



Greening raw materials policy



27 October 2021, 10:00 – 11:45 CEST

Online Event

Hosted by MEP Anna-Michelle Asimakopoulou

Vice-Chair of the European Parliament Committee on Trade (INTA)

Speakers:

- **MEP Anna-Michelle Asimakopoulou (EPP)**
- **Silvija Aile***, Deputy Head of B3 Unit on Waste Management & Secondary Materials, DG ENV, European Commission
- **Emmanuel Katrakis**, Secretary General, EuRIC
- **Stéphane Ardit**, Director of Policy Integration and Circular Economy, EEB
- **Ulrich Leberle**, Raw Materials Director, Cepi
- **Paul Skehan**, Senior Director, Corporate Affairs, PepsiCo – on behalf of FoodDrinkEurope
- **MEP Cyrus Engerer (S&D)**
- **MEP Manuela Ripa (Greens/EFA)**

**Due to unforeseen circumstances, Ms. Aile was not able to participate in the event. Unfortunately, due to the short notice of this development, conditions did not allow for a replacement.*

Opening Remarks

MEP Anna-Michelle Asimakopoulou

***“Reshoring, new shoring, recycling and supply chain diversification.
This is the formula for EU resilience.”***

MEP Ms. Asimakopoulou initiated the event by highlighting that the **green and digital transition will put pressure on our ability to get critical raw materials** which are **indispensable building blocks**. For too many of these raw materials, she continued, **the EU relies on imports from China** and other regions. In this single and limited supply chain, materials have often a high environmental footprint and questionable due diligence. This problem has been known in the EU for years but, now at the **fourth list of Critical Raw Materials**, the EU is currently placed at an even bigger disadvantage. With China cutting the production of magnesium and consequently causing shortages and price spikes in the EU that depends on its import, it is clear that **it is not sustainable to keep relying on a single supplier**. There are some good recommendations on how to achieve a greener sustainable supply chain. MEP Ms. Asimakopoulou emphasized the importance to **broaden the eligibility criteria to access the EU Innovation Fund. Supporting the domestic suppliers** will help not only to secure and green the supply chain, but also to develop an EU value chain. This **reshoring approach** needs to be complemented by **heavily investing in recycling and improving the circular economy**. A good opportunity is **aluminum**, which is a highly recyclable material and whose recycling can save up to 92% of CO2 emission compared to the primary production. Aluminum will be covered by CBAM under the proposal of preventing carbon leakage. She informed that the upcoming **Batteries Regulation** will include measures for ethical sourcing, due diligence, recycling, and limited environmental damage. Keeping secondary raw materials in Europe is vital to decrease reliance on third countries, she stressed. As her final point, MEP Ms. Asimakopoulou flagged that sometimes there is an unwillingness to accept the **interconnectedness of raw materials and transitioning to a green economy** – but it is a fact. To be resilient, the EU needs **reshoring, new shoring, recycling and supply chain diversification**.

Panel Discussion

Speakers that took part in the panel discussion:

- **Emmanuel Katrakis**, Secretary General, EuRIC
- **Stéphane Arditi**, Director of Policy Integration and Circular Economy, EEB
- **Ulrich Leberle**, Raw Materials Director, Cepi
- **Paul Skehan**, Senior Director, Corporate Affairs, PepsiCo – on behalf of FoodDrinkEurope

To open the discussion, panelists were asked what **greening raw materials policy means for the organization they were representing.**

Mr. Emmanuel Katrakis, Secretary General of EuRic, reiterated that raw materials are key to the green transition. The **recycling industry is a sector that enables raw materials to be put back in the economy**, and being sustainable when it comes to raw materials is necessary. Currently, only 12% of the raw materials used in the EU come from recycling, as highlighted by the European Green Deal. Greening raw materials policies from a recycling perspective, he explained, means to reduce the impact at the **product design**, while designing products that can be used for long and easily recovered. The example of the rPET **recycled content targets** shows the efficacy of these targets. They **create demand, internalize the benefits of recycling in prices and thus correct current market failures which are entirely based on supply and demand, with no consideration for environmental impacts.** Furthermore, **market and fiscal-based incentives** are useful to **level the playing field with virgin materials** in terms of competition. At the same time, **the link with EU climate and circular policies** must be strengthened in order not to slow the green transition. Finally, Mr. Katrakis called for a much **better functioning internal market for recycling.** This implies having a more **harmonized status for recycled raw materials** and **free and fair trade** of secondary raw materials. In this context, there should be **no trade restrictions that hinder the competitiveness** of the EU recycling industry.

