



WHY QUALITY MUST COME FIRST

By the Recycling Association

INTRODUCTION BY SIMON ELLIN

The Quality First campaign has been running for almost a year and in that time has made huge strides.

We at The Recycling Association are aware that Government, regulators, manufacturers, retailers and local authorities are at a minimum thinking more about quality, while in some cases beginning the process of making positive changes.

But developments over the past year have also made it even more vital that the UK becomes a provider of quality recyclable material.

UK mills are continuing to prioritise and insist on high quality material.

The Chinese National Sword Policy, that has been running since March until November, has led to each container being inspected at Chinese ports either by X-ray or visual inspection. The persistent rumours that China planned to ban the import of all scrap plastics and unsorted paper came to pass in July when the Chinese Government notified the World Trade Organisation of its intention to do just that. While at the time of

writing, there remains some uncertainty over this, it does appear that the Chinese are increasingly concerned about the quality of material imported into the country.

Added to this, China's own environmental improvement programme is gathering pace and a massive water, land and air inspection programme is currently underway resulting in either the closure or withdrawal of import licenses at mills that fail to meet new pollution criteria. The reality is that China is by far our biggest export destination, and UK and European recyclers don't, and never will, have the capacity to take all the material we generate, as much of it is manufactured in China in the first place. Therefore, it is vital that the UK becomes an exporter of premium quality recycled material to ensure this Chinese market remains open to us. Plus, the added benefit is that UK and European recyclers want quality material too.

This report suggests actions and recommendations that need to be taken to improve the quality of UK materials available for recycling. I urge every stakeholder involved in the supply chain to do their bit to improve quality.



EXECUTIVE SUMMARY

This report sets out key messages and actions The Recycling Association want to see implemented by all stakeholders. These are:

- A supply chain approach – there needs to be more engagement throughout the supply chain involving all stakeholders to create a unified approach to quality with each part taking responsibility
- Packaging design – The Recycling Association calls on the UK Government to adopt the European Union Circular Economy Package despite Brexit, implement new regulations on packaging design as an urgent priority and investigate ways to extend producer responsibility
- Consumer communications – producers should be encouraged to fund communications campaigns that promote quality recycling
- A recognition by UK regulators that recycling materials provides proven environmental benefits and that a much lighter touch should be applied to compliant operators, allowing their businesses to operate competitively with users of primary raw materials
- Illegal exporters – intentional criminal activity impacts on the reputation of the whole recycling industry, and as a result, we call for increased funding to crack down on those operators whom deliberately break the law. To assist this process, we are also seeking more clarity on export regulations, including the development of global export standards for paper. This will give clarity to exporters to operate fully within the law.
- Building partnerships – we will seek new partnerships where we can, as well as build on existing relationships with trade bodies and other stakeholders to maximise the importance of the quality message.

With quality our key objective, it is vital that all stakeholders in this process work together to ensure that the material available to the end market is of the highest quality.

Unless we improve the quality of our material, we could see a situation where we are restricted in our ability to recycle materials such as paper and plastics. Key markets such as domestic recyclers and China are increasingly requesting the highest quality input material, and unless we provide what the market wants, with the likes of China in particular, we risk losing out to competitors such as its domestic market, USA, Europe and Japan.

Quality must come first.



A SUPPLY CHAIN APPROACH

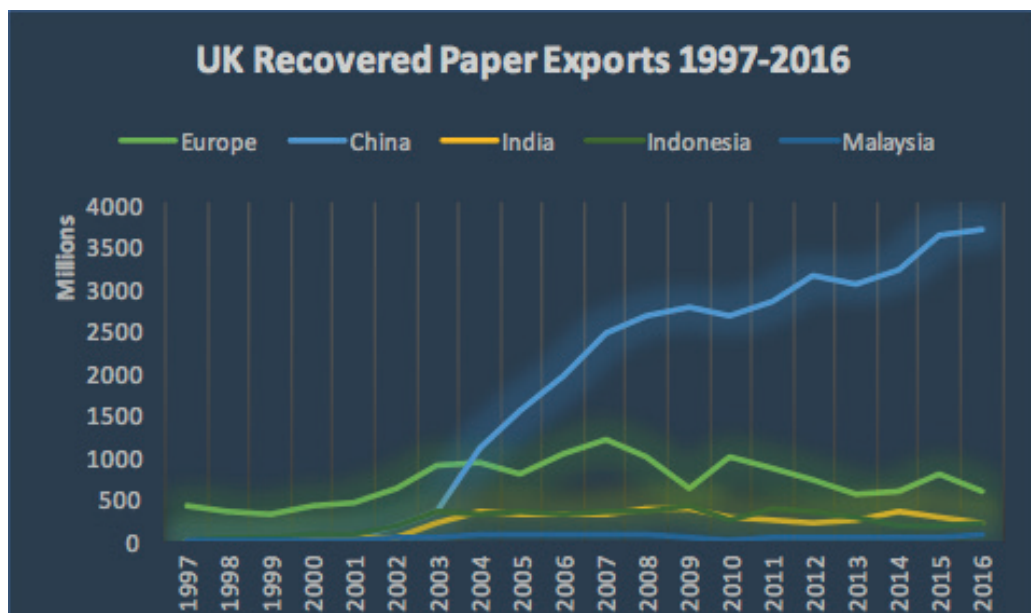
In 2015, the UK exported 14 million tonnes of scrap materials, with a monetary worth of £3.5 billion¹. This includes textiles, rubber, plastic, paper, copper, aluminium, nickel, lead, zinc, tin and ferrous metals.

