Mark Prisk MP  
Minister of State for Business & Enterprise  
BIS  
1 Victoria Street  
London  
SW1H 0ET

Dear Mark

Many thanks indeed for speaking at The Enterprise Forum meeting last Tuesday morning. We really appreciated your input and you have our very best wishes for a successful tenure at the Department for Business Innovation and Skills.

I said I would get back to you from a plastics industry standpoint on two points we spoke about plus also Trade.

1. Packaging

The plastics industry shares the DEFRA objective of reaching a much higher recycling target for plastics packaging but strongly disagrees with some key details proposed by DEFRA.

Firstly DEFRA's forward projections of plastics waste arising are highly questionable and did not come from a plastics industry source. The forward projections of 'plastics obligated tonnage' envisaging a 24.5% growth from 2010-2020 is much higher than for other materials.

We strongly disagree with the DEFRA proposed target for plastics packaging recycling for 2020 (56.9%) and therefore the annual staging targets leading towards this goal. It appears to be assumed that increasing the recycling rates will lead to environmental benefit. We would like to see the evidence which supports this.

We certainly believe that more can be done to increase rates of recycling for used plastics packaging. This is why the British Plastics Federation (BPF), PlasticsEurope and the Packaging and Industrial Films Association (PAFA) joined together and launched the Plastics2020 campaign in mid 2010. A key element of this was to achieve zero plastics packaging waste in landfill by 2020 - this was to be achieved at least in part by a commitment to double plastics packaging recycling by 2020, effectively to 50%. This was regarded as a real challenge in itself and included an element of 'stretch'. The industry felt that it could not deliver this achievement by itself and that it needed the help of a network of partners including Central government, Local Authorities and waste management companies.

Director General  
Peter Davis OBE FRSA  
A company limited by guarantee  
Registered in England No. 282883
Recycling targets are only achievable if markets exist for products containing the recyclate generated. This depends on the ability of those products to achieve the technical and aesthetic standards required by the customer. Additionally it depends on the investment in recycling capacity by commercial concerns which again is dependent on the perceived rate of return on that investment. Bearing this in mind and looking at DEFRA’s proposed target for 2020 we seriously doubt what hard evidence DEFRA has to justify a 56.9% recycling rate. We cannot accept this or the 2020 business target of 75%.

It is unclear the extent to which the DEFRA target is ‘aspirational’. Recycling targets should be based upon sound science and environmental benefit, and not be politically driven. Furthermore, the precision of the UK PRN system makes it difficult to accommodate ‘aspirational’ recycling targets as the level of the targets directly changes the cost of PRNs.

DEFRA points to European comparisons but does not take into account the radically different national waste infrastructures in the EU Member States. Apples are not being compared with apples. Also, nowhere in the EU is there a target or an achievement of 56.9% for plastics packaging. Germany has had an active recycling scheme for 15 years and has only achieved a 42% recycling rate. There is little chance of this rate going above 45%.

Indeed DEFRA points out in its consultation paper (paragraph 4.12 on European packaging recovery and recycling performance) that “the best performers appear to be reaching a performance plateau.”

DEFRA rightly say that there has been a significant recent growth in plastic bottle recycling but it must be appreciated that further achievements become progressively more difficult and costly as the easier achievements have already been registered.

The DEFRA Workshop on March 29th identified key barriers to higher levels of recycling. Of major concern to the British Plastics Federation is the role of Local Authorities who have contracted with different waste management companies for the handing of packaging waste arising in their localities. There is little standardisation of approach. Local Authorities have different priorities and collect different things in different ways. Current levels of contamination in used plastics materials emerging from Local Authority MRFs are up to 40%, rendering much of the material unusable by UK recyclers who require much higher purity levels in order to satisfy their customers.

Government has a key role to play in encouraging standardisation and an improved co-ordination of approach by Local Authorities and we urge DEFRA to address this problem. Without its resolution any significant progress will be extremely difficult, even for our proposed target of 50% recycling by 2020.