According to **Mr. Stéphane Arditi**, on behalf of the EEB, rather than greening raw materials, we should speak about **responsibly mining and extraction.** There are always consequences of extracting resources and it is necessary to respect green and sustainability. The EU, he stressed, has a responsibility not to exceed planetary boundaries. Most importantly, the EU

must guarantee **policy consistency**, especially with climate policy. Mr. Arditi encouraged to also be brave enough to **question the current consumption pattern**.

Mr. Ulrich Leberle underscored that the greening raw materials policy is not only about the production, but the **whole life-cycle**. As the Raw Materials Director of Cepi, he brought the example of the paper industry. Raw materials used in European papermaking is recycled for the 67%. **Two-third of the sector's cycle is circular** and, with around 62% of renewable primary energy, this makes the **EU paper industry highly sustainable**. Furthermore, the fact that more paper is produced than imported in the EU allows a long EU value chain. Mr. Leberle communicated that the EU paper industry endorses the mandatory targets for recycled content in materials sectors with low recycling rates. For paper, however, this is not necessary as there is a strong demand for recycled paper. To fully exploit the potential, **collection systems must be improved** as well as **collection rules harmonized**. Furthermore, it is imperative to better **define secondary raw materials** through the revision of the current EU legislation. Mr. Leberle concluded by saying that, to green the raw material consumption, there is the need to move towards **renewable and recyclable raw materials**.

Mr. Paul Skehan, on behalf of FoodDrinkEurope, gave the perspective from the **food and drink industry**, a colossal sector that spans across different activities. As such, Mr. Skehan recognized the responsibilities, the scope, and the scale of the impact of this sector. He defined as a starting point the goal of **carbon neutrality** – which FoodDrinkEurope supports. For the food and drink sector, reaching this goal means, among others, looking **at production, transportation, consumption, and disposal**. All the areas have different actions, impacts, scales and degrees of control. The footprint of PepsiCo, for example, is dominated by **agricultural supply**. Added up to packaging and transport, he explained how huge the sum of raw materials is and where clever management should occur. Greening raw materials policy for PepsiCo, he declared, includes making sure that the agricultural practices used by the partners are regenerative, preferring renewable energy for transport and using recycled materials for packaging. **The ultimate goal**, however, should be **moving from recyclable to recycled**.

When asked what would be the **most efficient way to support the use of raw materials** from recycling to green raw materials policy, **Mr. Katrakis** noted that there is **no one-fit-all solution**

because materials and the Member States are different. He displayed the challenge of materials that are hard to recycle, which **do not benefit from the same market condition of easily recyclable materials** due to lack of foreseeability. Therefore, EuRic is advocating not only to have more targets for recycling, but **for using more recycled materials**. For this, he repeated on the need for a **real internal market for secondary raw materials** and proper status of **secondary raw materials** in legislation, to incentivize the use of recycled materials, scale-up capacity and facilitate access to the international market. Mr. Katrakis stressed that, given **the EU potential as exporter**, it is essential to avoid unnecessary trade restrictions. Nevertheless, **products at the end of life that cannot be treated outside Europe should not be exported**. Incentivizing is the key action and should be done through the entire value chain, not only for recycling.

The floor was then given to **Mr. Arditi** to reflect on how to make a **more compelling EU policy framework for extraction and use of raw materials** aligned with decarbonization to meet the circular economy goals. Acknowledging good proposals from the European Parliament, he emphasized the importance of **science-based targets, eco-design initiatives and the right to repair**. He then urged **due diligence to be mandatory** in line with responsible mining beyond Tier 1. Also, **deep-sea mining should have a clear moratorium and all forms of mining even be banned in specific areas**, where biodiversity protection is important. The rights recognized and given to local communities should go further than instrumental consultation and be translated into **effective and inclusive participation**, from the very early stages. **The taxation regime should make more costly the use of virgin materials, while facilitating the stabilization of the recycling market**, and harmful subsidies to material & energy sourcing practices misaligned with our Climate and Biodiversity goals should be removed. Citing the example of rubber that can now be sustainably produced according to regenerative practices, Mr. Arditi stated that there is **no contradiction between critical raw materials and sustainability**. The EU, finally, should push to have **environmental standards** to be included in relevant international agreements.

