EPR & DRS SYSTEMS

Implementation & Lessons learned - Ecopack

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OUTLINE

1. EPR SET UP AND RESULTS
2. CURRENT ADVANTAGES AND CHALLENGES
3. DIFFERENT EPR SET UP MODELS
4. DRS SET UP – PRINCIPLES AND MODELS

THE FRAMEWORK

European Parliament and Council Directive Waste Framework (WFD) and Packaging and Packaging Waste Directives (PPWD) - transposed in 2004, updated in 2021 – “The Circular Economy Package” (CEP), SUP (transposed 2021)

Material	**2014-2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
	Circular Economy Package										
Paper & carton	60%	64%	68%	70%	72%	75%	77%	79%	81%	83%	85%
Glass	60%	62%	64%	66%	68%	70%	71%	72%	73%	74%	75%
Plastic	23%	30%	35%	40%	45%	50%	51%	52%	53%	54%	55%
Steel	50%	52%	55%	60%	65%	70%	72%	74%	76%	78%	80%
Aluminium		10%	20%	30%	40%	50%	52%	54%	56%	58%	60%
Wood	15%	17%	19%	21%	23%	25%	26%	27%	28%	29%	30%
Total target	**60%**	**61%**	**62%**	**63%**	**64%**	**65%**	**66%**	**67%**	**68%**	**69%**	**70%**
Single Plastic Strategy											
PET bottles < 3 l.			30%	40%	50%	77%	80%	83%	86%	90%	

SET UP OF EPR SYSTEM IN BULGARIA

Multiple operator model, no distribution of profit

Ecopack - the first and biggest packaging recovery organisation

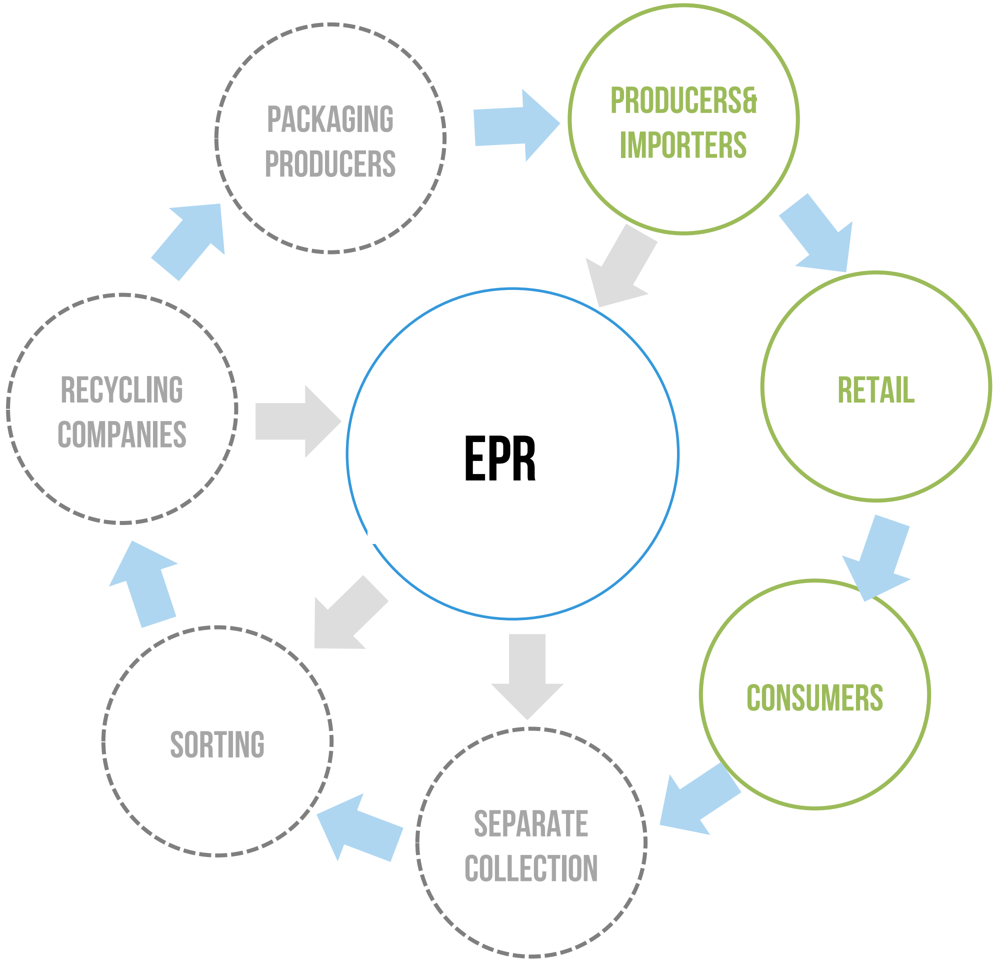
Leader on the market

Launch in 2004

Set up by the biggest international & local FMCG companies: 17 shareholders

Over 1100 clients

THE OPERATING MODEL



Obligatory for all stakeholders

The covered population is based on market share, but coverage is only for residential areas