Out of this, 4.9 million tonnes of paper and cardboard was exported from 8 million tonnes

that was collected for recycling. China alone was responsible for importing 3.6 million tonnes of UK paper from this 4.9 million tonnes; greater therefore than the 3.1 million tonnes recycled in the UK.

Just 786,830 tonnes of recovered paper was exported to European mills.

The chart below shows how China has become the key market for recovered paper by far over the last 20 years and we are now reliant on it as an end destination.



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¹ Defra Digest of Waste and Resource Statistics 2017

² Official HMRC export data for commodity code 4707 – Recovered “waste and scrap” paper or paperboard

It is clear that there isn't the capacity in the UK and Europe to recycle all of this material, and this is the case with other secondary commodities such as plastics and metals too.

These products did not just appear out of thin air, but were used within our economy and in many instances will have been imported into Britain in the first place, covering our TVs in a cardboard box to prevent damage, keeping the clothes we wear protected, or stopping our food from getting bruised or going off. All of this happened before it hit the retailer.

A retailer may have then disposed of the protective cardboard boxes, plastic film or boxes into the recycling chain, possibly to be recycled here or alternatively to be recycled abroad, most probably in China.

In some cases, the shipment could be illegal if it contains hazardous materials, nappies, food waste or certain chemicals among others.

Chinese customs currently insist on a maximum of 1.5% non-target material contamination for paper for example (and this may even be lowered), and are also strict on moisture levels due to public health fears.³ UK and European regulators are also increasingly strict on ensuring that material sent to destinations in Asia and elsewhere meets Transfrontier Shipment and destination regulations.

Therefore, it is important that those who create the waste in the first place are responsible along with those who collect it and sort it. Everyone from manufacturers, to retailers, to householders, local authorities, waste management companies, recyclers and exporters needs to engage and do their bit to prioritise quality.



Once a consumer bought a product, they hope fully put the packaging in the correct bin, and hopefully the packaging that could be recycled was recycled. This will have been collected by a waste management company on behalf of a local authority, or collected by the council itself. It might have gone to a materials recycling facility, but it would have been processed and baled. Then it could be sent to a UK mill or recycler, or alternatively it could form a load in a container going back to be remanufactured into the same or a new product in China or other destinations.

This is the circular economy in action.

But if contaminants such as non-target material or moisture enter into this process, then they cause a cost to the recycler to sort them out.

"Cycle Link UK exports recovered paper to China. We buy material from multiple sources for use in our state-of-the-art paper mills in China. We increasingly see more competition from other parts of the world and tighter inspections at Chinese ports. For the UK to remain competitive and ensure it is able to export secondary material to China, it is vital that every part of the supply chain engages in improving quality."

Craig Robinson, Managing Director,
Cycle Link UK

Supply chain objective:

A forum should be created involving retailers, manufacturers, local authorities, waste management companies, UK recyclers and exporters to seek and promote good practice in minimising contamination in the supply chain

³ http://www.rebnews.com/news/recycling/chinese_customs_department_using_x-ray_machines_check_waste_containers.html

PACKAGING DESIGN

One of the problems is that packaging has not always been designed with easy recycling in mind.

Products can be made from multiple polymers, have a mixture of paper or plastics, or in some cases paper, plastics and metals.

With packaging recycling targets also rising (as shown in the table below⁴), it is vital that we

not only increase the amount of material being recycled, but ensure that the rising quantity of material collected does not lead to quality suffering. Indeed, with multiple material packaging, it will become increasingly difficult to meet these targets if parts or all of the packaging cannot be recycled.



MATERIAL	2017	2018	2019
GLASS	77	78	79
BY WHICH REMELT	67	67	67
ALUMINIUM	55	58	61
STEEL	76	79	82
PAPER	69.5	71	73
PLASTIC	51	53	55
WOOD	22	38	43
TOTAL RECYCLING	72.7	73.6	74.5
TOTAL RECOVERY	79	80	81

⁴Packaging targets as set out in 2016 Budget



With the European Parliament proposing as part of its Circular Economy Package increased packaging recycling targets, if implemented, this will necessitate even more of a focus on ensuring that high rates of packaging recycling do not lead to lower quality levels.