In addressing what are the green credentials of the paper industry raw materials and what is expected from a greener raw materials policy, **Mr. Leberle** stressed that using **recyclable material is not enough: the product must actually be recycled**. The two aspects make sense only if combined and therefore must be addressed at the same time. The paper industry, he

explained, can make effort to **increase the utilization rate of recycled fibers**, which consequentially drives up the demand. He also discussed the fact that the gap between the EU (over)demand and (under)supply of recycled paper has shrunk due to China's self-sufficiency policies and to Brexit, which removed the UK from the EU exporters. Mr. Leberle agreed that it is vital to have **a strong internal market without export restrictions** while ensuring that the **same environmental conditions are applied outside the EU**. Substitution in favor of renewable and recycled materials must be pursued. From the paper industry perspective, **sustainability means getting raw materials from forests that are regenerated to provide the same ecosystem services**, including carbon capture, and to reutilize resources.

Lastly, **Mr. Skehan** was asked whether there is any best practice to present, and what would he see as the required market and regulatory unlocks, when it comes to food packaging. Using **recyclable materials is something that the company is responsible for** (and PepsiCo plans to use 100% recycled materials for packaging by 2025), while **recycling is a shared responsibility** with the sector, the legislators, and the consumers. For a system to be truly circular, he stressed, everyone must do their part. An example of good practice has been the **evolution of the PET recycling market through extended producer responsibility**, which now allows a great part of rPET to be recycled. However, this is not the case for flex packaging, which is generally not sorted nor recycled. Among the actions to be undertaken, Mr. Skehan highlighted the **importance of clear and harmonized sorting instructions**, which increase efficiency in sorting plants. On a sectoral level, he brought the example of the decarbonization roadmap set forward by FoodDrinkEurope, which allows support to SMEs.

Reactions from MEPs

MEP Cyrus Engerer (S&D)

"We are aware of the opportunities provided by circular economy for job generation, with 700.000 new jobs that can be created by 2030, making circularity a key contributor to our economy."

MEP Mr. Engerer stressed that, to reach the EU environmental goal, we need to move away from business-as-usual. **Significant reduction in natural resources consumption and waste**

production should be the overarching objective of the circular economy. He highlighted the ambitions of the Parliament and how it is imperative to **focus on greener standards and more circularity**, including having targets for recycled content during the phase of product design. This ambition requires more **investments, innovation, and new technologies**, for which the Commission and the Member States should plan. **A circular economy needs an enhanced waste policy and implementation** and, to reach the 2035 recycling targets, quick action is needed. He urged the Commission to **strengthen the sharing of best practices on waste collection and new sorting infrastructure.** The new Waste Shipment Regulation should tackle the waste that gets exported where cannot be adequately treated. A **better monitoring system for waste flows** needs to be in place. Legislative and administrative obstacles that are slowing down the transition to a circular economy must be removed. There is a need for legislative proposals on the carbon footprint of the EU production and consumption; in this context, MEP Mr. Engerer mentioned the potential in the recovery process post-Covid19 should be considered. **The circular economy – he concluded - encompasses opportunities for job generation and therefore makes circularity one of the approaches** towards a recovered and greener economy, where sustainability and growth are aligned.

MEP Manuela Ripa (Greens/EFA)

"Recycling isn't the first answer: it should be the last resort. EU legislation must include the banning of planned obsolescence, the adoption of eco-design standards, increased durability, reusability and reparability."

MEP Ms. Ripa supported with enthusiasm the fact that **circularity has become the cornerstone of the EU Green Deal.** To end Anthropocene, she expressed the need to make **circular economy an even bigger priority.** Decoupling economic growth from fossil fuels is an important step, but this **might force the exploitation of critical raw materials.** The use of batteries and the upscaling of the renewable infrastructure will lead to an increased demand for such materials, which is reflected in more mining and use of water. **To avoid a vicious cycle of environmental degradation,** environmentally sensitive areas around the world must be protected. MEP Ms. Ripa highlighted how we cannot afford anymore to have waste - what we need is a waste prevention or reuse. Regarding the extraction of raw materials, it is vital to have **stronger due diligence in the entire value chain and global environmental protection**

