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Europe

SUSTAINABILITY AND CIRCULAR ECONOMY

*-the fundamental drivers in
international Packaging Waste
Regulations*

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Endless Possibilities
Metal is Forever



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Vision:

By involving all parties in the chain from metal suppliers to packaging converters and recyclers we will contribute more effectively to sustainable development and a circular economy.

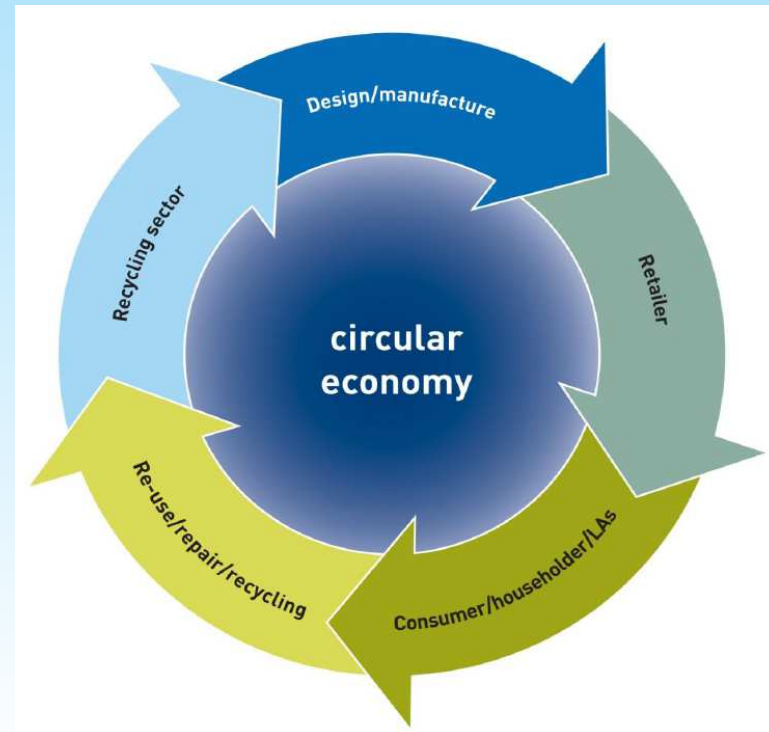
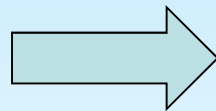
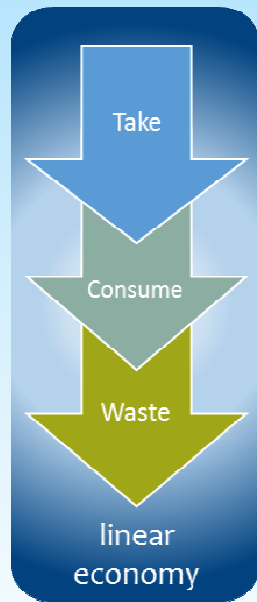


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Policy Concept for the Future



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EU on a Circular Economy

A zero waste program for Europe

“A Circular Economy keeps the 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 future value”



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Extended Producer Responsibility - EPR

Extended Producer Responsibility (EPR) policies aims to shift the cost of disposal, recovery and recycling back to producers and thus impel investment in material efficiency, to reduce the quantity of waste, and in eco-design, to extend the lifecycle of the materials employed.



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Extended Producer Responsibility in Europe

Variations due to many factors:

- Role of private versus public sector,
- Definition of obligated companies,
- Scope of legal obligation, time to reach targets,
- Monopoly or competition of recovery systems,
- Waste management companies role.

Critical Factors for EPR

- A public/private partnership
- Legislative foundation/obligation
- Targets relevant to the circular economy objectives
- Penalties for non-compliance
- Independent “third party” monitoring

National Compliance Schemes

- Used packaging collection organized by national compliance schemes.
- Funding by levy on every packaging and sale of collected material – cost allocation essential.
- Starting up as “monopoly” but competing schemes introduced – risk of focus on easy wins.
- Regional differences depending on population density.
- Free rider problems – retailers in control?



