



Finland, August 2018

Looking at the Circular Economy Package

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The process:

Introduced by Commissioner Janez Potocnik in 2013

Withdrawn in 2014

Re-presented in December 2015

Finalised in April 2018

Entered into force July 4th 2018

Enters into national laws within two years, July 2020

The contexts and drivers

Perception of resource scarcity and European vulnerability

Climate change and the need to reduce GHG emissions

Environmental protection, more recycling, less dumping and burning

Competing in the knowledge economy of the 21st Century, jobs and business

Dematerialisation and sharing economy

The principles



What is Circular Economy?



Circular economy systems keep the added value in products for as long as possible and eliminate waste.

They keep resources within the economy when a product has reached the end of its life, so that they can be productively used again and again and hence create further value.

Source: COM (2014) 398 "Towards a circular economy"

Energy

What has been the outcome ?

- The following **legislative proposals on waste** have been adopted on July 4th 2018:
- revision of the Waste Framework Directive
<http://data.consilium.europa.eu/doc/document/PE-11-2018-INIT/en/pdf>
- revision of the Packaging and Packaging Waste Directive
<http://data.consilium.europa.eu/doc/document/PE-12-2018-INIT/en/pdf>
- Revision of the Landfill Directive
<http://data.consilium.europa.eu/doc/document/PE-10-2018-INIT/en/pdf>
- Directive on electrical and electronic waste, on end-of-life vehicles, and batteries and accumulators and waste batteries and accumulators
<http://data.consilium.europa.eu/doc/document/PE-9-2018-INIT/en/pdf>

In practice what do these mean ?

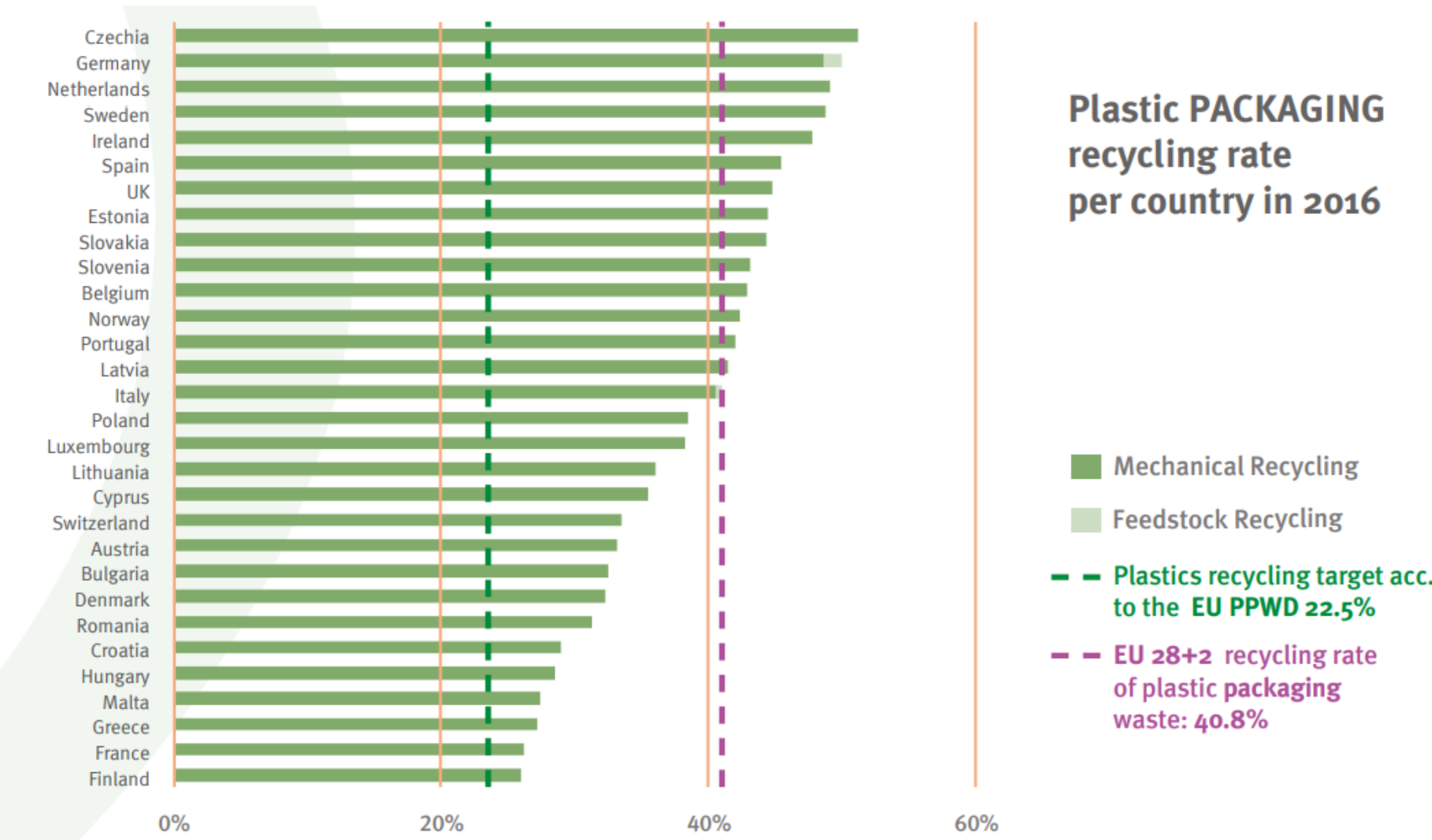
- A common EU target for recycling 65% of municipal waste by 2035;
- A common EU target for recycling 75% of packaging waste by 2030;
- A binding landfill target to reduce landfill to maximum of 10% of municipal waste by 2030;
- A ban on landfilling of separately collected waste;
- Promotion of economic instruments to discourage landfilling ;
- Simplified and improved definitions and harmonised calculation methods for recycling rates throughout the EU;
- Concrete measures to promote re-use and stimulate industrial symbiosis - turning one industry's by-product into another industry's raw material;
- Economic incentives for producers to put greener products on the market and support recovery and recycling schemes (eg for packaging, batteries, electric and electronic equipments, vehicles).