PRO finances **100% of the CAPEX & OPEX** of the SCS

PRO owns the material and it is sold to recyclers

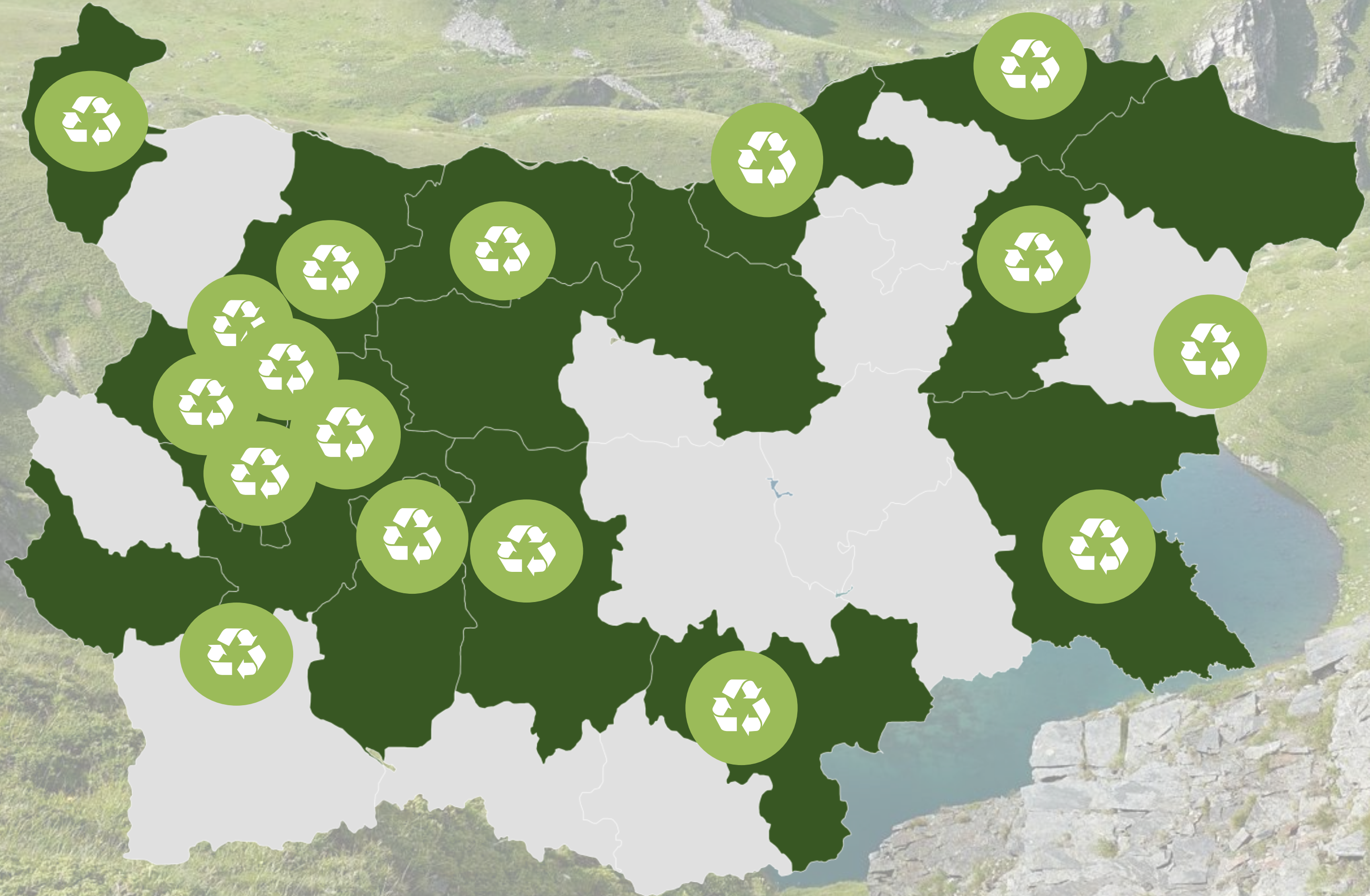
The Municipalities only determine the places for the bins and their number is defined in the legislation

THE POPULATION

2,429 million people

Up to 3300 l. containers

- Over 100 000 pop. – **per every 750 people**
- Between 50 and 100 000 pop.– **per every 550 people**
- Below 50 000 pop. – **per every 350 people**



Every municipality over 5 000 people should have separate collection

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THE ECOSYSTEM

We supply 50% of recycled material used by Bulgarian packaging producers

We are the main contractor to **25 recycling companies in Bulgaria**

We work with **42 subcontractors for servicing containers, sorting and transport of packaging waste**

We partner with the biggest retail chains in Bulgaria for collecting their packaging waste