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EU Commission on Extended Producer Responsibility

- EPR schemes have allowed to fund required operations to meet improved recycling/recovery targets, but:
- Limited impact on product design.
- Large differences between member states.
 - * Waste streams covered
 - * Cost efficiency of the systems
 - * Control of the systems
 - * Role of municipalities – producers



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Performance Statistics EPR

European Union

- Packaging recovered: 67% (**2005**) ->76% (**2010**)
- Packaging recycled: 55% ->63%

- Packaging to final disposal: 33% ->24%

- **EU-15** (EPR from start 94)
- Packaging recovered: 70% ->79%
- Packaging recycled: 57% ->65%

- Packaging to final disposal: 30% ->21%

EUROSTAT



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Recycling Society

Metal Packaging Europe support the concept of zero waste to landfill and believe in fostering a recycling society by engaging all stakeholders.

The vision is to have 100% of metal packaging recycled in Europe and we have set **80%** as a target for 2020.





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Towards a Circular Economy

Aluminium beverage can recycling rates in Western Europe

(1991-2011, 2020 projected)



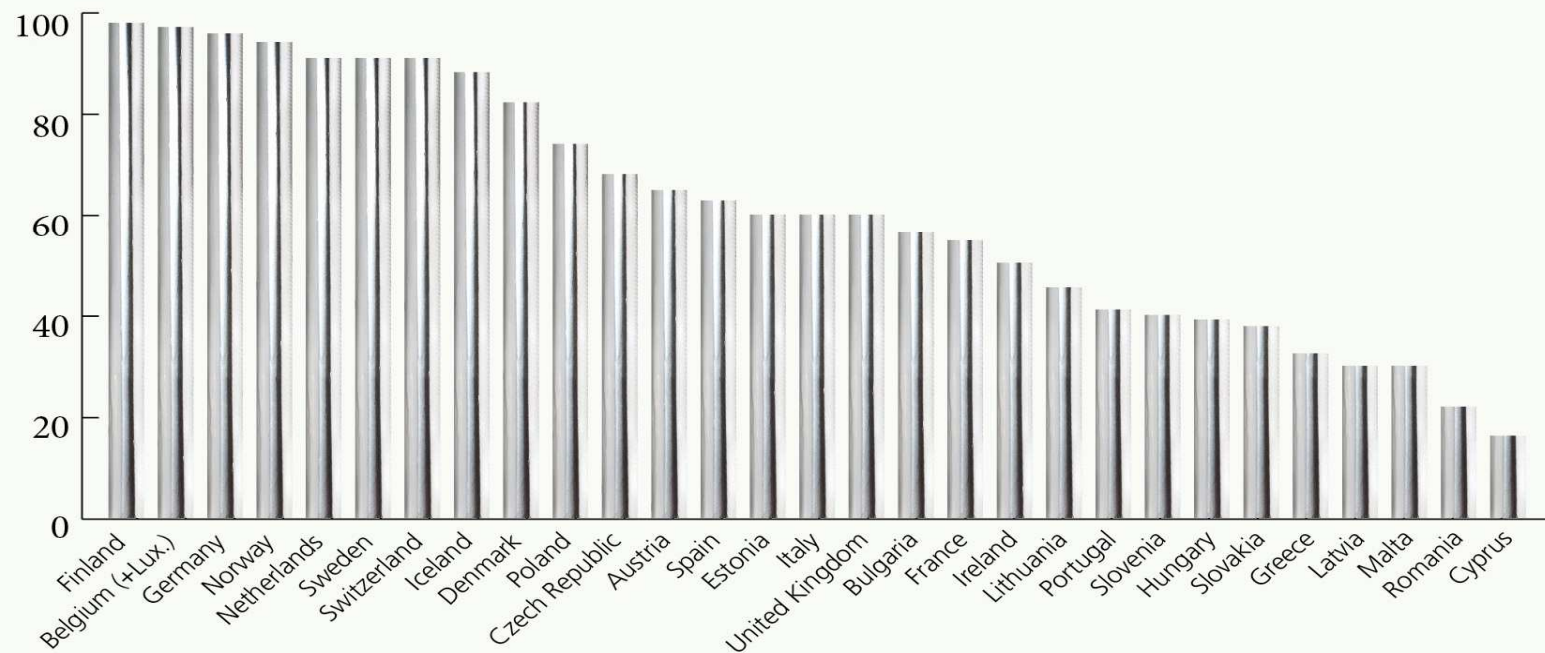
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Recycling Performance

