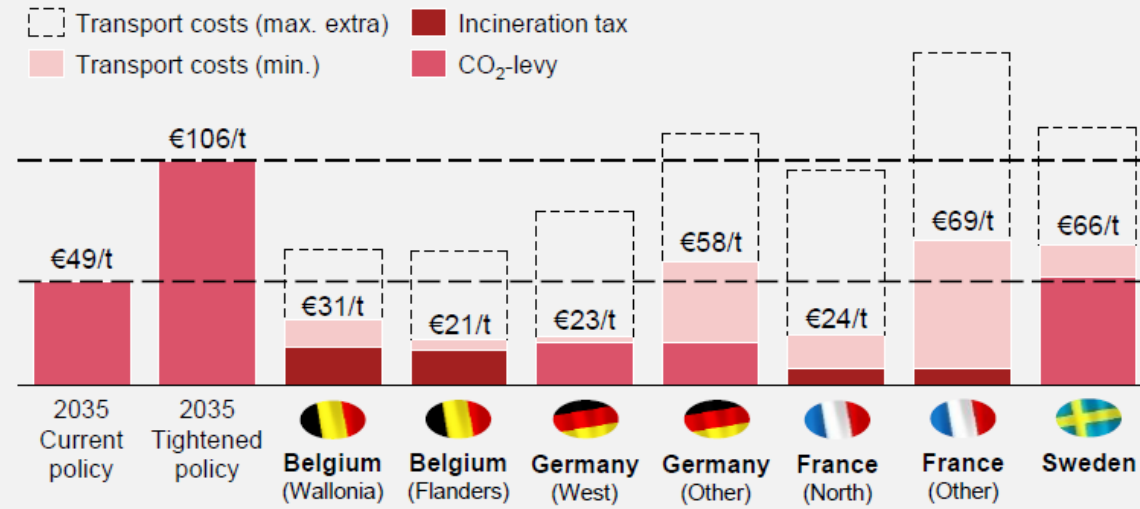
Executive summary (3/6)

There is a very real risk that domestic waste volumes will be relocated (exported), as the possibility to pass through the CO₂-levy on domestic waste is expected to be limited

- Passing on the CO₂-levy on domestic waste is expected to be limited because the levy does not apply on exports. Under current policy, the levy will become higher (€49/ton of waste in 2035) than the cost of export to foreign incineration plants (transport plus local levies), leading to a real risk that domestic waste volumes will be relocated abroad for incineration (see figure 3)

Because the CO₂-levy is higher than the cost of transport and incineration abroad, it can be passed on only to a limited extent in gate fees

Figure 3: Comparison of CO₂-levy and transport plus local levies abroad



- Due to the proposed tightening of the CO₂-levy (up to €106/ton of waste in 2035), the risk of relocation of activities substantially increases. At these rates, exporting to (large parts of) Belgium, Germany, France, and Sweden becomes economically viable
- If there were no CO₂-levy, passing on the ASB on domestic volumes would largely be possible because it is also levied on exports. Nonetheless, the possibility to pass on remains limited due to the risk of enforcement limitations on the ASB border tariff and substitution to other sectors, such as incineration in cement kilns
- The levies will increase the costs for processing waste for municipalities (and thus citizens) and businesses, either through increased rates at Dutch incineration plants or higher costs for processing waste abroad (primarily driven by higher transport costs)

Capacity restrictions at incineration plants abroad do not structurally reduce the risk of exporting domestic waste

- Incineration capacity abroad is not earmarked for domestic waste and can be used for Dutch waste once it becomes contractually available. This may also 'push' foreign volumes to landfills (the waterbed effect)
- Moreover, the levies create a financial incentive to expand capacity in neighboring countries or slow down the dismantling of existing capacity. In several countries, the demand for waste incineration is expected to decrease in the future, where the capacity that is freed up could be used (among other things) for incineration of Dutch waste