Where are we now compared to the targets ?



But a lot of the current data is not really true



Source, British Plastics Federation



This is the most relevant article of all

Simplified and improved definitions and harmonised calculation methods for recycling rates throughout the EU, articles 46/49 of the WFD.

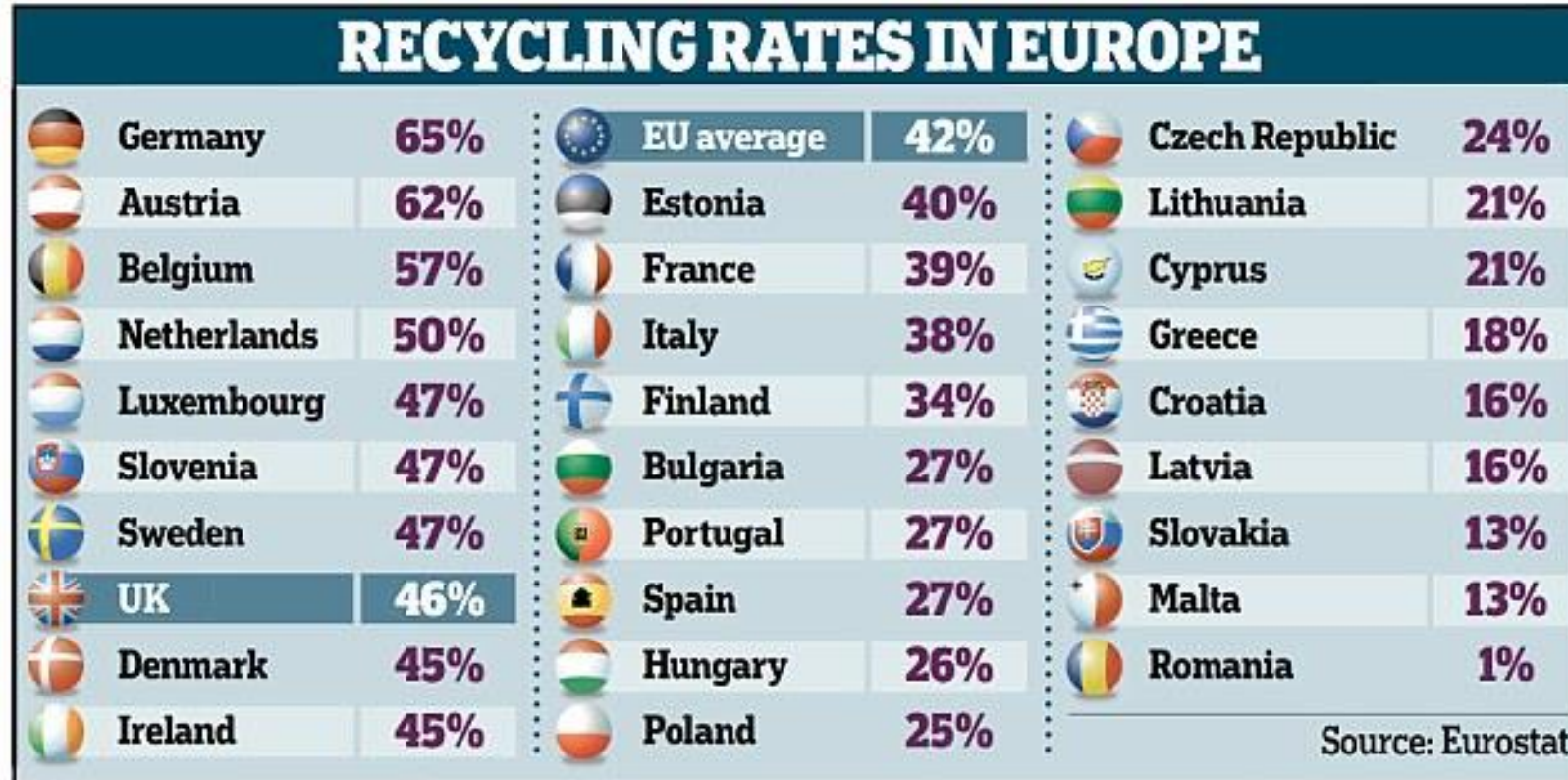
From now, recycling will mean counting the materials that enter the last point of recycling.