European aluminium beverage can recycling rates (2011, EU 27 + EFTA countries)

Data sources: Extended Producer Responsibility Schemes (Green Dots, others), Deposit Refund Systems (cans only), EUROSTAT (metal packaging), Industry Reports, PRN Notes (UK)



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Alu Beverage Can Recycling

- Despite EU regulation and EPR schemes in place since 1994 the average recycling performance will not reach 80% until 2020 in Europe.
- High recycling rates typical in member states with economic instruments in support.
- Economic incentives are key drivers for all stakeholders from consumers to recyclers.
- BRAZIL 98% recycling and world champion!

NGO:s Positions on Circular Economy and Packaging

Common objectives:

- Decoupling market growth from resource use.
- Realize the potential of a true recycling society
- No used packaging should go to landfill.
- Keep all used packaging in the material loop.
- Use economic instruments to foster a circular economy.



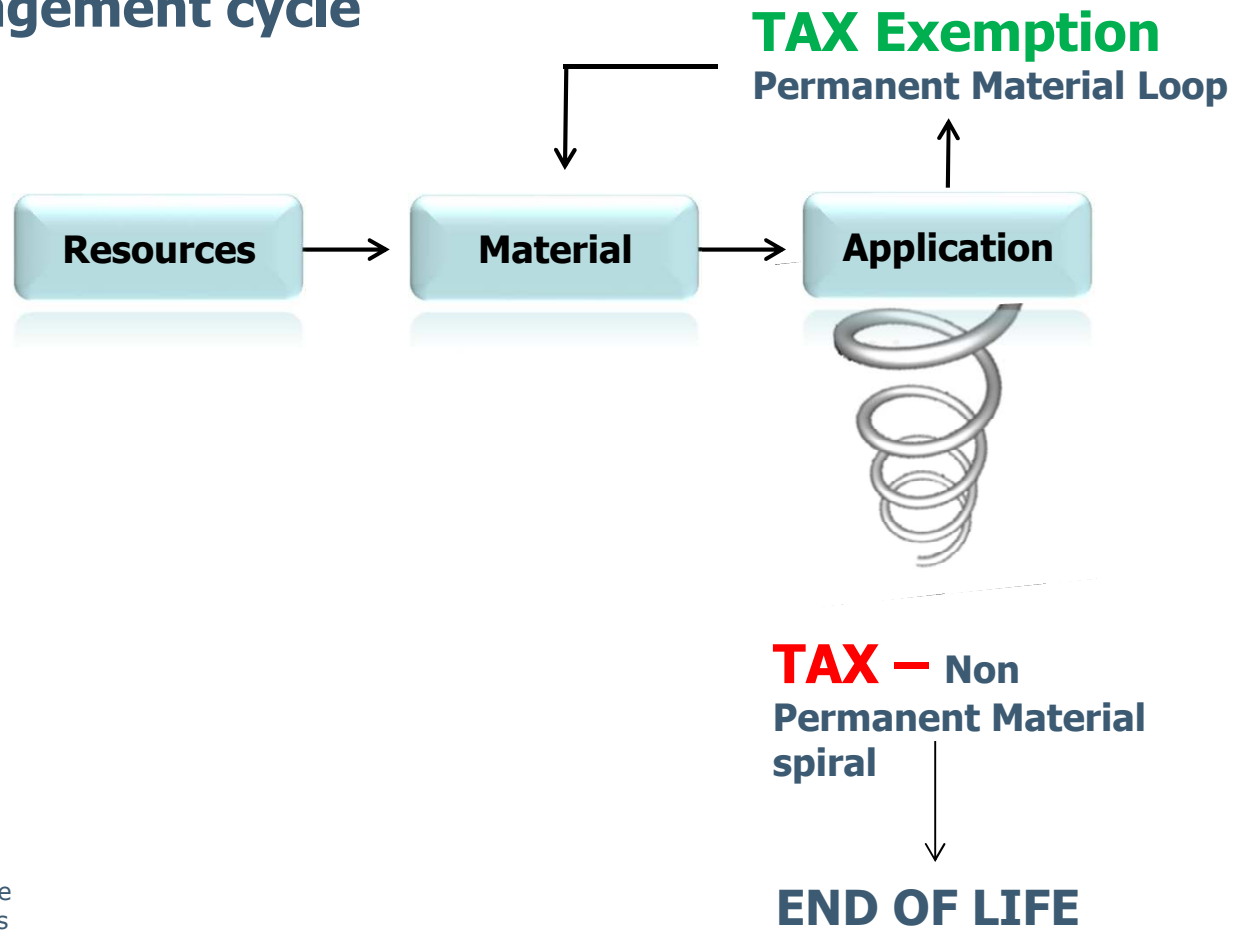
Economic Instruments to foster a Circular Economy