Limited or no passing on to other customers of incineration plants is possible

- Incineration plants also have other customers, as they produce electricity, supply heat, capture CO₂, and produce bottom ash. Passing on the costs in the prices of these products is expected to be limited or not possible. Customers may switch to alternatives that are not or less subject to the levies

Executive summary (4/6)

CCS (carbon capture and storage) can reduce the risk of relocating domestic waste volumes, but the necessary conditions cause implementation to be delayed and uncertain

- Since exporting waste is cheaper than capturing and storing CO₂ (CCS), the CO₂-levy does not incentivize Dutch incineration plants to invest in CCS but rather encourages waste disposers to export more waste
- Through SDE++ (Dutch subsidy scheme), incineration plants can get the unprofitable top of CCS compensated, which can mitigate a large part of the impact of the CO₂-levy
- It is uncertain whether incineration plants will be granted SDE++, as they have to compete within SDE++ with more cost-efficient sustainability options. This also applies to incineration plants that have previously been granted SDE++. Due to increased CCS-costs (+53-55% between 2022 and 2025)¹, incineration plants will have to reapply to get the unprofitable top covered
- Even if sufficient SDE++ subsidies are available, the (timely) implementation of CCS is uncertain because the required infrastructure (Aramis) is expected to be operational only by the end of 2030. Until then, there are limited possibilities to substantially reduce CO₂-emissions, while by 2030 the tax burden is already substantial (€80 per ton of waste)

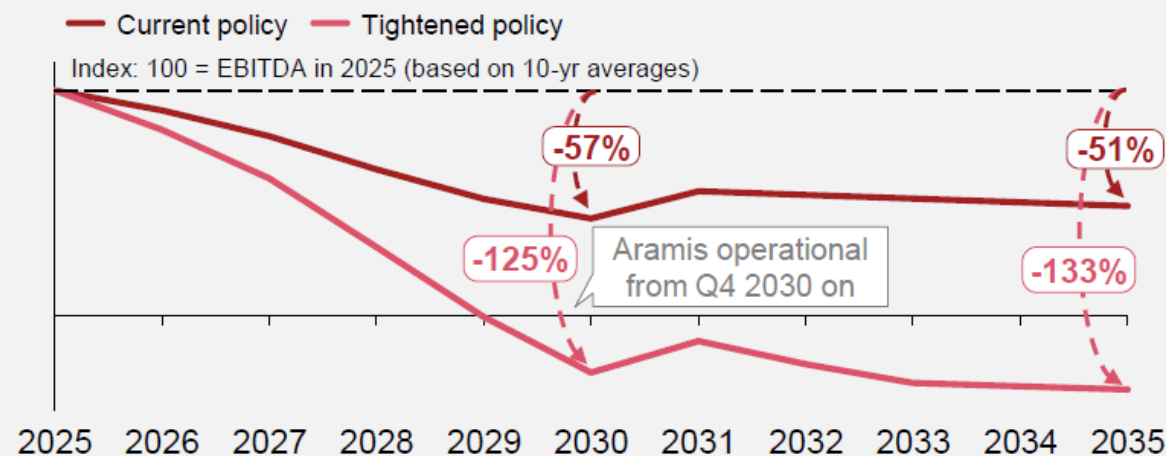
Even with current CCS plans, the fiscal measures have a substantial impact on profits at incineration plants, leaving a real risk of relocating incineration activities

- Since the levies can only be passed on to a limited extent, they lead to a sharp decline in the profitability of the incineration plants studied (see figure 3)
- Implementation of CCS (based on current SDE++ grants) reduces the impact of the CO₂-levy, but the profit impact remains substantial as only 39% of CO₂ is reduced
- The impact of the ASB cannot be reduced by incineration plants because it is independent of the production method. Reducing CO₂-emissions could even lead to ASB-rates being increased further

- The substantial impact on profits (up to losses) makes it clear that it is very unlikely for incineration plants to maintain their current production levels, making the relocation of incineration activities abroad likely

The levies lead to a sharp decline in the profitability (EBITDA) of incineration plants, even when accounting for sustainability plans