THE INFRASTRUCTURE

45 trucks

17000 containers

17 sorting installations

Over 24 million EUR investments

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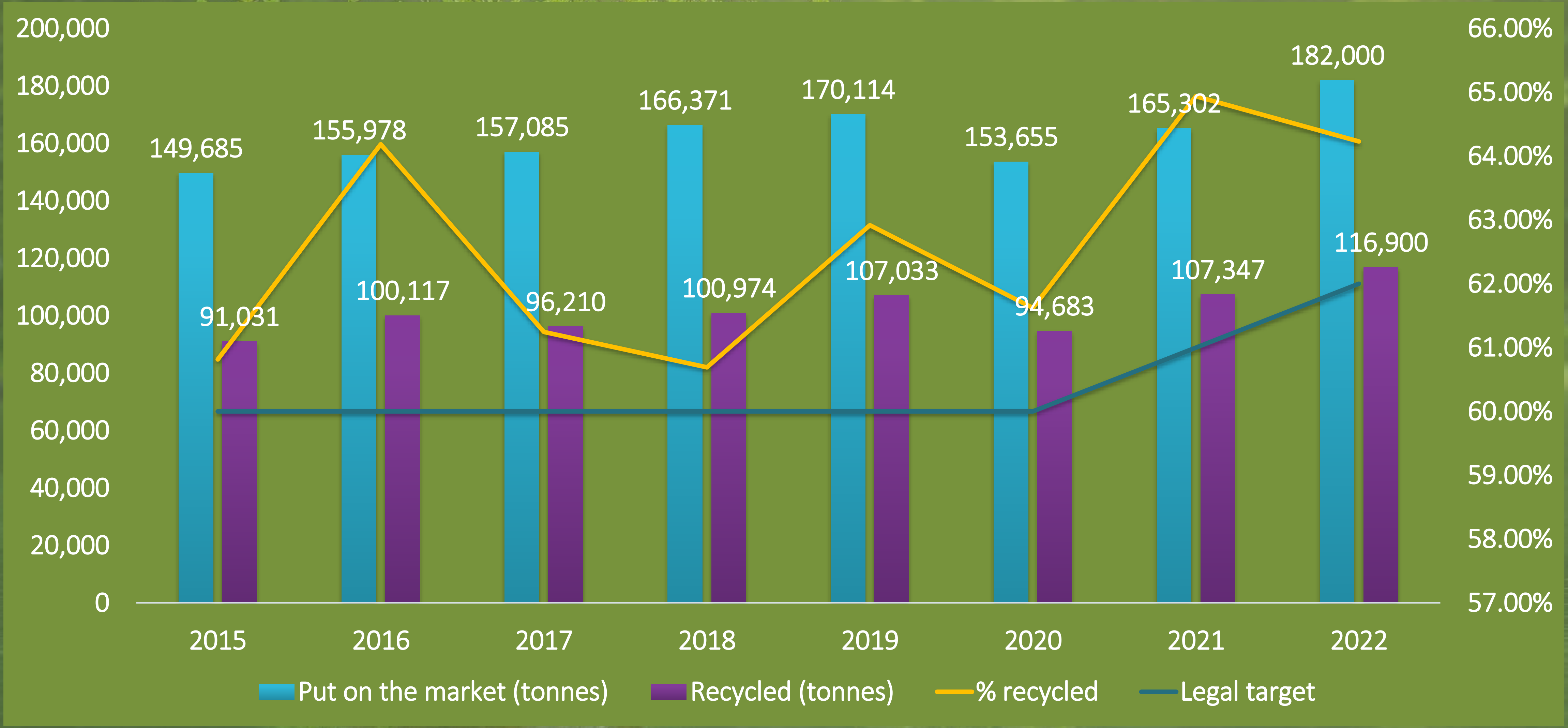
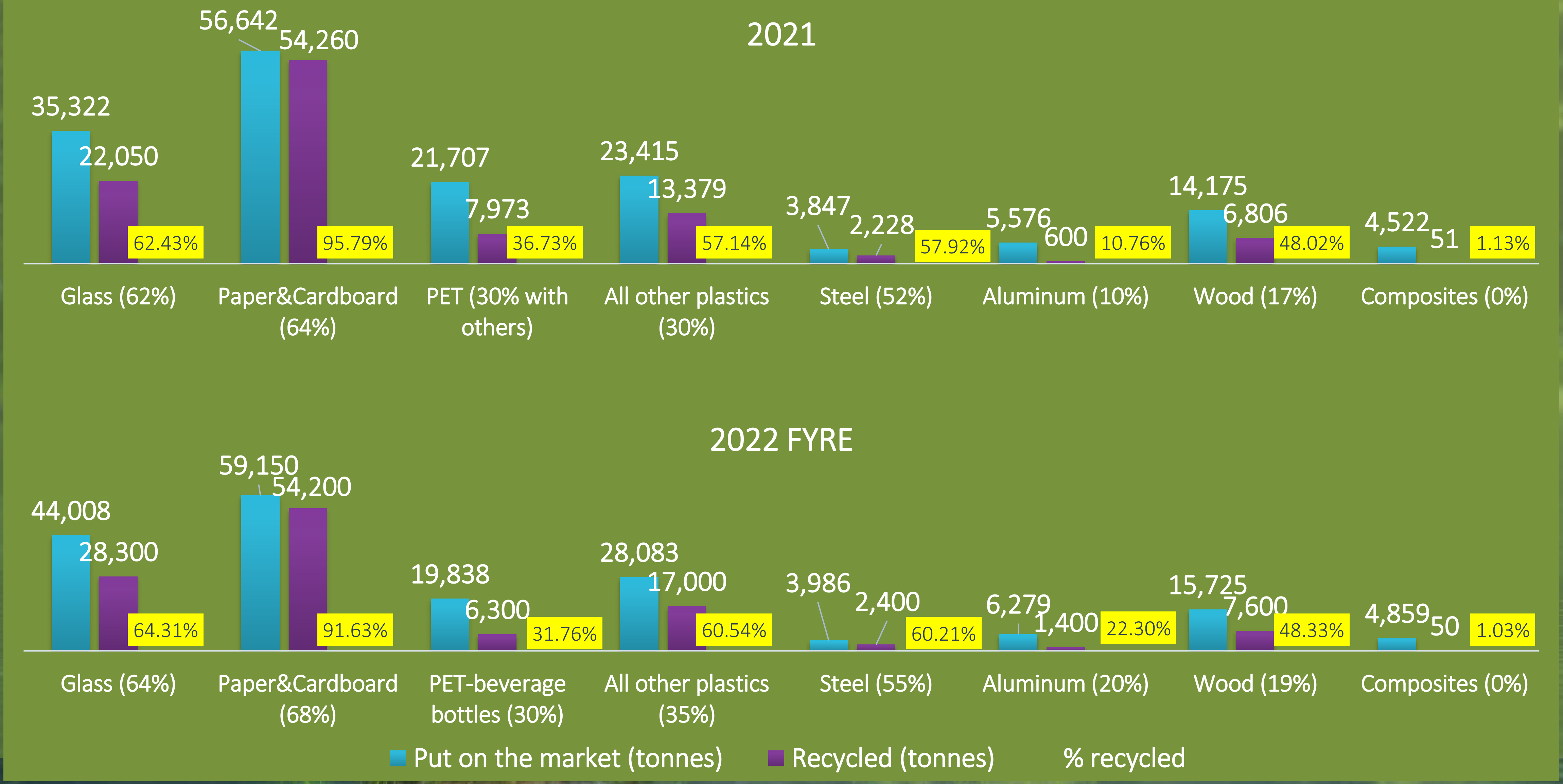
Delivering on our clients obligations

