

Aldersgate Group - Written evidence (EGD0001)

BACKGROUND

- 1 The Aldersgate Group is an alliance of major businesses, academic institutions, professional institutes and civil society organisations driving action for a sustainable and competitive economy. Our corporate members, who come from across the economy and have a collective global turnover in excess of £550bn, believe that ambitious and stable low carbon and environmental policies make clear economic sense for the UK and the EU.¹
- 2 The Aldersgate Group has carried out extensive research and has been party to a wide range of business trials on the circular economy, including as part of the EU-Life+ funded REBus project², which oversaw around 25 circular economy business trials. A key finding from the Aldersgate Group's work in this area is that the move towards more resource efficient business models can deliver a wide range of environmental and economic gains. Results from the REBus projects suggest for example that a greater adoption of more resource efficient business models across the EU economy could deliver up 184Mt of material savings, a reduction of up to 154Mt of carbon emissions and an increase in gross value added of up to €324bn by 2030.
- 3 The Aldersgate Group has published numerous reports outlining policy suggestions for the UK's Resources and Waste Strategy³ and EU Circular Economy Package⁴.

INTRODUCTORY QUESTION

Q1. Should the UK welcome or be worried by the EU's Circular Economy proposals?

- 4 The new EU Circular Economy Action Plan and the wider European Green Deal should be welcome news for the UK as it indicates that EU policy is moving in a similar direction to UK policy on climate change, the environment and resource efficiency.

¹ Individual recommendations cannot be attributed to any single member and the Aldersgate Group takes full responsibility for the views expressed.

² <http://www.rebus.eu.com/>

³ See in particular 'No Time to Waste: an Effective Resources and Waste Strategy' (June 2018) and 'Maintaining Momentum on Resource Efficiency' (January 2017) available on: <https://www.aldersgategroup.org.uk/our-reports>

⁴ See in particular 'Beyond the 2019 Elections: Maintaining Momentum on Resource Efficiency' (January 2019) and 'Beyond the Circular Economy Package: Maintaining Momentum on Resource Efficiency' (January 2017): <https://www.aldersgategroup.org.uk/our-reports>

5 What is particularly interesting about the new EU Circular Economy Action Plan is that it demonstrates the significant evolution of EU thinking since the publication of the Circular Economy Package and first Action Plan published in December 2015⁵. The following points are worth noting:

- The broad business and environmental benefits of moving towards a more circular economy are much better understood. The latest Action Plan makes it clear that moving towards a circular economy can deliver cost savings, competitiveness gains, investment in innovation and can produce broader environmental benefits, such as contributing towards climate neutrality.
- The European Commission has moved from a very cautious approach towards product standards in the early days of the Juncker Commission – which saw these measures as too interfering – to an approach that recognises the crucial role of eco-design / product standards in changing producer behaviour, growing a market for good quality secondary materials, and shifting markets towards greater levels of resource efficiency. The same observation can be made on green public procurement, consumer rights and fiscal incentives, which are measures that all feature more prominently in the latest Action Plan than in its predecessors.
- EU circular economy policy thinking appears to be more integrated than previously. For instance, the proposals on developing a sustainable product policy framework are accompanied by other supportive policy measures on consumer rights (including the introduction of a right to repair and to better information) and the development of new business models (such as product as a service). These measures better recognise that the move towards a more circular economy will require a range of different policy levers working together - in particular, regulatory tools, fiscal tools, public procurement policy, innovation support measures and consumer engagement tools.

Q1A-B. How much further do they move EU policy, and how ambitious are they compared to the UK's resources and waste strategy? When will the detail of key new EU policies emerge?

6 The Aldersgate Group welcomed the Resources and Waste Strategy when it was published in December 2018⁶, particularly the increased focus on the design stage of the product lifecycle. We have also recently welcomed consultations on the key principles of extended producer responsibility

⁵ European Commission, Circular Economy Package and Action Plan, December 2015: https://ec.europa.eu/commission/presscorner/detail/en/IP_15_6203

⁶ Resources Strategy: a good start but more action needed in 2019, Aldersgate Group, December 2018: <https://www.aldersgategroup.org.uk/latest/page:2#resources-strategy-a-good-start-but-more-action-needed-in-2019>

schemes for packaging, the development of a tax to incentivise the use of recycled plastic materials in packaging, and on improvements to be made to the consistency of collection and sorting of household and business waste.