- A generic landfill tax
- Differentiated landfill tax
- A generic packaging material tax with reduced taxation relative to recycling performance
- A generic packaging material tax with full exemption if recycling targets are met



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Material management cycle



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Material Categories

Permanent
materials from
non-renewable
resources

- Metal
- Glass

Non-permanent
materials
from **renewable**
resources

- Paper
- Cardboard
- Bioplastics

Non-permanent
materials from
non-renewable
resources

- Plastics



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Permanent Material Supported

The concept of Permanent Material is now recognized and supported by the EU-Parliament as relevant and essential to EU objectives and strategies on sustainability, resource conservation and a circular economy.

Current debate on EPR

- Local Authorities unhappy with narrow focus on packaging waste.
- Monopoly EPR structures questioned.
- Increasing value of collected material creates disputes over ownership.
- Household collection in focus – away from home consumption no priority.
- Waste Management Companies drives costs and reduces transparency.
- Investors looks for profits from legal obligations.



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Current debate on EPR

Waste Management Companies

- objectives to maximize profit and increase market share and volumes are counterproductive.
- aiming at increasing volumes and the highest price for collection contradicts the policy and legal objectives on waste minimization and is against the public interest.
- Neither waste management companies nor investors can act effectively as EPR organizations.



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EPR to be revised to fit with Circular Economy objectives

- EPR has contributed to increased recovery/recycling of used packaging, but higher targets now proposed.
- But stakeholder interest are polarized:

Service to citizen <-> low cost to industry

Non profit <-> new business opportunities

Quality of material <-> low cost collection

Waste material <-> value of material

"Monopoly" <-> multistakeholder actors

EPR in Europe is up for revision



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Stakeholders Positions on Revision of EPR in EU

- **National compliance schemes** are asking for EPR monopoly structures and non-profit principle to be obligated by EU-law.
- **Obligated companies** asking for control of EPR systems and defined in EU-law.
- **Municipalities** asking for grant to public sector to manage recovery but EPR to obligate producers to pay.
- **Waste management companies** and investors asking for a free market to manage recovery under EPR obligation in EU-law.



Brazil and the Circular Economy

- Given the difficulties and vested interest involved and the slow progress on recycling performance in most of the EU member states it seems unproductive and inadequate to propose an EPR system for Brazil.
- Social benefits resulting from the adoption of EPR systems are mostly restricted to the number of jobs necessary for their operation, which tends to be small due to the profit maximization rational of such schemes.



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Brazil and the Circular Economy Conclusion

The system presently adopted, based on the importance of urban waste collection to waste pickers, offering income and social inclusion will most certainly contribute more effectively to a circular economy.



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**What is more sustainable than
permanent ?**



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