Tonnes put on the market and recycled by Ecopack by years



Delivering on our clients obligations

Tonnes put on the market and recycled by Ecopack in 2021 vs 2022 (FYRE)



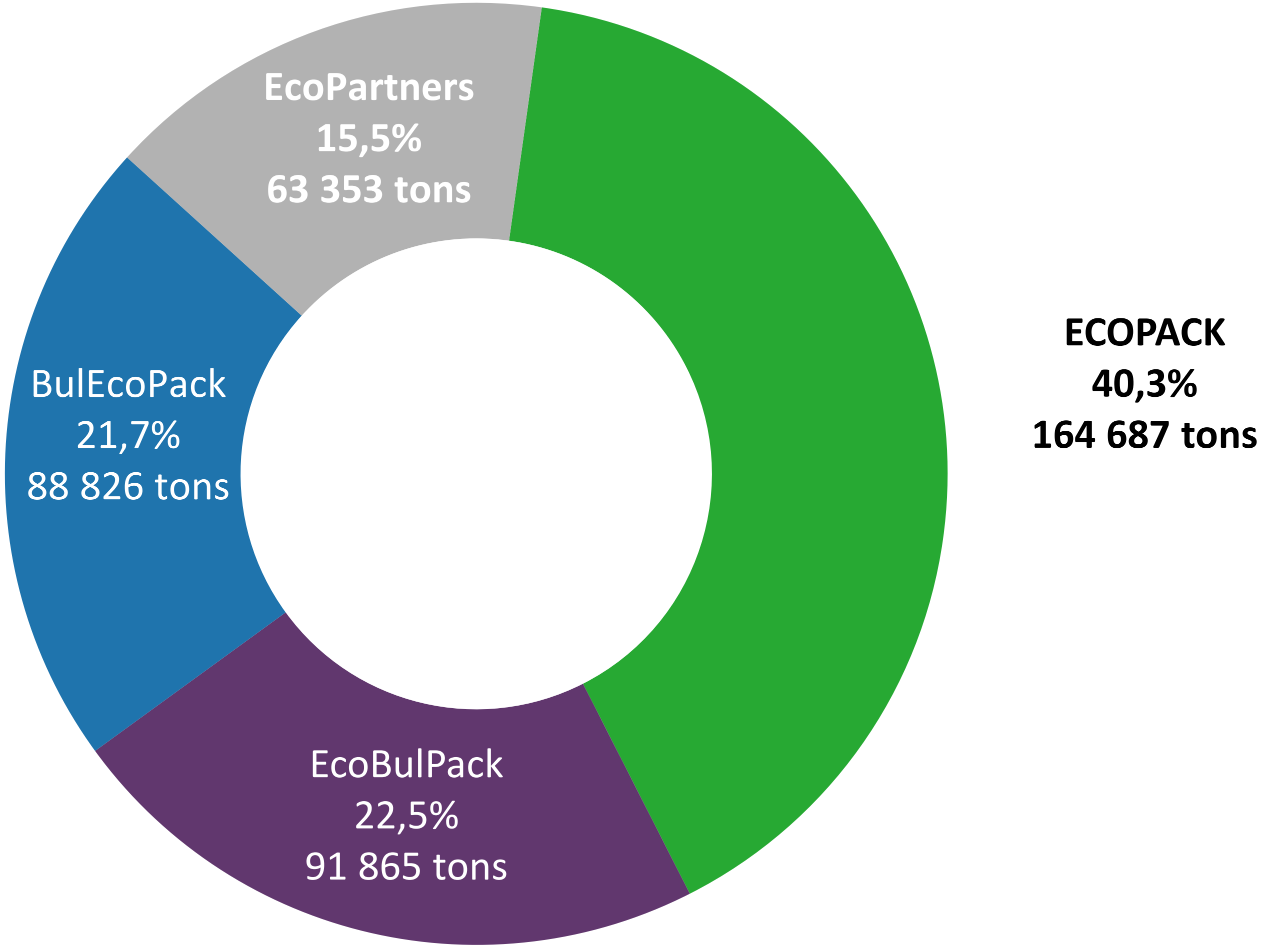
THE MARKET 2021: CHALLENGES & RESULTS

Competition: vertically integrated waste management

