

FEAD position paper on Plastics Strategy October 2017

FEAD welcomes the European Commission's new Plastics Strategy as part of a transition to a Circular Economy which is vital if the European Union is to develop a sustainable, low carbon, resource efficient and competitive economy in the future. Given the rapid increase in plastic production at EU level during the past decades, the EC needs to take the lead on an ambitious Plastics Strategy that drives real change locally and globally, hence going beyond the EU level.

There is a need for urgent action:

In 2014, less than a third of Europe's plastic waste was sorted, with energy recovered from a bit less than a third, and the rest ending up in landfills. More importantly, only 7% of the 50 Mio annual tonnage used is recycled polymer meaning that 93% is still virgin materials coming from fossil fuels.

In the recent past a lot of push measures have been and will continue to be put in place in the coming years to increase recycling rates. Although this is necessary, we also need to create resilient markets and a stronger demand for recycled polymers, in other words, close the circle. To balance the push with pull measures, the right framework conditions along with economic instruments need to be put in place.

Below, FEAD sets out its views on key provisions that its members would like to see reflected in the Plastics Strategy to enable the private waste and resources management industry to play its full part in a vision for plastics in the circular economy.

- Eco-design for waste prevention and recyclability
- Promotion of recycled plastics
- Biodegradable, oxo-degradable and bio-based plastics
- Hazardous substances
- The complementary role of waste to energy for non-recyclable plastics

Eco-design for waste prevention and recyclability:

Eco-design strategies are needed to ensure a better coherence between the manufacturing and waste management processes, to prevent plastic waste where possible and to increase the quantity and quality of plastic recycling. Eighty percent of the environmental impact of products is determined at their design stage¹. Given the increasing complexity of consumer goods, FEAD members see an urgent need to link the impact of eco-design choices to the complexity and cost-efficiency of their end-of-life treatment.

If technical and economic considerations are taken into account, not all plastic waste is fully recyclable. However, even with that in mind, there is still too much plastic which is difficult to recycle e.g. mixed polymers, contaminated plastics, black plastics. Hence, plastic waste is not a homogeneous material and the possibility to reuse, recycle and recover it very much depends on its composition. Financially discouraging non-recyclable plastics by levies or modulated EPR fees, where alternatives exist, and the further development of innovative technologies, are all part of the solution. Less complicated packaging causes less confusion for the householders and is more

¹ Ellen Mac Arthur Foundation, "The New Plastic Economy, rethinking the future of plastics", 2016, p.50

valuable for the end markets turning them into new products, which ultimately helps encourage more investment in new collection and sorting infrastructure.

We also very much support the development and use of standards or guidelines for recyclability of plastics. A good example of this is RECOUP's publication on "Recyclability by Design"² providing guidelines for those wishing to make their packaging more recyclable. It also provides information about the plastic recycling supply chain, which helps brand owners to understand the requirements of the actors further down the chain, which in turn helps ensure that the packaging is not just technically recyclable but actually recycled. However, we fear that voluntary guidelines will not be enough to ensure a wide uptake of best practice and would favour mandatory requirements for selected products in the Eco Design Directive.

Durability, reparability and recyclability are key requirements which need to be integrated in the Plastics Strategy as well as in the eco-design regulations. Moreover, partnerships between the manufacturing and the waste and resource industry need to be facilitated and intensified, for example through existing and new EU platforms.

Promotion of recycled plastics:

The price gap between virgin and recycled polymers needs to be closed. Structural market failures need to be abolished.

Over recent years, falling oil prices have lowered the price for virgin plastics, creating a price gap with recycled polymers leading to the closure of plants and job losses in what should actually be a promising market. Indeed, the difference in cost structure between virgin raw materials (volatile and linked to oil price) and recycled materials (fixed costs related to collection, sorting and recycling processes, but offering price certainty) needs to be better understood. Interventions are needed to ensure that the carbon benefits of the recycled plastics are taken into account. If not, it will be difficult to realise a transition to a circular European economy in which virgin raw materials are replaced by recycled resources and the EU's dependence on imported virgin stock is reduced (5 oil barrels saved per recycled tonne).

The recently announced ban by China on imports as from January 2018 (National Sword) on all plastic waste has already dramatically affected recycled plastics prices and offtakes. This wake-up call not only urgently requires the creation of more treatment capacity in Europe (sorting and transformation units) but also of additional local demand through demand-side measures.

If not, we estimate that around 1m tons of sorted plastic will at best end up in incineration next year, and the new higher recycling targets proposed in the Circular Economy Package will become much more challenging to achieve.

Therefore we need to promote the use of recycled plastics to make them competitive with virgin polymers (e.g. by internalising the external costs of virgin materials) and by stimulating the demand for secondary materials across the entire value chain:

- Extended Producer Responsibility schemes can play an important role to incentivise Circular Design (bonus/malus). Levies can be put on non-recyclable plastics.
- Legislation promoting minimum recycled plastic content in certain packaging and selected products should be introduced.
- Harmonised eco-labelling rules incorporating indications of recycled content and recyclability are needed.