Simon Ellin from The Recycling Association recently highlighted the difficulty of recycling multi material product packaging including Pringles, Lucozade Sport and others across national media, including the BBC.⁵

While the European Union Circular Economy Package will help to make designers think about recyclability before creating a product, there remains uncertainty over whether this will be implemented in the UK following Brexit.

Despite this, the UK is a design leader and should become a leader in design for recyclability with the idea that simplicity is best.

"It is clear that there is an appetite among the public for packaging to be improved to make it easier for recycling. When I recently appeared on BBC1 Breakfast, BBC 5 Live, across BBC local radio and the national media, it became obvious that the public are frustrated by confusing packaging. Therefore the designers of this packaging need to realise that they must design recyclability into it."

Simon Ellin, Chief Executive,
The Recycling Association

Packaging design objective:

The UK Government should seek to implement the European Circular Economy Package while also implementing new regulation on packaging design as an urgent priority. We also wish to see more focus on extended producer responsibility within the UK with Defra promoting stakeholder engagement on the issue of quality. Producers should be encouraged to understand their impact on how their packaging can contaminate recycling streams and design to avoid contamination.

⁵<http://www.bbc.co.uk/news/science-environment-39953209>

CONSUMER COMMUNICATIONS

Local authority budgets have been hit in recent years, and one of the casualties has been a reduction in local authority recycling communication budgets. Along with the retailers and manufacturers who sell the products in the first place, local authorities are best placed to educate the public on how to recycle effectively for quality.

In their contracts with waste management companies, local authorities should include clear contractual terms for improving or maintaining the quality of the material provided to the market, as well as provision for fully costed communications.

Both the local authority and the waste management company within their contract should have joint responsibility for communications that seek to improve quality.

However, there needs to be more producer responsibility as shown by the likes of Marks & Spencer, Coca Cola and Unilever to fund these communications methods and it could be that local authorities and waste management companies partner on communication strategies funded from a pool of funding provided by packaging manufacturers. Indeed, a reformed PRN/PERN system could be used to fund this.

In 2016, just over £1 million out of a total of over £50 million in PRN/PERN revenue was

used on communications as shown in the table below. Defra needs to reform the PRN system to ensure there is more focus on communications campaigns to improve quality of recycling.

Environment Agency 2016 Reprocessor and Exporter UK Revenue Report data⁶

Infrastructure and Capacity	£23,086,242.29
Funding Collection	£10,570,119.82
Reduction in price and developing new markets	£10,915,497.28
Costs of complying with the regulations	£1,888,295.09
Retained for future investment	£2,698,149.33
Developing communication strategies	£1,066,970.26
Total	£50,225,274.07

⁶Environment Agency National Packaging Waste Database data

Defra and the devolved governments have shown more interest in promoting the need for quality recycling and this is something The Recycling Association will continue to work with them on.

“Recent years have seen cuts to local authority budgets for recycling communications. As recycling rates plateau, we need to re-energise communications to increase both the amount of material that is recycled, but also focus heavily to ensure people understand recycling and recycle for quality.”

Colin Clarke, Managing Director, Mark Lyndon Paper Enterprises

Consumer communications objective:

The Recycling Association will press Defra and the devolved governments to work with producers to fund communication campaigns that promote quality recycling.



ILLEGAL WASTE EXPORTERS

The members of The Recycling Association are working on an unfair playing field if illegal waste exporters are allowed to get away with their crimes, while at the same time, compliant operators suffer unnecessary costs from overzealous regulation.

There should be a zero tolerance of those who pro-actively operate outside of the law and we welcome the role of the UK environmental enforcement agencies in rooting out these illegitimate operators.

Sensible regulation is essential for ensuring that the UK is seen as a beacon of quality when it comes to the export of materials, and this reputation is damaged by illegal exporters. But regulation if unclear, also makes it difficult for our members to understand the rules they are operating under.

That is why we advocate the development of global export standards for recovered paper to provide clarity to exporters, and the supply chain, of the amount and type of contamination allowed. This will help ensure a more level playing field in comparison to the use of virgin raw materials.

“There can be no excuse for exporting illegally, especially as it damages the reputation and business interests of legitimate recyclers and exporters. But we also need to understand the rules we are working under, and we would welcome any efforts to clarify these, including the development of global export standards for recovered paper.”

Adrian Jackson, President,
The Recycling Association

Illegal waste objective:

Continued funding should be provided by the UK Government and devolved governments to crack down on genuine waste crime and illegal exports.

Regulations should also be tightened, including the development of global export standards for paper and eventually similar standards for plastics, to enable legitimate operators to understand the rules they are working under and to operate on a level playing field with users of virgin raw materials.