Before, recycling meant collected for recycling in many countries.

This changes everything



What do these figures really mean ?



Germany, 40%
UK 30%
Italy 30%
Denmark 30%
France 30%
Finland ?

To go from these real figures to 65% by 2035 will require giant steps

Let's look into the details a little : Waste Directive

- Target overall 65% of MSW recycled
- Food waste to be collected separately
- Compostable materials that compost with food waste can be collected with it
- AD is defined as recycling
- Household hazardous waste to be collected separately
- Harmonised data reporting, strengthening reporting on exports
- Encourage waste prevention
- Recycling is redefined to being the entry point of final treatment

Landfill directive

- Restrict the recourse to landfill to no more than 10% of all waste by 2035
- Ensure that what does go to landfill is treated and not emitting GHG
- No separately collected waste should go to landfill
- Exceptions for the Eastern European countries still landfilling up to 90% of waste, another 5 years derogation
- Waste entering incineration and biowaste going into MBT shall be considered as landfilled, ie counted towards the 10% maximum limit
- Waste exported to landfill elsewhere will count towards the landfill limit of the exporting country.

Packaging and Packaging Waste Directive

The legislation defines specific recycling targets for **packaging**:

	By 2025	By 2030
All packaging	65%	70%
Plastic	50%	55%
Wood	25%	30%
Ferrous metals	70%	80%
Aluminium	50%	60%
Glass	70%	75%
Paper and cardboard	75%	85%

Article 6a

Rules on the calculation of the attainment of the targets

(b)

the weight of packaging waste recycled shall be calculated as the weight of packaging that has become waste which, having undergone all necessary checking, sorting and other preliminary operations to remove waste materials that are not targeted by the subsequent reprocessing and to ensure high -quality recycling, enters the recycling operation whereby waste materials are actually reprocessed into products, materials or substances

The legislation sets minimum requirements for all **extended producer responsibility schemes**. Producers of products covered by these schemes must take responsibility for the management of the waste stage of their products, and will be required to contribute financially.

Mandatory extended producer responsibility schemes for all packaging have also been introduced.

These have now to be adopted into national legislation. Under the subsidiarity principle, each nation can adopt legislation reflecting its own needs whilst adhering to the overall principles.