² <http://www.recoup.org/p/130/recyclability-by-design>

- Green public procurement must be intensified and the use of recycled content actively promoted in various public tenders, at EU, Member State, or local authority levels.
- Externalities associated with the extraction and processing of virgin raw materials should be factored into their price e.g. via a carbon tax. Each time one tonne of plastic is recycled, Europe is saving two tonnes of CO₂ compared to virgin plastic. So plastic recycling, if massively promoted, would be a strong contributor to combat Global Warming.
- Fiscal incentives to boost demand e.g. lower or zero VAT rates on recycled polymers.
- Similar to the Renewable Energy Directive including waste-based fossil fuels in the minimum share in the transport sector, the EC should propose incentives to stimulate the uptake of secondary raw materials. This way, they can become the preferred choice and can compete with the virgin materials on the market.
- Increase the quality of plastic recycled materials by improving separate collection and sorting arrangements. The output of sorting installations depends primarily on the input received. Recyclers are not only asked to reach high recycling levels but also to deliver high quality output materials.

The solutions already exist, but FEAD members consider that market forces alone have not been sufficient to bring them about. We need a long term and ambitious policy framework to provide legal certainty, thereby encouraging investments by FEAD companies in more efficient resource management techniques, in line with the waste hierarchy.

Biodegradable, oxo-degradable and bio-based plastics:

FEAD supports the use of bio-based plastics as long as they are not promoted at the expense of using recycled plastics.

It is however important to make a clear distinction between bio-based and biodegradable plastics. Today, some bio-degradable plastics do not biodegrade in bio-waste treatment plants and few degrade in the natural environment (including waterways). This leads to confusion amongst consumers and creates new risks to both the environment and industry. Indeed, some biodegradable plastics may affect bio-waste treatment if they are mixed with organic waste and enter anaerobic digestion processes. Composting or anaerobic digestion processes that aim at producing high quality organic fertilisers have strict limit on physical contaminants, regardless of whether they are in theory biodegradable. Biodegradable plastics are also problematic where they are mixed with recyclable plastics as they do not have the same material properties and may impact the integrity of the recyclates. In fact, the mere risk that this might happen has already discouraged producers of these products to use recycled content. Also, biodegradable plastics can have a negative impact on littering.

Further research and innovation to develop biodegradable plastics is therefore important. Plastic packaging with unconditional biodegradable properties would indeed offer environmental benefits. However, we see the promotion and widespread marketing of biodegradable plastics at this stage as potentially problematic. At a minimum, bio-based and biodegradable plastic products need to be clearly distinguishable for consumers, so that they can be collected through the most appropriate channels.

Hazardous substances:

FEAD members consider that reinventing plastics should start at the eco-design phase by phasing out of plastics those substances of concern which are complex and costly to recycle. As long as hazardous substances can be placed on the market legally by manufacturers of virgin raw materials,

recycling companies will at some point in time have to deal with them. The challenge is therefore how to deal with “legacy substances” from products put on the markets many years ago.

The list of substances of very high concern has been growing steadily. Together with an extended producers’ responsibility aiming at their gradual phase out, a transitional period based on a risk-based approach needs to be foreseen. Based on a “case-by-case” assessment it therefore needs to be decided whether it is more adequate to substitute problematic substances to recycling or to dispose (incineration/landfill) those wastes. Hence, the challenge is to complement quantity with quality recycling. FEAD advocates the development of a ‘fit for purpose’ authorisation procedure³ under REACH thereby striking the right balance between the need to recycle and its environmental and health impact due to chemicals substances of concern.

In this respect, waste-to-energy can play a complementary role for non-recyclable plastics.

The complementary role of waste to energy for non-recyclable plastics:

It is important to stress the complementary role that energy from waste will need to play going forward for those waste types which are either recycling residues, or are unrecyclable for technical, environmental or economic reasons.

Therefore, the issue of non-recyclable plastics has to be tackled in a realistic way, with the view that waste-to-energy can be a valuable solution for this waste stream. E.g. production of Solid Recovered Fuels thereby replacing fossil fuels and reducing GHG emissions.

FEAD members have the skills and the experience to work with all partners across the entire value chain. Our members are strongly committed to supporting the European Union in its transition to a circular economy thereby investing in a more sustainable future. We are also at the disposal of the European Commission to further explain any of our proposals.

FEAD is the European federation representing the private waste and resource management industry across Europe. FEAD’s members are national waste management associations covering 19 Member States, Norway and Serbia. Our companies play a key role in the transition to a circular economy by producing resources which can be re-injected in the economy and by supplying energy. They add value through innovative and cost-efficient collection, sorting, and recycling of secondary raw materials. In doing so, they play a key role in achieving the best economic and environmental outcomes.

FEAD members represent about 3,000 companies with activities in all forms of waste management. These companies employ over 320,000 people who operate around 2,400 recycling and sorting centres, 1,100 composting sites, 260 waste-to-energy plants and 900 controlled landfills. Our companies have an approximate 60% share in the household waste market and handle more than 75% of industrial and commercial waste in Europe. Their combined annual turnover is approximately € 75 billion.

³ ‘Fit-for-purpose’ authorisation procedure means a lighter procedure, from a social and economic point of view. It takes into account the future application and risk of exposure of the recycled products containing substances of concern.