



## **“Innovating for a Circular Economy – the Case for Packaging”**

**February 24, 2016**

### **EVENT SUMMARY**

**Sirpa Pietikäinen** welcomed participants and described the dual purpose of the meeting as focusing on the role of innovation and research and the resources available at EU level. She mentioned the need for companies to put effort in innovation and alluded to their problem of not knowing how to get access to already existing information. More specifically, current efforts to render packaging sustainable and the options available to disseminate best practices would be looked into.

**Kurt Vandenberghe** thanked GLOBE EU and the Ellen MacArthur Foundation for keeping the circular economy on the political agenda. He considered the revised package an improvement given that it is more comprehensive (e.g., includes the bio-economy) and closer to economic reality. Also, the innovation dimension is more relevant: for the Commission, the circular economy agenda should drive innovation inasmuch as innovation will drive a circular economy. Kurt stressed that the circular economy package should not be considered as mere environmental policy but, perhaps even more important, economic and industrial too. By transitioning mass production to mass customization of products, a circular economy would bring manufacturing back to Europe.

He mentioned that all dimensions of innovation (governance, business model, value chain, finance) need to be addressed. Notably business model innovation should be at the heart of a circular economy: e.g., business schools should start teaching new economics to business executives. Finance innovation is also important: how to steer investments towards technologies that will drive a circular economy? He alluded to the need for regulatory

innovation: most regulatory frameworks are designed for a linear economy – these frameworks will be stress-tested to see if they are adaptive enough. The Commission has started inviting innovators to help identify regulatory obstacles, which are then discussed with regional governments to find solutions. Often, these obstacles are merely perceived and can be easily avoided (see, e.g., Green Deals in the Netherlands).

He further explained how the Commission is using Horizon 2020 to fund large-scale demonstration projects to test new solutions and identify possibilities for upscaling. Kurt finished by giving participants a sense of what the Commission is planning for the future: circular economy innovation summits to showcase the results of large-scale demonstration projects; efforts to get the fourth industrial revolution work in favor of a circular economy; co-investing up to 33% in public projects directed by circular economy principles; and, finally, the creation of innovation havens where new technologies can be tested (supervised and under controlled circumstances) even if legislation doesn't yet allow it.

**Joss Blériot** introduced the Ellen MacArthur Foundation before moving on to present its recent report on plastics, which necessarily concentrates on plastic packaging. He said that the report considers plastics a (potentially) useful material in an essentially flawed system. Indeed, the curse of packaging is that of high volume, low value. Joss furthermore mentioned that the Foundation will launch an initiative before May to engage stakeholders in the implementation of recommendations presented in the report.

**Sabine von Wirén-Lehr** (Tetra Pak) presented the world's first fully renewable and fully recyclable beverage carton. She stressed the important role of packaging and stated that the key driver for Tetra Pak to innovate is to secure product safety and product quality. She mentioned the importance of removing barriers to the deployment of new technologies in Europe so that economies of scale could be achieved easier. Also, Sabine stated that EU policies should help protect investments made by companies (past and future) and aim to establish an infrastructure supportive of recycling (e.g., waste collection).

**Christiaan Prins** (Unilever) stated that the GLOBE EU meetings are an important tool to give concrete input to the circular economy discussion. He mentioned the important role of packaging in Unilever's Sustainable Living strategy. Plastic packaging causes the biggest issues because long-term investments are necessary to collect and recycle. Flexible packaging materials, e.g., composite plastics, have great benefits as they cut down on transport but are more difficult to recycle. Harvesting the benefits of these materials requires collaboration with other actors in the value chain. Christiaan furthermore said that the uptake of recycling in EU regulation will remain the key challenge.

Comments from the floor reflected on the **need for long-term targets** for packaging (non-toxic, fully reusable, recyclable). Such targets were considered useful provided the law of unintended consequences was taken into account (to avoid problems akin to those caused by the biofuels target). A back-casting study looking at future requirements paired with modeling to help understand possible side effects was mentioned as a welcome opportunity.

With regard to the **pollution of oceans**, which was raised as a concern, it was mentioned that the Commission will introduce inducement prizes in Horizon 2020 as a novel approach: these prizes would be awarded to the best solution to deal with certain challenges, such as a plastics-free marine environment. Other comments addressed the issue of facilitating pan-European **waste incineration** to avoid building additional capacity and raised the issue of energy-to-waste (waste hierarchy implementation).

One participant expressed regret over the absence of **waste prevention** in the introductions. It was agreed that EU legislation could do a better job in rewarding the prevention of waste; the proliferation of bulk sales and reusable packaging, however, will take time given consumer resistance. **Fiscal incentives** (e.g., differentiated VAT rates) were also mentioned as a tool for bridging cost differences between virgin and recycled materials. Taxation was mentioned as a possible tool to promote waste avoidance.

The recycling industry asked for incentives to encourage recycling and mentioned eco-design as an important tool to improve recyclability. Innovation in finance was recommended in support of efforts bringing together actors along the value chain for specific materials streams, e.g., plastics. Establishing a smaller version of the European Resource Efficiency Platform was raised as a possibility. Finally, the **cascading use of resources** (accompanied by sustainability indicators) was raised as a necessity. Indeed, the cascading principle is recognized in the circular economy action plan and, as such, accepted by the Commission.