Risks of “wars” with no winner

Reputation of the industry is built as a whole

Minimize costs strategy does not work to meet high 2030 targets



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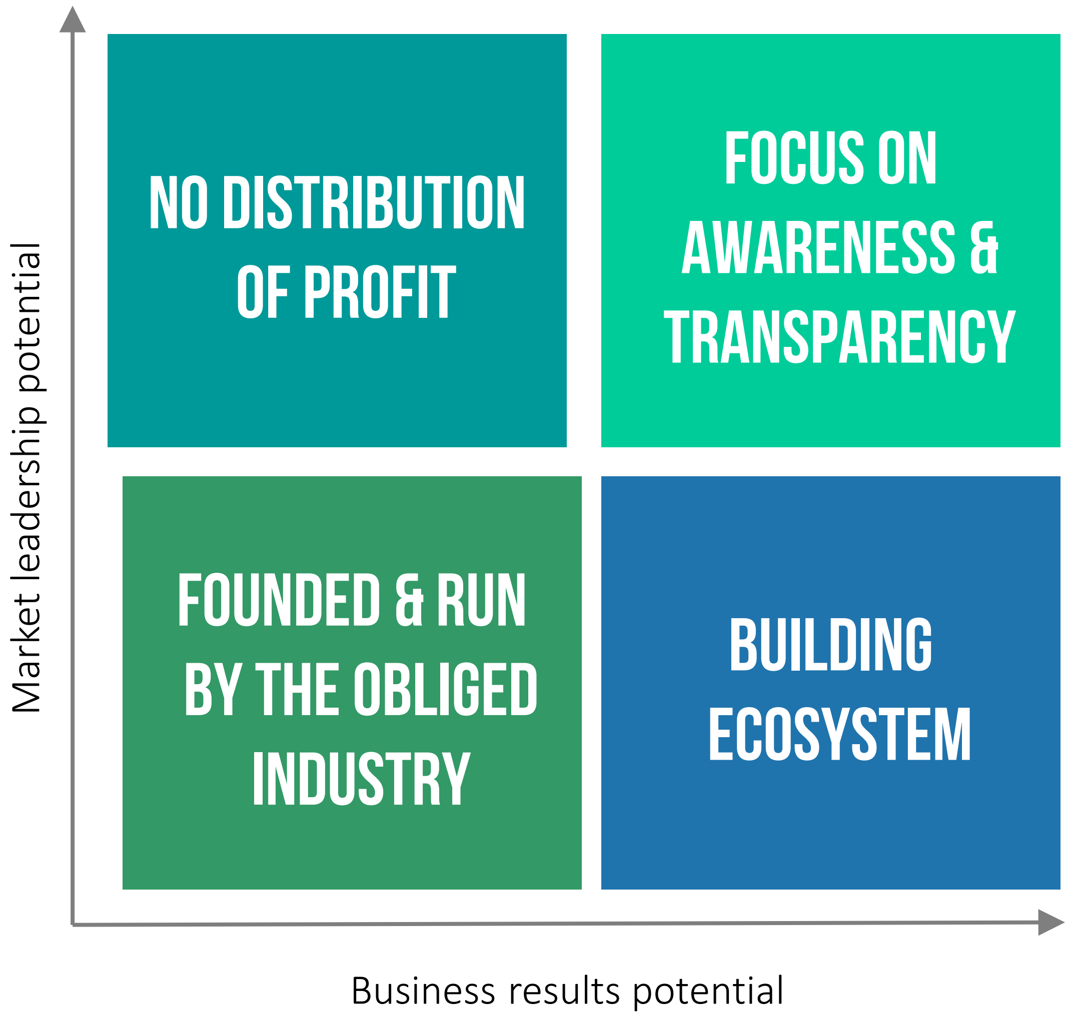
DIFFERENT DRIVERS OF ECOPACK & COMPETITION