standards for mining practices. With regards to international trade, sustainability requirements should be a pre-condition to trade and investment in those materials, to avoid human rights abuses, biodiversity loss and environmental pollution. She underscored the need to be consistent and have a holistic approach. She welcomed the recycling targets and called for a well-functioning collection system. However, recycling should be the last resort: **waste production should be prevented and waste should be re-used.** At the moment, EU legislation has binding targets for recycling, rather than for prevention and preparation for re-use. **Products should be created to be durable, repairable, and upgradable.** She pointed out that the **EU has currently no targets on this issue and EU legislation must include the ban of planned obsolescence, the adoption of eco-design standards, and guarantee increased durability, reusability and reparability, including the right to repair, and less toxic materials in products. Limiting the use of non-circular products** to an absolute minimum will be part of the solution. The EU should become a world pioneer in circular economy, and, she specified, materials efficiency can play a key role in reducing CO2 emissions. Finally, she addressed the need to speed up the process.

Q&A Session with the audience

To avoid that the extraction of raw materials cause environmental and social harm, Mr. Arditi believed that it is important to first **question whether new extractions are really needed.** The continuous investments in mining should be subordinated to **the possibility of investments that challenge and prevent the need for new materials.** After the investment strategies are aligned with these priorities, mining can be taken into consideration. If it needs to be done, it **is important to have very high environmental standards** – while EU is currently stopping at the bare minimum. Finally, Mr. Arditi explained how **social responsibility should go beyond mining itself and cover the whole value chain,** in order to ensure a fair and free international trade of materials and products. Mr. Katrakis added to the discussion how, discussing future legislation, **attention must be paid to the actual recyclability of materials based on available technology** and to the **actual use of the recycled materials.** He recognized the importance of **the value-chain approach of the current EU work on batteries** and of the inclusion of **design requirements.** According to Mr. Katrakis, **raw materials from recycling must have access to**

the international market, otherwise, the recycling economy risks to collapse. **Mr. Skehan** commented that, to get investments, it is **necessary to have some certainty for the role of recycling**. Therefore, rather than considering reusing as an alternative to recycling, **the two strategies should be both considered**. He moved on to discuss the **bottlenecks** that recycling still faces, such as the certification process to authorize PET recyclers to have the label. Besides that, **more collection across Europe of materials that are difficult to recycle** needs to be implemented. The economic perspective should move away from landfills and incineration and go towards **recyclability**.

Examining more in-depth **the role of due diligence** in greening raw materials policy in Europe, **Mr. Arditi declared that requiring it in a systematic way is a fundamental point**. MEP Ms. Ripa added that **more political will** is needed to guarantee due diligence but, unluckily, there are **often conflicting interests**. Reporting how Cefi has been implementing due diligence, Mr. Leberle agreed on its significance and also flagged that **products from sustainable companies should not have unfair competition**.

In responding to a question on shipment of waste, **Mr. Katrakis stated that problematic waste streams such as unprocessed WEEE, ELVs or packaging products should not be exported where appropriate treatment cannot take place or unless can be used again**. Taking the example of end-of-life vehicles that are often exported as used cars, he mentioned the importance to **perform worthiness tests to prevent waste export loopholes**. Yet, a free and fair **market of raw materials from recycling, still classified as waste under EU legislation, is essential to preserve the economic competitiveness of the recycling industry and be in a position to achieve the objectives set by the EGD**. On this topic, **Mr. Arditi intervened by underscoring that the Waste Shipment Regulation is an opportunity for the EU to become exporter of secondary raw materials**, while creating jobs and ensuring appropriate recycling. A distinction between shipment for reuse and waste must be clear but, even in the case of reuse, it is difficult to ensure that future waste management will happen properly. He suggested the **extended producer responsibility fee to follow the product** if exported, to provide third countries, to which the duty of waste management is delegated, the means to treat it. He urged the Commission to consider this action to **increase fairness, prevent pollution outside the EU** and close the loopholes in waste shipment.

Closing Remarks

MEP Anna-Michelle Asimakopoulou

"The need for foreseeability is an across-the-board aspect for the industry."

MEP Ms. Asimakopoulou summarized the key take-away messages, highlighting the **need for foreseeability**. She also stressed the importance of being **responsible across the whole chain** and of **being vigilant of best practices**. From her side, MEP Ms. Asimakopoulou expressed her intention to focus on the **bottlenecks** to fix, especially when pointed out by relevant stakeholders. Drawing from FoodDrinkEurope, she praised the **possibility to harmonize instruction for consumers**. To conclude, she stated that, regardless of the different political priorities, there is a similar **level of ambition and sense of urgency**.