

EU Strategy Aims At Transforming the Plastics Industry (2018 Circular Economy Package/New EU Plastic Strategy)

On 16 January 2018, the European Commission (Commission) adopted and [published](#) its long-awaited new Plastics Strategy, along with multiple other documents as a “2018 Circular Economy Package”.

Ambitions to Be a Global Leader and Bringing About the Transition of the Plastics Sector

The Commission had heralded the Plastics Strategy as the first-ever Europe-wide strategy on plastics “to protect the planet, defend EU citizens and empower EU industries” and a major building block of the transition towards a more circular economy. The circular economy is a concept in which materials are reused and recycled, rather than thrown away. As the “jewel in the circular economy crown”, according to Environment Commissioner Vella, the Strategy is meant to **lay the foundations for a new plastics economy in which the way plastic materials and products are designed, produced, used, and recycled is fundamentally transformed.** Europe could turn challenges into opportunities and set the example for resolute action at global level.

Environmental and Economic Challenges

Chinese import restrictions for waste went into effect at the beginning of 2018 and have received broad media coverage. Also against this backdrop, the Commission observes environmental and economic challenges posed by plastics throughout the value chain. Approximately 60% of plastics collected for recycling in Europe used to be shipped to China. Only 30% of plastic waste is recycled in the EU. Some 95% of the value of plastic packaging worth up to €105 billion is lost to the EU economy every year.

Previous Developments

In December 2015, the Commission adopted an EU Action Plan for a circular economy that identified plastics as a priority. At the same time, it proposed changes to key EU waste laws. Two years later, in late December 2017, the EU co-legislators, European Parliament and Council, reached a compromise on these proposals, to be enacted early in 2018. Also ahead of the Strategy, in mid-December 2017, the Commission announced that it would propose **new obligations on single-use plastic and fishing gear** to address the problem of marine litter. Earlier in 2017, the Commission confirmed it would continue to work towards the goal of ensuring that all plastic packaging is recyclable by 2030.

General Approach

In its Plastics Strategy, the Commission now finds that rethinking and improving the functioning of the complex plastics value chain requires efforts and greater cooperation by all its key players, from plastics producers to recyclers, retailers and consumers. The Plastics Strategy, therefore, generally strikes a balanced tone, seeking voluntary industry commitments, in particular, on increasing the use of recycled plastics, and promising funding for the necessary development of new technologies. Overall, the Commission **tries to combine environmental with economic gains.**

The Plastics Strategy presents four complementary approaches:

- I. Improving the economics and quality of plastics recycling
- II. Curbing plastic waste and littering
- III. Driving investments and innovation towards circular solutions
- IV. Harnessing global action

A Patchwork of Measures

In the framework of these broader themes, the Plastics Strategy presents multiple measures of various types and various stages of progress.

Improving the Economics and Quality of Plastics Recycling

- To ensure that by 2030 all plastics packaging can be reused or recycled in a cost-effective manner, the Commission will start preparing **new rules on product design, financial liability of producers for the treatment of their products** at the end of their use and, potentially, **new recycling targets.** However, it will leave it to the next Commission, entering office in mid-2019, to make legislative proposals.
- The Commission will **improve the traceability of chemicals in recycled materials** and address the issue of **legacy substances** in products already placed on the market.
- It will consider requirements to support the **recyclability of plastics** in new eco-design measures, in particular for electrical and electronic products.
- It will assess **regulatory or economic incentives for the uptake of recycled content**, in particular in packaging and construction products as well as vehicles.
- It will develop **quality standards for sorted plastics waste and recycled plastics** and new guidelines on separate collection and sorting of waste.

Curbing Plastic Waste and Littering

- The Commission confirms that it will proceed with a **legislative proposal restricting single-use plastic products**. With this proposal, it wants to combat the environmental problem of marine litter that has received much public attention lately. In December 2017, the Commission presented a list of items that could fall within the scope of the new rules: cigarette butts, drinks bottles and their caps/lids, cotton bud sticks, sanitary towel, bags, crisps packets and sweets wrappers, straws and stirrers, balloons and balloon sticks, food containers, cups and cup lids, and cutlery. The proposal is expected by May 2018, just ahead of a self-imposed deadline for the Commission to propose new legislation.
- With the Plastics Strategy, the Commission presented a **legislative proposal to address waste from ships**.
- The Commission will also develop measures to **limit plastic loss from aquaculture**.
- It will develop harmonised **labelling for compostable and biodegradable plastics**.
- It will **restrict the use of oxo-degradable plastics** via the EU chemicals regulation REACH.
- It announced the start of a process to **restrict intentionally added microplastics**, such as in cosmetic products, via the same regulation (REACH).
- To **minimise microplastics release from other sources**, the Commission will consider or continue work on measures regarding, amongst other things, tyres and textiles. The spillage of plastic pellets used in the manufacturing of plastic products could be addressed through a certification scheme and/or binding standards under the EU Industrial Emissions Directive (IED).

Driving Investments and Innovation Towards Circular Solutions

Meeting the goals on plastics recycling alone would require an estimated additional investment of up to €16.6 billion, according to the Commission. In order to stimulate investments, the Commission will commit funding for infrastructure and innovation through the European Fund for Strategic Investment and other EU funding instruments. It will also issue guidance on **Extended Producer Responsibility fees** – fees under national schemes that **hold companies financially responsible for the environmental impacts of their products after sale**.

Harnessing Global Action

At the international level, the Commission will engage to develop standards to boost confidence in the quality of recyclable or recycled plastics and provide funding for improved waste management, amongst other things.

Next Steps

With regard to the Plastics Strategy itself, the Commission calls on the European Parliament and Council to endorse it and its objectives. This makes it more likely that the two other EU institutions will respond formally. Each of the more concrete measures included in the Plastics Strategy follows its specific procedure and schedule.

Conclusion

With the new EU Plastic Strategy, the Commission gives one clear direction: it will pursue a transformation of the European plastics industry that will have profound implications for the entire plastics value chain. An intense debate will now follow between all relevant stakeholders, as to how to react to the Commission's strategy in order to shape the various legislative and non-legislative measures. These measures will be pursued in various fora and following different procedures. All these processes open up **multiple opportunities for engagement with relevant policymakers at the EU and national level**.

With a long history and excellent track-record of combining high-end industry, legal and public policy expertise, we help clients to assess the threats posed to their business model via the EU Plastic Strategy and to take the appropriate course of action to minimise related risks and maximise potential opportunities arising out of the proposals. Please do not hesitate to contact us for more information.

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