- Member States shall take the necessary measures to ensure that
- the financial contributions paid by the producer to comply with its extended producer responsibility obligations:
 - (a) cover the entire cost of waste management for the products it puts on the Union market, including all the following:
 - – costs of separate collection, sorting and treatment operations
 - required to meet the waste management targets referred to in
 - paragraph 1, second indent, taking into account the revenues from
 - re-use or sales of secondary raw material from their products;
 - – costs of providing adequate information to waste holders in
 - accordance with paragraph 2;
 - – costs of data gathering and reporting in accordance with paragraph
 - 1, third indent.

Directive on electrical and electronic waste, on end-of-life vehicles, and batteries and accumulators and waste batteries and accumulators

- Brings together 3 directives and revises & unites them
- Changes reporting methodologies and monitoring obligations
- Obliges storage and treatment of ELVs in accordance with the waste hierarchy
- Allows Member States to use economic leverage to encourage the waste hierarchy, eg taxes, incentives, EPR schemes

The direction ?

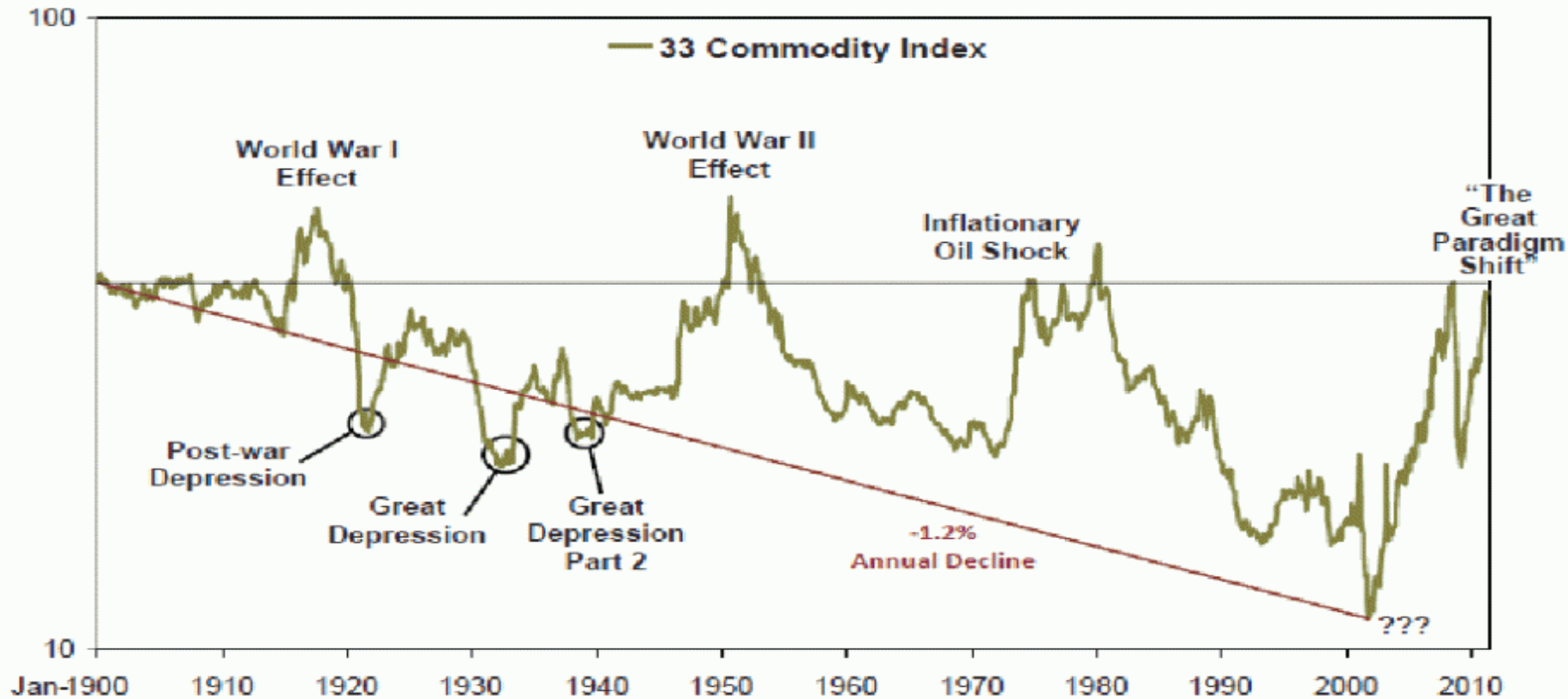
- Circular economy is about redesign, recycling, prevention, less GHG emissions
- The European Commission will fund tens of €billions of investment over the next decade to make it happen
- Food waste becomes central to the whole equation around reaching targets of 65% and food waste collection will be obligatory
- Plastics are the big problem. Only 9% is effectively recycled in the UK. The target is 55% in 11 years time. Foreign markets are closing down. How to get there ? (new plastics directive being discussed now)
- The barriers are going to be low raw material costs, Eastern European inertia and failure of governance, failure for markets to take up recycled products.