- 7 However, outside of these areas and given the recent political developments in the UK, progress on the development and implementation of the Resources and Waste Strategy has been fairly limited. For instance, little headway has been made on the development of resource efficient product standards and green public procurement criteria, and much work lies ahead to extend the scope of EPR schemes to other critical products such as tyres and batteries.
- 8 It is difficult to provide an accurate comparison between the development of England's Resources and Waste Strategy – which is set at a national level where more implementation detail is required in some areas (e.g. on the implementation of EPR schemes and waste collection rules) – versus the development of the EU circular economy policy, which takes effect at a regional level. However, the publication of the European Green Deal and the latest Circular Economy Action Plan suggests that EU policy thinking is now more advanced than England's / the UK's resource efficiency policy in some areas – most notably that of sustainable product design, green public procurement, consumer rights and support for alternative business models.
- 9 Although the UK's Resources and Waste Strategy is referenced in the UK's Clean Growth Strategy and does envisage a range of different policy measures, UK policy thinking on resource efficiency does not appear to have the same degree of policy integration as that displayed in the recent EU Action Plan. It is also worth noting that recycling and waste policy is a devolved matter and the devolved administrations have slightly different strategies in place.
- 10 Whilst EU policy thinking has advanced rapidly on sustainable product design in a direction that the Aldersgate Group is supportive of, it is worth observing that the recent Action Plan still remains a high-level policy document which will require the publication of further policy detail and a careful review and extension of the EU's Eco-Design Directive and associated regulations going forward.
- 11 The actions that the EU Commission has committed to in its European Green Deal and Circular Economy Action Plan suggest that further policy announcements related to the EU's new circular economy framework are expected in 2020 and 2021.

SUSTAINABLE PRODUCT POLICY

Q2. As the EU drives green innovation by setting a wider range of standards to a larger group of products, how important is it that the UK maintains its commitment to matching or exceeding the EU approach? Where would it be advantageous to exceed the EU approach?

- 12 The EU's approach in the Action Plan is essentially focused on broadening the range of products covered by the Eco-Design Directive beyond energy-related products, and extending the scope of issues covered by individual eco-design regulations beyond energy efficiency. In particular, the Commission is considering introducing a range of resource efficiency criteria (around durability, repairability, reusability and recyclability) as well as other metrics such as products' environmental and carbon footprints.
- 13 The Aldersgate Group is strongly supportive of this policy approach since around 80% of a product's environmental footprint is determined at the design stage. The EU's Eco-Design framework has already been successful to date in driving greater levels of energy efficiency. Impact Assessments from the European Commission suggest that energy consumption from products covered by the EU's Eco-Design framework will be 18% lower in 2020 than would otherwise have been the case without the Directive. The International Energy Agency also estimates that every \$1 spent on eco-design standards results in a saving of \$3⁷.
- 14 Given that many supply chains tend to operate on a regional, if not global, basis, it will be **important that the UK's approach on product standards at least matches the EU's commitments on a sustainable product policy framework**. Having an approach on product standards that at least matches or exceeds the EU approach can help make the UK an attractive hub for resource efficiency innovation. This can be achieved if it is supported by an ambitious innovation support policy, which encompasses both funding and free technical support. Where the UK exceeds the EU's ambition, it will be important to ensure that this is done in a way that remains sufficiently joined up with the EU approach so that businesses can clearly understand how UK and EU standards relate to each other.
- 15 In sectors that operate on a more national basis – such as construction – the UK has the opportunity to consider exceeding the EU's approach. This could allow the UK to act as a hub for advanced resource efficiency trials (such as for resource efficient modular buildings), leading to potential export opportunities for sectors like engineering design consultancies in the case of resource efficient construction.

PACKAGING

Q3. Is the Government's aim for all plastic packaging to be recyclable, reusable or compostable by 2025 achievable, given that the Commission has proposed a similar target for 2030? Are there additional actions Government needs to be taking to ensure that the target will be met?

⁷ The Economist, The EU is reviewing its policy that makes appliances so energy efficiency, October 2016: <https://www.economist.com/europe/2016/10/24/the-eu-is-reviewing-the-policy-that-makes-its-appliances-so-energy-efficient>

- 16 It is our understanding that most packaging can already technically be recycled but the real challenge ahead is to make this economically feasible. The UK Government is introducing some important measures in this area, such as the Plastic Packaging Tax and a new approach to extended producer responsibility for packaging.
- 17 We are supportive of the Government's ambition but given that the measures that will be introduced will not come into effect before 2022 at the earliest, and considering the regional and global nature of supply chains, the Government's aim may be challenging to meet.
- 18 The European Commission's 2030 target may stand a greater chance of being met, given the fact that it will be underpinned by legally binding commitments in the upcoming revision of the Packaging and Packaging Waste Directive and a range of other regulatory and incentives measures that will apply across the Single Market.

MANDATORY RECYCLED CONTENT AND BOOSTING MARKETS FOR SECONDARY RAW MATERIALS

Q4. Will the Commission's proposed approach of introducing requirements for mandatory recycled content for packaging, vehicles, construction materials and batteries, be better or worse at promoting markets for secondary raw materials that the UK's policies in this area?