If the target persists it will only lead to an increase in the quantities of plastics materials exported to Asia for recycling and an increase in costs to manufacturers.
We oppose splitting the plastics target by polymer type. The UK Packaging Producer Responsibility legislation is the UK's implementation of the EU Packaging and Packaging Waste Directive which simply states a global target for the recycling of plastics packaging.

Segregation of polymers would introduce additional complexities into the UK system and would increase the administrative burden on manufacturers. Moreover, it severely reduces flexibility of response to the requirements of the legislation.

However there is a case for splitting the targets by Packaging form, that is bottles and C & I streams, where the arguments for recycling is strongest.

2. Trade

BPF wholly supports and is fully involved in the work of UK Trade and Investment. We believe it crucial that current levels of support for business are at least maintained. We detect a growing number of firms in our sector seeking export opportunities for specialised plastics raw materials, machinery and ancillary equipment, specialist plastics products, consultancy, education and training services.

Our approach has been to target selected markets: and approach these through participation in key trade fairs: India through PlastIndia Delhi and Plastivision (Mumbai), China through Chinaplas in Shanghai and Guanzhou, Vietnam through Plastics and Rubber Vietnam in Ho Chi Minh City, the Middle East through Arabplast in Dubai, and Central Europe through Plastpol in Poland and Plasteurasia in Turkey.

Major effort has been applied to India where we now have Memoranda of Understanding with two of the leading trade organisations, the Plastindia Foundation and the Organisation of Plastics Processors of India. We have been told by many key Indian industrialists that the UK is the preferred trading partner for the Indian plastics industry.

All this would not have been possible without the strong support of the UKTI’s Engineering Division of which we have a very high regard. We fully participate in its Advanced Engineering Programme and my colleague Philip Law, BPF’s Public and Industrial Affairs Director will chair the first meeting of UKTI’s Sustainable Manufacturing initiative due to be held in our offices on July 27th.

We strongly recommend that periodic benchmarking exercises are mounted to compare the level of support received by business in the UK with key overseas competitors. There is a perception that the German government ploughs much more funding into export support for manufacturing.

3. The Automotive Industry

We spoke about low carbon vehicles. The Automotive industry is a large market for plastics. Plastics lighten the weight of a vehicle, improve its fuel consumption and reduce pollution. Whilst vehicle manufacture is increasing in the UK there is evidence
that the automotive majors are using lower proportions of UK sourced components and losing touch with the indigenous supply industries.

An Automotive Council was set up by Lord Mandelson in November 2009 to review the future of the sector in the UK. Whilst this did not include plastics industry representation we are now aware that there is to be a Supply Chain Council. We are currently seeking a meeting with your officials to establish the status of this and to ensure a voice for the plastics industry so that the full potential of the UK plastics supply chain is fully understood by the automotive industry strategists and by government.

I mentioned that plastics technology and innovation will be essential for low carbon and electric vehicles.

4. **A general point**

The UK plastics industry supports an extraordinary breadth of UK manufacturing activity. It is absolutely crucial to the development of a low carbon economy and indeed any aspiration to have a high-tech industrial base here. That the sector is a bellwether of UK manufacturing as a whole has been recognised by the Bank of England which now has annual meetings with the British Plastics Federation to help it form a view on the likely future direction of the industrial economy.

We would like to propose that we provide you with a presentation on the UK plastics industry's potential to assist the government in its goal of re-balancing the economy. To allow time for discussion we would need 45 minutes to one hour. Our presenters would be myself as Director-General and Philip Law, Public and Industrial affairs Director. We appreciate that you are pressed for time but we feel that this briefing could be invaluable to you.

Once more, many thanks indeed for your highly informative contribution to the Enterprise Forum meeting.
We look forward to hearing from you.

Kind regards

Yours sincerely

[Signature]

Peter Davis
Director General
BPF