ECOPACK – run by multinational business



COMPETITIVE EPR organisations

Vertically integrated Organizations

Founded and run by waste management companies

Minimum focus on awareness

Main interest in profit

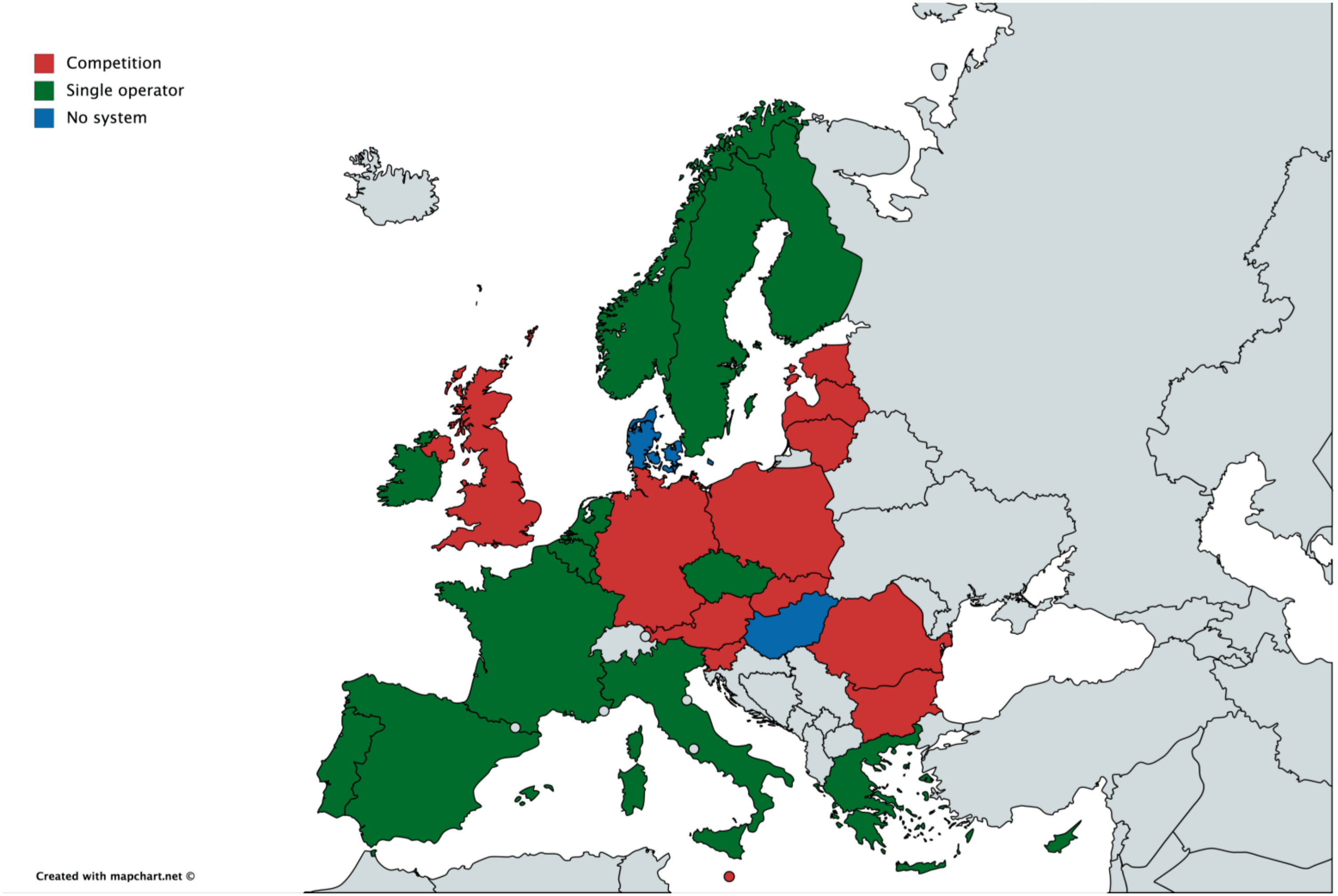
COMMUNICATION ISSUES IN MULTIPLE OPERATOR

Myth that separate collection is collected together in 1 truck

- Two different container system confusing the public
- Change of public communication when organization enters new market
- Harder to a common national education program

EPR MODELS IN EU

EU COUNTRIES as of 2021



- One operator (10): Czech Republic Belgium, France, Netherlands, Ireland, Finland, Spain, Cyprus, Italy, Luxembourg.

(47.8% area, 50.27% population)

- Multi-operator (15): Austria, Germany, Norway (1 dominant operator), Poland, Estonia, Sweden, Romania, Lithuania, Latvia, Slovakia, Greece, Slovenia, Portugal, Bulgaria, Malta.

(49.04% area, 46.26% population)

