

## **Modernising waste policy: valuing waste as a resource**

This paper is intended to expand on the preliminary ideas sent to the Commission and Presidency in February 2015<sup>1</sup> to help inform thinking on the new Circular Economy proposals expected later this year. As stated previously, these thoughts should not be regarded as agreed UK policy, but they offer suggestions for further consideration by the Commission as it develops its own thinking on which actions are best addressed at an EU level.

This paper on *Modernising waste policy* is the third of three papers, all of which expand on the themes in the February paper, progressively addressing issues ‘around the circle’. The other two papers cover *Harnessing Action by Business and Consumers* and *Design and innovation*.

### **Why modernise waste policy?**

The UK welcomes the opportunity presented by broader new proposals to address the aim of resource efficiency in a more holistic way, taking into account the whole Circular Economy, and how measures targeted at one part of the circle may have consequences for another part. Effective waste management will be a key element of a circular economy package, but should operate so as to support the twin objectives of: 1. improving resource efficiency; and 2. reducing reliance on virgin resources by keeping materials in circulation. Not only will this best promote the European Union’s environmental objectives, but it should do so in a way that also best supports its objectives for growth and smarter regulation.

### **How to improve resource efficiency through effective waste management**

A modern society should manage its resources carefully, through **waste minimisation and resource efficiency**. With these goals as the drivers, better product design, smarter regulation, innovative business models, lower emissions and opportunities for business follow.

1. We should seek reduced environmental harm and greater efficiency of all resource use across the **whole product lifecycle**. This means moving towards a system which takes a more holistic approach to assessing and managing the impact of our resource and material use. In doing so, we need to ensure that the measures we take truly support the outcomes we are seeking. For example, the resource efficiency of the recycling process may decrease as recycling rates increase (e.g. for plastics) and hence the benefits of recycling may be offset by more intensive processes. While it is important that we do not undermine the ongoing efforts to promote behaviour change and improve recycling, there is a need to look

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<sup>1</sup> 2015, Feb 25<sup>th</sup>; UK ideas for a new Circular Economy package

at the system in a more holistic way and ensure that we pursue options which deliver greater efficiency of use of all resources.

Additionally, while good progress has been made in designing products and packaging to improve recyclability, we need to take a more holistic approach to avoid incentivising use of materials that are easier to recycle, over materials that are harder to recycle but which offer other environmental benefits. For example fresh food packaging made of one recyclable plastic (PET) has little barrier to oxygen, needs to be refrigerated and leads to a product shelf life of a few weeks. Whereas, laminate containers (made of layers of different plastics) are an excellent oxygen barrier, can be stored at ambient temperature and lead to a typical product shelf life of months. The laminated packaging material is harder to recycle but has lower overall environmental impact.

These trade-offs can become barriers to behaviour change among consumers and in business. Products should be designed to minimise waste in the first instance, but we need to ensure that as we make significant gains towards the targets set out in existing legislation, we think ahead to whether these targets continue to be fit for purpose as the underlying landscape changes.

2. We should look at measures that improve the quality of recycling. In particular, we should seek to balance quantity and quality. It is counterproductive to generate high volumes of low quality recyclate, which have few genuine uses and which destabilise markets for recyclate. But we need to balance that with the potential for conflicting messages for consumers, and motivate individuals and businesses to engage in higher quality recycling practices, while being careful not to create an environment in which recycling is discouraged. So a focus on quality alongside quantity is important.

3. We should provide complementary drivers: to divert materials away from the bottom of the waste hierarchy when there is the risk of greatest environmental harm and least sustainable social and economic benefit; while simultaneously making the top end of the hierarchy a more attractive and credible option for investment and sustainable social and economic benefits. By focusing only on diversion from landfill, energy from waste and recycling, there is a risk that these activities are considered in isolation, and business and investment decisions made which are not economically viable in the long-term (for example banning materials from landfill which have no end market). In doing so, Member States should have the flexibility to pursue these objectives with respect to market conditions.

### **Smarter Regulation – improving the regulatory framework**

Providing a **clear, stable and predictable regulatory framework supporting growth and jobs** is a key component of the Commission's commitment to smarter regulation and reducing unnecessary costs for businesses. This is in line with the *Make It Work* initiative led by the UK, Netherlands and Germany to improve the quality and coherence of EU

environmental legislation. Improving the regulatory framework for waste and resource efficiency will contribute to this.

### **1. Improve coherence**

As a means to seek smarter regulation, we should seek simplification and better design to ensure greater coherence across EU law. If we are to refresh our ambition to embrace a more circular approach, the first logical step is to ensure that Member States are measuring and monitoring in the same way, and that baselines are clear and consistent, before articulating ambition and the approach to delivering that ambition.

However, definitions and the method of calculating what is recycled can change recorded recycling rates. We should therefore consider the method of calculation before reconsidering the level of ambition. It is unclear whether even the EU top performers would be close to their current recycling rates using the calculation methods proposed in the July 2014 package, although they were the basis for these. It would be good regulatory practice to understand the impact of any measurement change, before changing measurements and ambition

### **2. Proposals that are evidence-based, ambitious and achievable**

As Member States expressed in working parties in autumn 2014, we should ensure that future goals are realistic and technically feasible. **We should ensure that Member States are not set up to fail and that, whilst ambitious, it is economically feasible to achieve the goals set.**

Let's get the basics right first: examine the impacts of previously-proposed changes to calculations and definitions on baseline recycling rates for 2020. We should understand the impact of changes on the achievability of targets for 2020, given the likely insufficient time for Member States to make adjustments. The impacts on maximum *feasible* recycling rates for 2030 could also be substantial and these must be understood.

We want to assess the complementarity of measures around the whole circle. We should assess total social and economic benefits to ensure that the benefits exceed their costs in their new context.

In earlier discussions, Commission officials asked for ideas on where a sensitivity analysis of their previous Impact Assessment should focus. Our emerging analysis suggests that, at least the following factors are likely to have a significant influence on the overall cost-benefit analysis and should be included in analysis of the whole package:

- The impact of changing the definition of municipal waste on baseline recycling rates now and what effect this will have on achievability for 2020 and 2030.

- A range of possible future waste quantities in line with other published estimates, rather than a single point estimate for the amount of waste we might see in 2030, given the very great uncertainties inherent in making such forecasts.
- The impact of a range of possible changes to waste composition in future.
- Capture rates from households and business.
- The costs of meeting the 2020 targets, including infrastructure costs, stemming from alterations to definition of municipal waste for the 2020 targets. In particular the lead-in time needed for infrastructure development in those Member States most affected by the change.
- Consider the impacts of factors having a strong influence on recycling rates which are not policy-determined or within the control of national Governments: e.g. plastic recycle value influenced by global oil prices.

It will be important to understand the sensitivity of the Commission's analysis to a range of values for these factors and assumptions, in order to properly understand the costs and benefits of the proposals. We would encourage the Commission to discuss with Member States its plans for further analysis and for the types of sensitivity analysis it is minded to undertake.

**We would be very pleased to meet with Commission officials to discuss these ideas and share our information on those measures that have worked well in the UK. We will continue to play a constructive part in this process.**

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