BUILDING PARTNERSHIPS

The Recycling Association is a member of EURIC and ERPA to represent the interests of its members and the recycling sector in the European Union. We also work with the UK Government, devolved governments and environment agencies to improve the regulation and environment under which our members work.

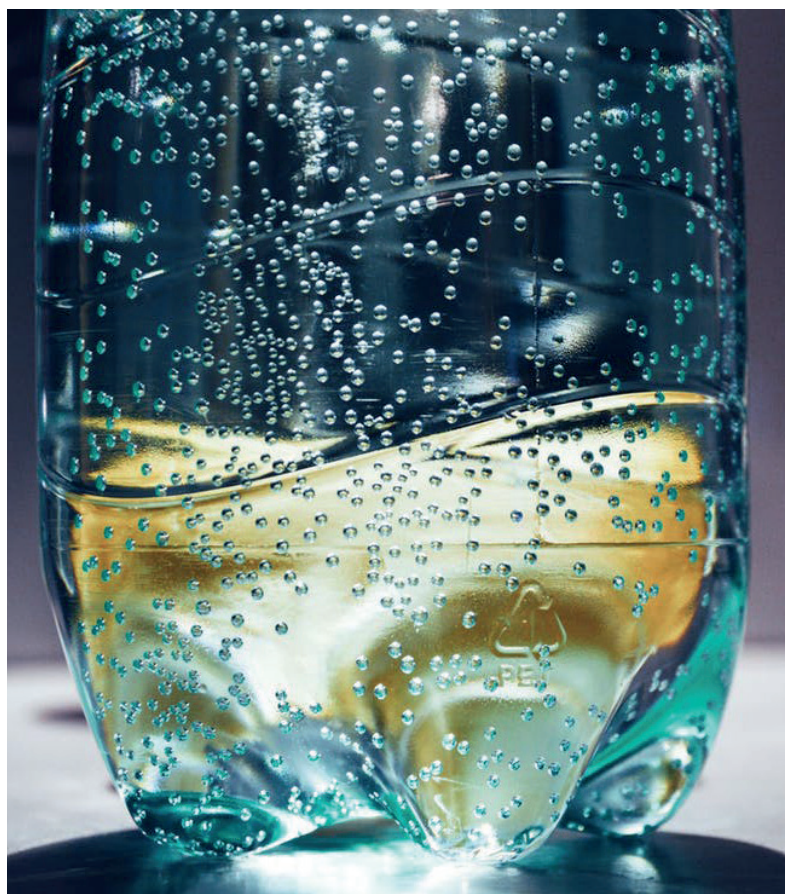
We also engage with local authorities, retailers, manufacturers, waste management companies and other stakeholders to improve quality. But that doesn't mean we should stand still. We are always seeking new ways in which we can engage with the wider supply chain, and welcome any initiatives from others to do that too where they align with our interests.

Building partnerships objective:

The Recycling Association as part of its Quality First campaign will seek to work even more closely with the supply chain to find ways in which we can work together to improve quality.

"Working with the supply chain is absolutely vital to ensure that we improve the quality of the UK's material. ACN Europe fully supports the idea of working constructively with partners in the supply chain to find ways to make products fully recyclable at the end of their life."

Wade Scheutzeberg, Managing Director,
ACN Europe



CONCLUSION

The UK recycling industry is a fantastic example of a circular economy and the industry has developed and grown in line with environmental policy and global demand. However, in a post Brexit UK and with new legislation and changes in global markets, the industry needs to quickly evolve in key areas to produce the quality of recyclates that worldwide markets require.

The fundamental driver for this evolution is full supply chain partnership and responsibility with targeted and complementary regulation.

The Recycling Association aims to be at the forefront of this evolution with its Quality First Campaign.



"True resource circularity will only be achieved when all parts of the supply chain understand and take responsibility for what they put into the recycling loop. The Quality First Campaign is playing an important part in driving visibility of the need to produce quality secondary materials for reprocessing, both for UK industry and abroad. The Confederation of Paper Industries is fully supportive of the campaign and its ambition to boost the quality of Paper for Recycling."

Simon Weston, Director of raw materials,
Confederation of Paper Industries

"Since our launch in 2011, the Resource Association has made recycling quality a centrepiece of our work. We campaigned for more rigour in implementing MRF Regulations to drive quality, we launched the ReQIP Quality Specifications project to reinforce supply chain understanding of the quality requirements of reprocessors and we published Costs of Contamination to illustrate the additional burden that poor quality feedstock places on UK manufacturers. We support the Quality First campaign as a necessary next step in building better supply chain collaboration around a common cause – the essential need for consistently high quality recycle for UK manufacturers and compliant export boosting UK trade."

Ray Georgeson, Chief Executive,
Resource Association