- Countries without EPR (2): Denmark, Hungary

EPR ORGANISATION

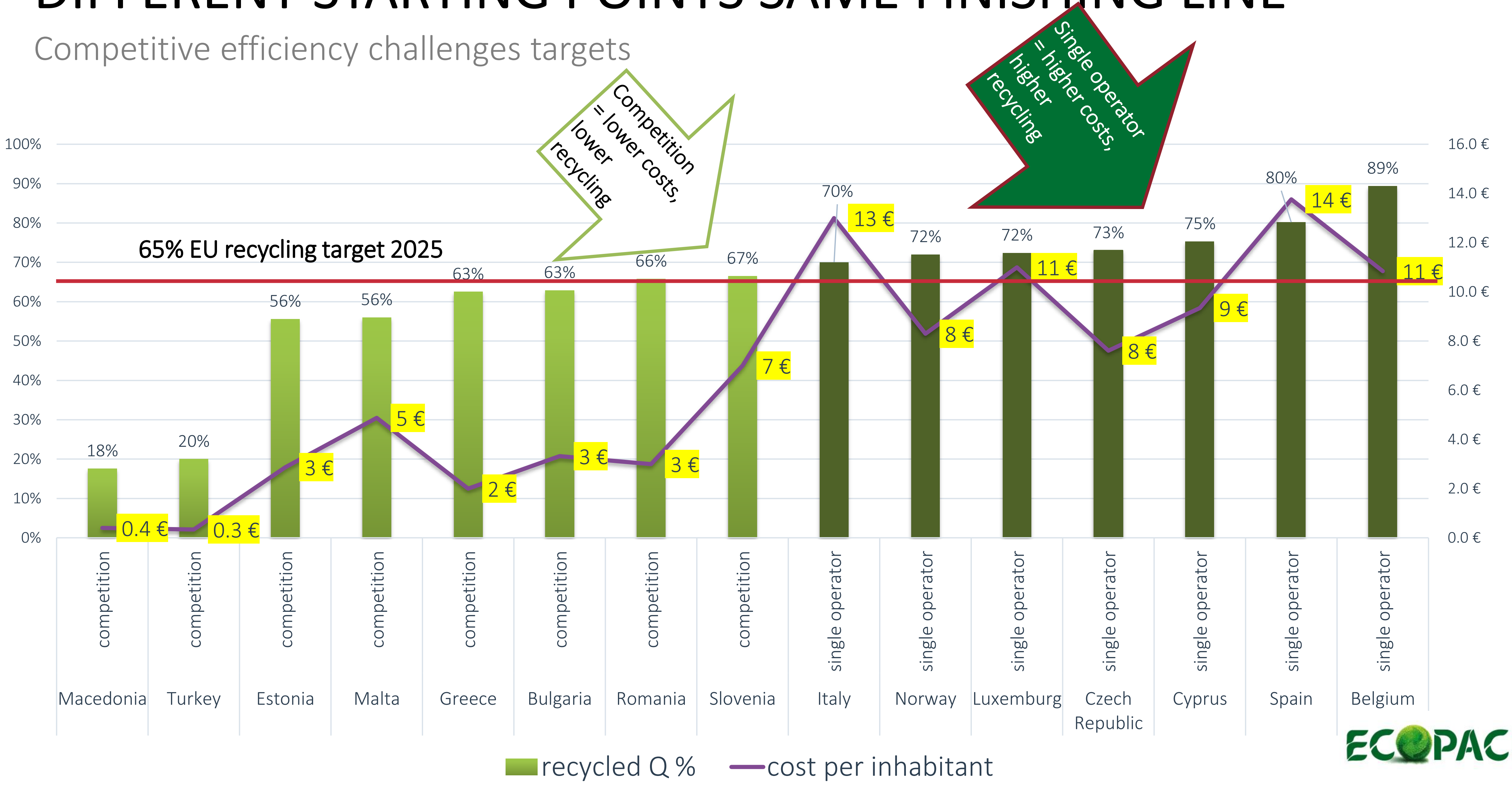
MORE ACTORS ≠ MORE EFFICIENT FULFILLMENT OF ENVIRONMENTAL GOALS

- Economic theory considers monopoly to be a market failure
  - (Perfect) competition delivers significant benefits for allocation of sources (=> Q , P)
- This concept is universally valid on the MARKET (supply x demand)
- An environment suitable for the EPR application is not market, because:
  1. There is no clearly identifiable demand here (utility => willingness to pay)
  2. There is no clearly identifiable supply here (costs => profit-seeking)
  3. There is no efficient pricing mechanism to achieve enable DxS interaction
- This leads to empirical conclusions (CETA* 2016, CETA 2018, CETA 2020) that the competition between collective operators (PROs) does not automatically bring better results

* CETA – Central ekonomických a tržních analýz, z. ú.