- 19 The EU's proposed approach to grow the availability of secondary materials across different economic sectors is based principally on a broadening of its Eco-Design framework, coupled with mandatory requirements for recycled content, circular business models and other drivers, such as green public procurement, extended producer responsibility schemes, innovation support and industry initiatives.
- 20 With the UK's Resources and Waste Strategy still in its early days, the EU's proposed approach cannot really be compared to the UK's because it is built upon a set of regulatory instruments that have been in existence for many years, such as the Eco-Design Directive, the End-of-Life Vehicles Directives, the Packaging and Packaging Waste Directive and so forth.
- 21 If underpinned by the necessary regulatory and policy detail, **the Commission's proposed approach to grow the availability of secondary materials could prove to be effective because it appears to be more integrated than past policy approaches and seeks to use several complementary levers.** The Commission's proposal is to broaden the scope of the Eco-Design Directive and develop a sustainable product policy framework, alongside a range of complimentary measures, including:
- **Product-specific regulatory measures:** such as mandatory recycling and durability requirements through the revision of the Packaging and Packaging Waste Directive, the Batteries Directives, End-of-Life Vehicles

Directive, the Construction Product Regulation and possible new regulatory measures for electronics and ICT products.

- **Pricing and fiscal measures:** for example, extended producer responsibility schemes are likely to be broadened to new product types, such as textiles, and the Commission is encouraging the take-up of fiscal incentives in Member States to support the demand for resource efficient products.
- **Innovation support measures:** these include upcoming initiatives and support measures for new types of business models, such as 'product as a service' in sectors like textiles and ICT.
- **A greater focus on the role and rights of the consumer:** this includes proposed measures to improve consumers' rights to better information and product repair, as well as making it easier for them to return and re-use products through take-back schemes in areas such as ICT (most notably mobile phones, tablets and chargers).
- **Challenges to industry:** for example, the printing sector has been challenged to put together an ambitious voluntary approach to sustainable product development within 6 months. If this is not achieved, regulatory requirements will be introduced.

Q4A-B. Should the UK be focusing on promoting markets for secondary raw materials in the same sectors? Would divergent policies here create issues for UK manufacturers, for example, the UK car industry?

22 Given the importance of the resource efficiency agenda – both in its own right and in terms of industrial strategy and broader environmental implications – it is important that the UK Government continues to develop its policy on product standards and secondary materials. Whilst the UK can develop its own approach and framework on resources and waste, **it is important given the regional and global nature of many product and material supply chains that UK policy in areas like product standards and secondary materials pulls in a similar direction to that outlined in the EU Action Plan and is sufficiently compatible.** This will ensure that the private sector can develop business models that meet both UK and EU requirements.

23 Regional and global supply chains mean that future UK policy needs to carefully combine the development of a national policy framework with the need for high environmental ambition and an approach that is sufficiently compatible with international standards. The UK can set its own ambition in many areas, but its approach needs to be clearly understood in a global context to be cost-effective and support businesses such as the car industry which rely on global supply chains.

Q5. How important is the first mover advantage in promoting markets for secondary materials? Does the UK risk getting left behind?

24 There are a range of materials and products where the UK could take the lead, set a globally influential marker, and develop a competitive

advantage. However, in doing so, it will be important that the UK requirements are compatible with requirements that are - or will be - in place in other markets. This is so businesses can clearly understand how they can cost-effectively comply with requirements in the UK and the EU's Single Market. For example, **meeting a UK standard should result in also meeting an EU standard.**

DIGITAL PRODUCT PASSPORTS AND A EUROPEAN CIRCULAR DATASPACE

Q6. How important are compatibility and cooperation between the UK and EU in developing electronic product passports and materials databases?

25 As made clear in our response, it will be important that the UK's approach on product standards at least matches the EU's commitments on a sustainable product policy framework. Many businesses operate in both EU and UK markets, and it is therefore vital that the UK is aware of the forthcoming developments related to electric product passports and materials databases as they will hold implications for UK businesses and their supply chains.

ENGAGEMENT WITH EU POLICY DEVELOPMENT

Q7. What access, if any, have you had to discussions about the European Green Deal and how can Government support you in your engagement with European partners?

26 Given that many of its business members have a large UK and Single Market footprint, the Aldersgate Group has continued to have a good degree of communication with European Commission officials and will be meeting cabinet members of most Commission Departments involved in the European Green Deal in the Spring, subject to the impact of COVID-19.

RECOMMENDED ACTIONS FOR GOVERNMENT

Q8. What should Government be doing in the short and medium-term given the announcement of these policies?

27 Once the UK emerges from the COVID-19 crisis, the UK should seek to accelerate the implementation of the Resources and Waste Strategy, especially in areas like extended producer responsibility, waste collection, fiscal tools, product standards, green public procurement, consumer rights and innovation. The Government should also consider how the different policy tools can be best combined to develop an integrated approach to driving greater resource efficiency across the economy.

28 In fleshing out and updating its domestic policy framework, the Government should carefully review the Commission's Action Plan and the schedule of upcoming EU-level legislative measures and other initiatives. This will be important to help steer UK policy in a direction that is ambitious, sufficiently compatible with EU policy and supportive of business innovation and competitiveness.