CREATING A CIRCULAR PLASTICS AGREEMENT - TOGETHER

Plastics manufacturing, processing and re-use businesses in the Netherlands and Europe are facing an existential threat: cheap plastics from China and the USA are displacing our own production chains. That makes our production chains vulnerable and dependent on others, it also undermines the ambition of the Dutch government for growth and making society greener. Both employment and our future earning ability are at stake.

With this petition we make an urgent request to politicians: please engage with the supply chain actors to work towards a Circular Plastics Agreement, to create a pathway towards a sustainable plastics supply chain, in the Netherlands and Europe. Key topics:

- Ensure that the production of plastics recycled in the Netherlands becomes economically viable
- The availability of plastics waste streams for recycling
- Keeping the required technology operational and scaling it up
- Making the use of sustainable resources and technology competitive with fossil resources
- Ensuring that Dutch national policies complement European policies - avoiding national additions which weaken the chain
- Providing the right conditions for investments (permits, end-of-waste status regulations)

Industry in the Netherlands[1] has joined forces and is reaching out to the government and politicians to make plastics circular. This issue is particularly urgent. Not only have many recycling businesses gone bankrupt recently, but the production volume is shrinking rapidly, which means that the efforts to make the whole chain sustainable are threatened[2].

Currently, most plastics are made from new fossil resources, which contributes to climate change. A lot of plastic is not recycled or, worse, ends up in the environment. The solution is to create a sustainable carbon chain and to make plastics circular. And we really need all the companies in the supply chain to make that possible.

Dutch industry calls on Parliament to ask the Dutch government to set up a Circular Plastics Round Table. A round table where the ministries of Infrastructure and Water Management, Climate Policy and Green Growth and Economic Affairs work with the industry to develop a Circular Plastics Agreement. This agreement should provide input for the ‘Vision and transition towards the use of sustainable carbon in the chemical industries’ which the Dutch government has announced, and for the joint commitment to the development of European policies. In essence: production in the Netherlands and the EU must continue, and the use of European green plastic should become standard for products. All this with a clear understanding of what is realistic and feasible. We simply cannot solve a global problem through more legislation in the Netherlands. Cooperation throughout the supply chain and effective EU policies are essential to a healthy, sustainable and future-proof economy.

[1] Represented by the Dutch Waste Management Association (VA/DWMA), the Dutch Federation of the Rubber and Plastics Industry (NRK), Plastics Europe Nederland, the Royal Association of the Dutch Chemical Industry (VNCI) and the VNO-NCW Dutch Confederation of Industry and Employers.

[2] See the recent Plastics Europe publication: Falling EU competitiveness threatens circular plastics transition.

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Plastics can be made circular by making them suitable for re-use and by replacing fossil resources by alternatives with a smaller environmental impact. The alternative resources for plastics include recycled plastics, sustainable biomaterials and CO_2. By developing them into new raw materials for products we can make our economy less dependent on fossil resources, reduce CO_2 emissions throughout the plastics supply chain, and give our industry a more sustainable basis[3]. That will require innovation, extensive new investments - and regulations to encourage and support this development.

The Netherlands is the fourth-largest plastics manufacturer in the European Union. This strong position is currently seriously threatened by the worldwide free market. This affects many production companies (often SMEs) which use plastic granulate as a raw material to make a wide range of products. From pipes to electronics, from consumer goods to wind turbines, from medical devices to car parts: plastics are essential to our daily life. The plastics industry has contributed to the Netherlands' prominent position in materials research and process engineering. Dutch companies are also in the lead in Europe in terms of the collection and recycling of plastics wastes. But an essential condition to developing that strong position into a circular plastics supply chain is that recycled materials manufactured from Dutch and European plastics waste have an economic value in terms of the product chains.

Industry is ready to invest billions in innovation and technology for circular production, sorting, recycling and processing of collected plastic. Our intention is to recover much more plastic from waste than is now available for reuse. This will give the materials a new life, and we avoid reusable resources being landfilled (in Europe) or incinerated (in the Netherlands and Europe). The announced European statutory product standards will fully enable our businesses to prepare themselves for new production methods focussed on the use of recycled plastics and biobased materials.

But there are still significant challenges standing in the way of a rapid transformation[4], as described in the annex.

We are ready to help create the right conditions, through a public/private partnership. Hence our appeal to politicians and the Minister of Public Transport and Environment, the Minister of Climate Policy and Green Growth and the Minister of Economic Affairs: please accept our invitation, make a Circular Plastics Round Table possible, and work together with us on a Circular Plastics Agreement!

We are looking forward to your response.

Yours sincerely,

Dutch Federation of the Rubber and Plastics Industry (NRK)

Dutch Waste Management Association (DWMA)

Plastics Europe Nederland

Royal Association of the Dutch Chemical Industry (VNCI)

VNO-NCW Dutch Confederation of Industry and Employers

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[3] Similarly, the Netherlands Environmental Assessment Agency (PBL) concluded, in its report *Exploration of pathways towards climate neutrality 2050*, that the use of much more recycled plastic is an essential strategy Exploration of pathways towards climate neutrality 2050

[4] Crisis in the plastics sorting and recycling industry

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Annex: Policy recommendations for a Circular Plastics Agreement

To make plastics circular we suggest that policies are developed 1) to encourage the demand for recycled plastics, 2) to ensure that sufficient feedstock for the different recycling processes is made available in the Netherlands and Europe, and 3) that the right conditions are created for scaling up the sorting and recycling capacity. We suggest that the following policy measures are discussed by the Circular Plastics Round Table, and are developed into a Circular Plastics Agreement:

1) **Creating markets**: Encouraging the demand for recycled material

   a) Mandatory application of a minimum proportion of recycled material and biobased plastic in Europe, based on product regulations aimed at packaging brand owners (through PPWR) and other applications of plastics. The introduction of ambitious, mandatory European objectives for recycled and biobased materials, in relation to the review of the national standard for recycled plastics. Design of eco-labels for design-for-recycling and recycled content so consumers are aware that their purchases contribute to a cleaner environment.

   b) Circular procurement Introducing circularity requirements for public and private tenders (products to be purchases shall contain at least x% recycled material) in the Netherlands, and including this in EU policies (Green Public Procurement).

   c) A simplified, more predictable procedure to obtain end-of-waste status for mechanically or chemically recycled plastics. Eliminating obstacles due to waste legislation and eliminating differences between member states, to create a real internal EU market for secondary materials.

2) **Sufficient feedstock**: ensuring that waste streams from the Netherlands and Europe which contain plastics become available for the various recycling options

   a) Effective implementation of current policies on at-source and post-collection separation of domestic, commercial, construction and demolition wastes (requires enforcement). Additionally reducing the number of domestic waste collection systems to a few uniform collection systems based on best practices.

   b) Introduce fiscal policies to encourage this and provide a level playing field so waste streams with a high plastics content can be imported into the Netherlands for recycling: 1) abolition of the incineration levy if plastics are recovered from imported materials, 2) preventing the increase of the national CO_2 levy on waste processing by a target higher than the increase for industry, 3) applying the revenues from the CO_2 levy and the EU Emissions trading system to reward pre- and post-separation of plastics and the use of captured CO_2 as a renewable resource in the process industry. Additional instruments to promote a worldwide level playing field as competition is expected to come mostly from outside the EU.

   c) An EU obligation to introduce a landfill levy, higher than EU-ETS, on municipal and commercial waste which should not be landfilled under EU legislation (levy to be based on

Eurostat data). There should not be a levy on waste streams where landfill is the most appropriate disposal method, e.g. asbestos and soil which cannot be remediated.

3) **Create the right conditions**: Facilitate the required growth of recycling capacity

a) Ensure that there is enough space, physically and in environmental terms, to sort wastes containing plastics and to recycle them mechanically or chemically. Speed up the issue of permits for these plants. Facilitate grid connections and electricity supply capacity for new sorting and recycling capacity by extending the priority list of Netherlands Authority for Consumers and Markets (socially relevant activity).

b) Certification and recognition: product regulations should unambiguously specify how mechanical and chemical recycling count towards recycling and to recycled content objectives. Promote the acceptance by the EU of the mass balance approach, e.g. the fuel-exempt method, as a general and clear principle for determining the recycled content. Include captured CO_2 which is used for new plastics and other applications in the Carbon Removal Certification Framework and recognise this within the CO_2 levy system as a reduction option to mitigate the CO_2 levy.

c) Apply the extended producer responsibility (EPR) to support circular plastics. Raise the recycling objectives, in terms of both quality and quantity, to create more capacity for sorting and recycling packaging, electronics, agricultural plastics, fishing gear, construction plastics and nappies. Create an operating grant (SDE++) for CO_2 reduction due to the application of recycled material, biobased materials or captured CO_2 in new plastics and other materials applications. Or a similar arrangement to help reduce higher costs associated with sustainable products (‘contracts for difference’).

The challenges:

- There is currently no consistent demand from the market for products with a minimum proportion of recycled plastic. The value of recycled material obtained from used plastics is too low for its use as a resource. Additionally, both new plastics and recycled materials obtained from the United States and China are much cheaper. As the worldwide demand for plastics is not falling this currently floods the Dutch and European markets. This undermines Europe's competitive position, and therefore the industrial infrastructure and our earning capacity.
- Business models based on recycled plastics and biobased materials are currently often not competitive. Consequently, innovative, high-grade applications and supply chain initiatives do not get the opportunities they deserve. Leaders in the circular economy fear for their business continuity or defer investments in innovation and expansion.
- The objectives for the application of circular plastics tie in with the availability of sustainable carbon from wastes and biobased materials. Their availability is currently very limited. Hence a strategy is needed to improve availability and scale up the processing of carbon from wastes and biobased materials, both from the Netherlands and through imports. This will determine, in part, the rate at which we can expand these sustainable production chains. This was indicated earlier by an industry-commissioned survey of the availability of the required feedstock for recycling.

The stalemate must be broken - we must work towards acceleration.

If we get it right, plastics recovered from wastes will become economically valuable and get a sales market. They can become resources for new products, both in the Netherlands and Europe. It is essential that a European level playing field is created.

To initiate the envisaged public/private partnership for circular plastics there is an urgent need for integrated dialogue, an approach based on a clear mandate, and direction.

What policy measures will be needed for 2030, and for 2040? How can they reinforce each other? Attention should also be given to timing, programming and the cohesion of current and future Dutch and European regulations and legislation, and also to the required investments.

The circular plastics targets will require significant investments and therefore the scale-up of existing and new technology. These investments are currently being deferred. If we can make this happen in the Netherlands then we will ensure that much more plastics will be circular by 20240, that significant CO_2 reductions are realised in the Netherlands, and that we safeguard a sustainable and economically successful plastics value chain for our economy.