Some barriers

- Raw material values – no pricing of the externalities
- Demographic
- Incomes and taxes

Volatility, long term decline

GMO Commodity Index: The Great Paradigm Shift

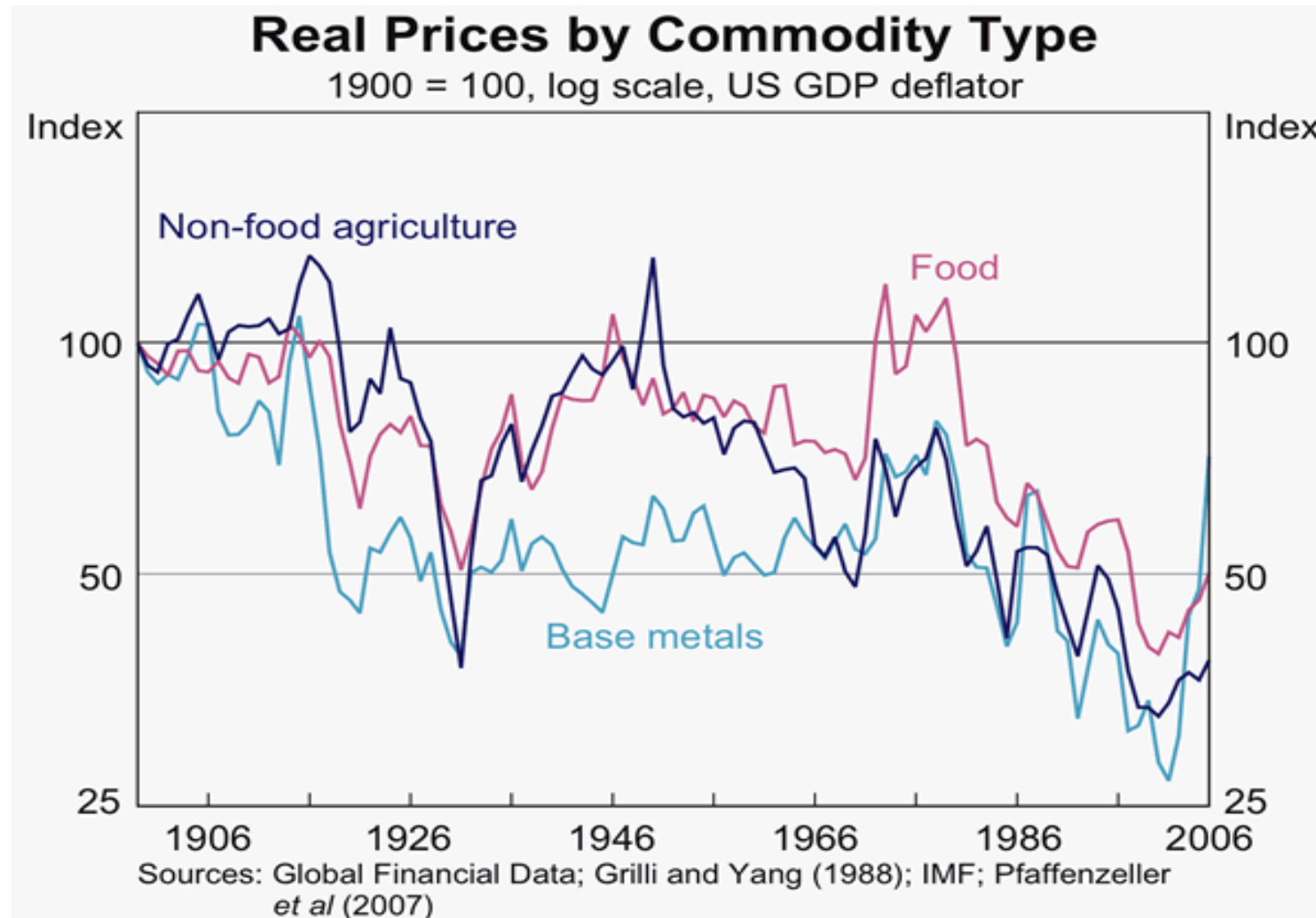


Note: The GMO commodity index is an index comprised of the following 33 commodities, equally weighted at initiation: aluminum, coal, coconut