Figure 3: Profit impact if current production levels of AEC's are maintained (%-EBITDA)



- The figure shows the total profit impact for 4 incineration plants (Attero, AVR, AEB, and EEW), which together account for 68% of the incineration capacity in the Netherlands
- It is assumed that all CCS-projects granted through SDE++ will be implemented from the end of 2030 (equivalent to a 39% reduction in CO₂-emissions); a conservative assumption due to uncertainties surrounding implementation despite the SDE++ grant
- The used assumptions on the extent of cost pass-through:
 - CO₂-levy: 10% on domestic volumes and 0% on import volumes
 - ASB: 90% on domestic volumes and 0% on import volumes

Executive summary (5/6)

The relocation risk associated with waste incineration also leads to an increased risk of relocating downstream activities such as bottom ash processing and landfilling

- If incineration activities are relocated, there will be less bottom ash available for Dutch bottom ash processors. Therefore, it is likely that the fiscal measures, through the relocation of incineration, also lead to the relocation of bottom ash processing
- The proposed policy adjustments includes an exemption for the landfilling of cleaning residues; without this exemption, the risk of relocating bottom ash processing increases further
- Similarly, the relocation of sorting, incineration, and bottom ash processing leads to lower volumes for landfills
- Landfills pay ASB on the remaining landfill volumes. These costs can largely be passed on to waste disposers because the export of landfill materials is prohibited. The only limitation in passing on these costs is if the landfill volumes can be given a useful application

It is uncertain whether the higher levies will lead to lower CO₂-emissions because they create opposing incentives, the extent of which is uncertain

- The levies create opposing incentives regarding CO₂-emissions:
 - Citizens and businesses are encouraged to generate less waste, which results in lower CO₂-emissions
 - For recycling, there are opposing incentives. On one hand, there is an incentive to incinerate less and recycle more (resulting in lower emissions), but on the other hand, there is also an incentive to use more *virgin* products (resulting in higher emissions)
 - An incentive arises to process waste abroad, which carries a risk of higher CO₂-emissions:
 - In the short term, because waste might be processed by foreign incineration plants with lower CO₂-efficiency and/or foreign displaced to landfills
 - In the medium term, relocation gives the Dutch government less influence on sustainability in the waste processing chain, such as the application of CCS by incineration plants
 - Because the extent of the incentives is uncertain, the total CO₂-effect is also uncertain

Executive summary (6/6)

The risk of relocating activities can best be reduced by aligning with European policy

- International tax differences create an incentive to relocate activities instead of making them more sustainable. To retain waste processing activities, international differences should be minimized:
 - In terms of CO₂-pricing, alignment with European policy can be achieved without implementing a national rate — incineration plants are expected to fall under EU ETS starting from 2028
 - ASB-rates and tax bases should be coordinated at the European level. If the decision is made to impose higher taxes on waste, it is best coordinated at the European level to limit distortive effects on competition

If the choice is made to implement national levies higher than those in other EU countries, several measures can reduce the risk of relocation:

- By exempting imports from the ASB and CO₂-levy (as was previously the case with the ASB), they can continue to be served by Dutch incineration plants and sorters/recyclers, thereby preventing the relocation of activities
- Effective enforcement of the ASB border levy is essential to prevent the relocation of domestic volumes. As the ASB rate increases, the importance of effective enforcement grows
- Introducing a CO₂-levy on exports could, if legally and practically feasible, reduce relocation risks for domestic volumes
- Making alternative processing methods of residual waste with similar CO₂-emissions subject to the ASB can prevent relocation to other sectors (e.g., cement kilns, pyrolysis, and gasification processes)
- Exempting the incineration of sorting and recycling residues from the ASB and CO₂-levy will prevent the weakening of the Dutch recycling chain's competitive position relative to virgin alternatives and recycling industries abroad
- The impact of the CO₂-levy can be reduced by making sufficient subsidies available for CCS at incineration plants, although this should be accompanied by a gradual implementation of the levies that aligns with the timeline for CCS implementation