The Circular Economy: an alternative view

Richard Howard, Policy Exchange
richard.howard@policyexchange.org.uk
https://policyexchange.org.uk/publication going-round-in-circles/
Context

• UK waste policy is largely determined by EU
  – EU Directives on landfill, waste, WEEE, energy
  – Proposed Circular Economy Package
• Brexit opens up questions about future of waste policy for the first time in decades
  – What are strengths/weaknesses of EU waste policy?
  – Is the Circular Economy package desirable/achievable?
  – How have external factors altered economics of recycling?
• How should the UK proceed?
  – How can we tailor waste policy to the UK context?
  – What should the objectives/targets be?
Recent trends

- Total waste arisings ↓16% since 2004 (but now rising)
- Domestic Material Consumption ↓20% since 2000
- UK has higher resource productivity than EU (GDP/DMC) and improving over time
- Total municipal waste arisings ↓ since 2000
- Municipal recycling now 44% in England (up from 12% in 2000)
Recent trends

• UK is net exporter of scrap materials
  – 2016: net exports of 15 Mt worth £3.1bn

• UK also exports RDF for incineration overseas
  – 2016: exports of 3.2 Mt at a cost of £280 million

• UK greenhouse gas emissions from waste sector
  ↓74% since 1990

• Emissions of dioxins & heavy metals from incinerators ↓99% since 1990
CRITIQUE OF EU CIRCULAR ECONOMY PACKAGE
1 – Objectives are unclear

- CE package prescribes the means not the ends
  - Targets prescribe methods of waste treatment
  - BUT what are the outcomes being targeted?

- Issues with weight-based targets
  - Encourages collection of heavier materials
  - Encourages focus on quantity, not quality
  - May be in conflict with waste prevention measures
  - Why focus on household waste specifically?
2 – Badly designed targets / don’t reflect UK context

- CE package: Proposed targets are poor choice from EU & UK perspective
- EC ignored its own analysis

**Figure 3.1: Cost-Benefit Analysis of Options for the Circular Economy Package (EU results)**

- External cost/benefit
- Direct cost/benefit
- Net social cost/benefit

**Figure 3.2: Cost-Benefit Analysis of Options for the Circular Economy Package (UK results)**

- External cost/benefit
- Direct cost/benefit
- Net social cost/benefit

EU's preferred package
3 – Ignores the fundamentals

- Fall in commodity prices since 2008
- ...has reduced value of secondary materials
- ...undermining viability of recycling firms/industry
- E.g. price of steel cans ↓74% since 2010, plastic bottles ↓50%
4 – Data and definitions

• “You can’t manage what you don’t measure”
• Data on waste flows is generally poor
  – Data on recycling is inaccurate (e.g. rejects)
  – Very limited data on reuse / prevention
  – Differences in definitions between Member States
  – Differences between England and Devolved Administrations, and between LAs
REDEFINING THE UK’S APPROACH TO WASTE/RESOURCES POLICY POST-BREXIT

WHAT ARE THE ALTERNATIVES?
1. Clarify Objectives: What should waste policy be about?

- **Economic:** frame around increasing *resource productivity* (rather than “circular economy”).
  - Link to Industrial Strategy

- **Environment:** Clarify environmental objectives being pursued
  - Link to Emissions Reduction Plan and Defra 25 Year Plan

- **Social:** minimise cost to consumers/ businesses
  - Minimise burden on Local Authority budgets
2. Refresh the Waste Hierarchy

- Use carbon metric to drive decision-making
  - Suggests need for focus on prevention / reuse

Table 4.1: Emissions Impact of Segregated Waste (kgCO₂e emitted per tonne of waste treated)¹³¹
3. Prevention / reuse

• Increase focus on waste prevention / reuse
• Remove restrictions on reuse activity taking place on household waste sites
• Broaden scope of Eco-design to include durability/ reparability
4. Recycling

- Simplify waste/recycling collections systems (WRAP consistency framework)
- ...which would then facilitate improved labelling
- ...and proactive engagement by Local Authorities
- End of waste panel – significant bureaucracy and currently closed to new applications
- Develop markets for secondary materials
5. Recovery

• Principle = maximise energy recovery from residual waste (where preferable to landfill)

• Govt should focus support on highest efficiency technologies (e.g. Bio-SNG and Incineration with CHP)

• Improve community buy-in
  – Need for greater transparency on emissions
  – Community benefit schemes for EfWs