oil, coffee, copper, corn, cotton, diammonium phosphate, flaxseed, gold, iron ore, jute, lard, lead, natural gas, nickel, oil, palladium, palm oil, pepper, platinum, plywood, rubber, silver, sorghum, soybeans, sugar, tin, tobacco, uranium, wheat, wool, zinc.

Source: GMO As of 2/28/11

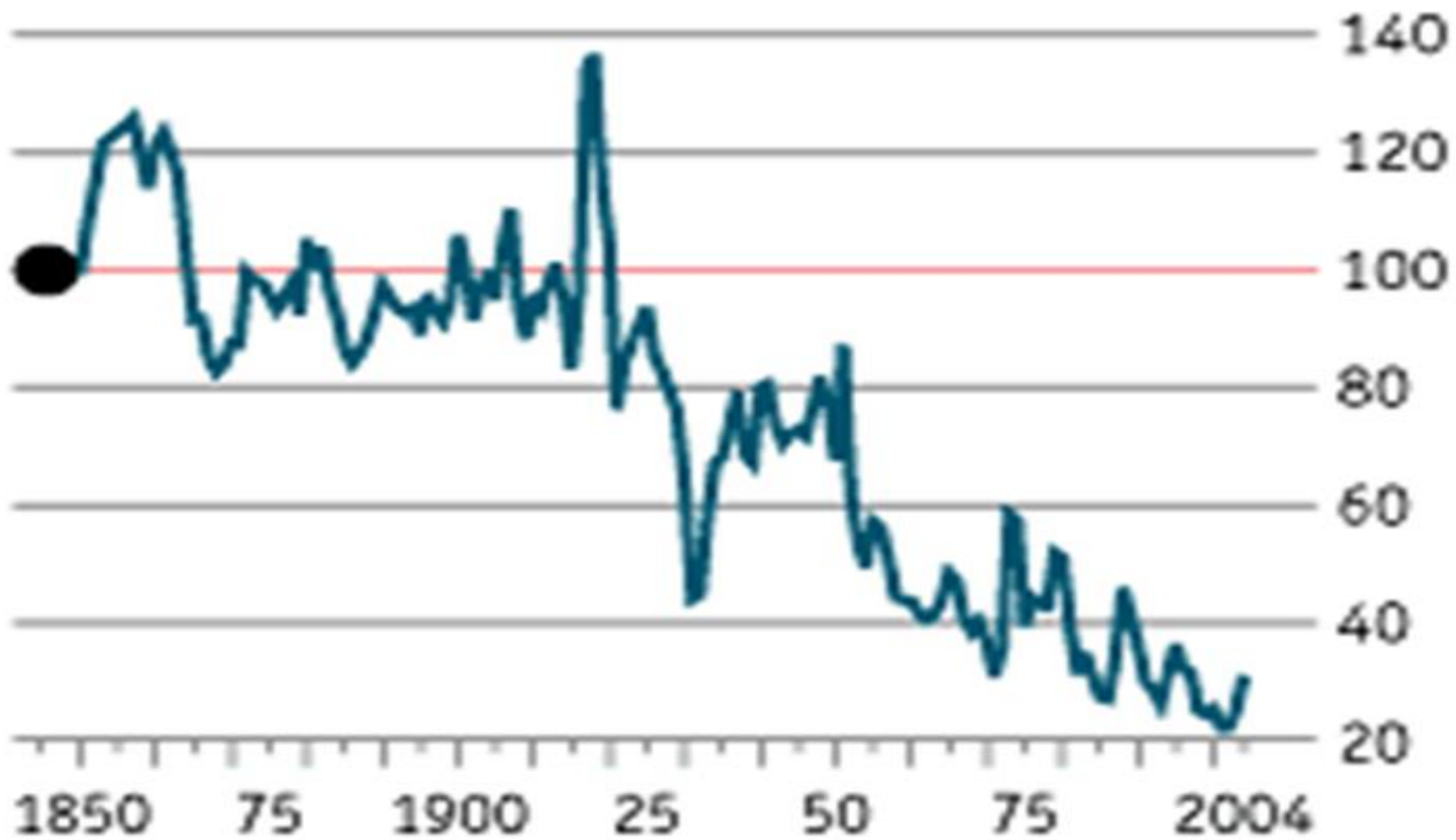


Population up, consumption up, commodities down. How come ?



A century of decline

The Economist industrial commodity-price index
real* \$ terms, 1845-50 = 100

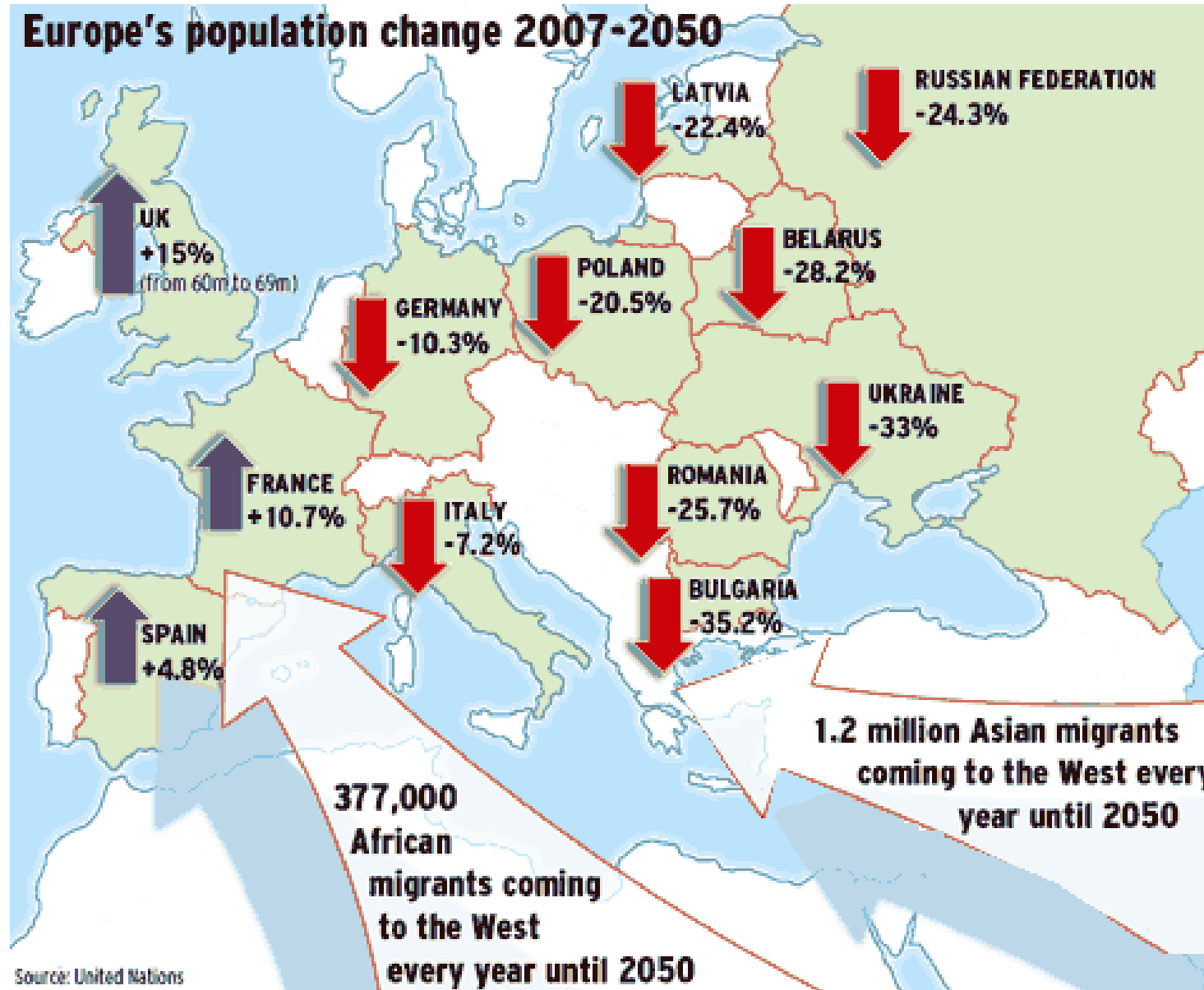


*Adjusted by US GDP deflator

It still costs less to mine than to recycle

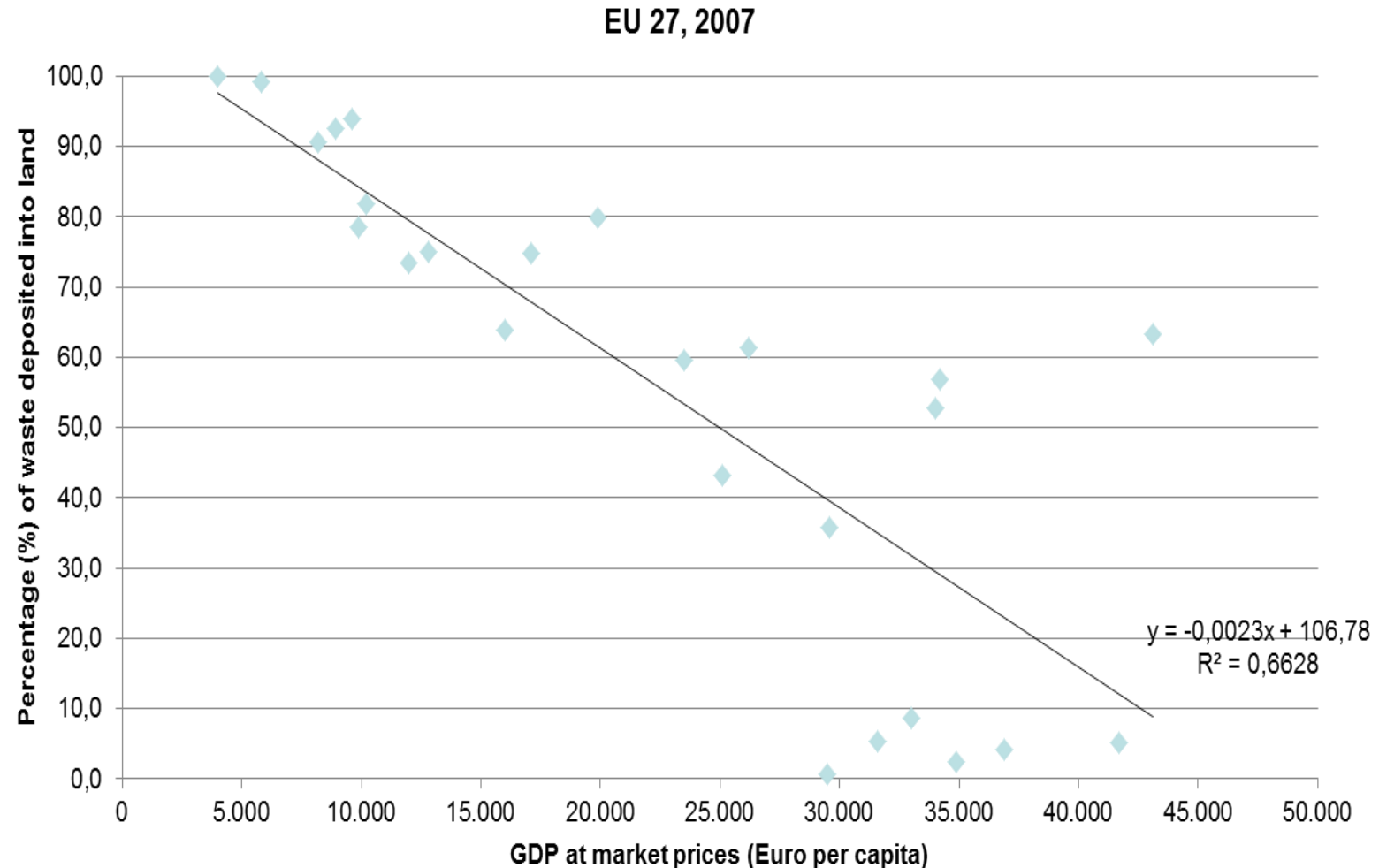


Population decline



How to increase taxes and push recycling in a declining economy ?

Costs and taxation- high income countries have less landfill



Are you ready for a circular economy ?

Thanks

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