DIFFERENT STARTING POINTS SAME FINISHING LINE

Competitive efficiency challenges targets



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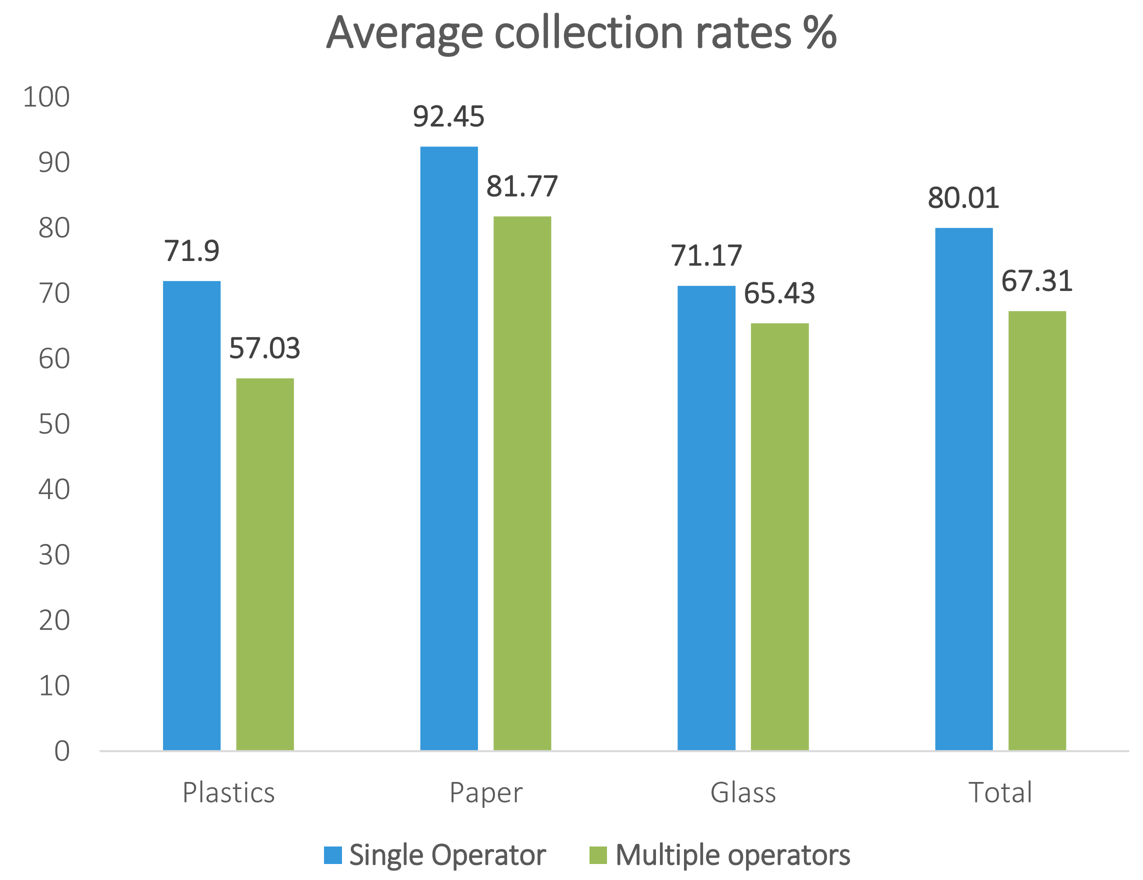
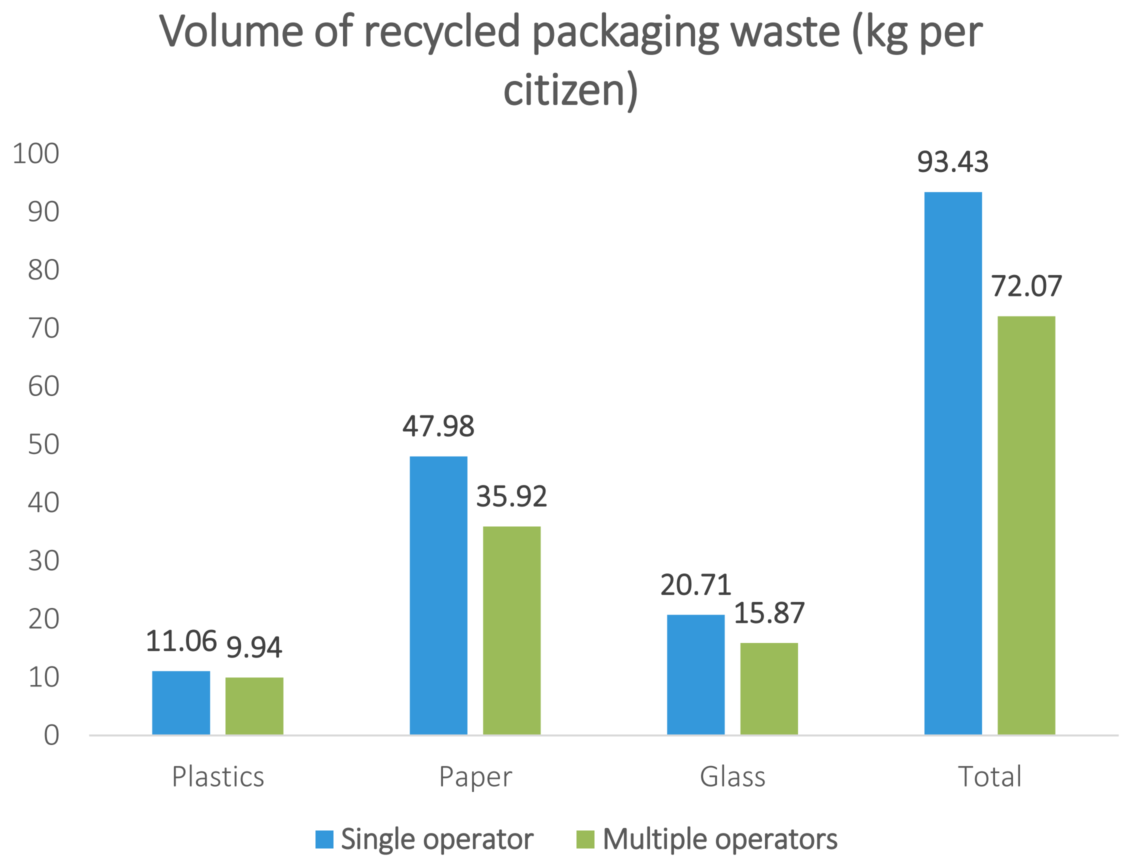
COLLECTION/ RECYCLING RATES

Higher in single operator markets than in competitively operated markets





* Analysis by CETA – Central ekonomických a tržních analýz, z. ú.

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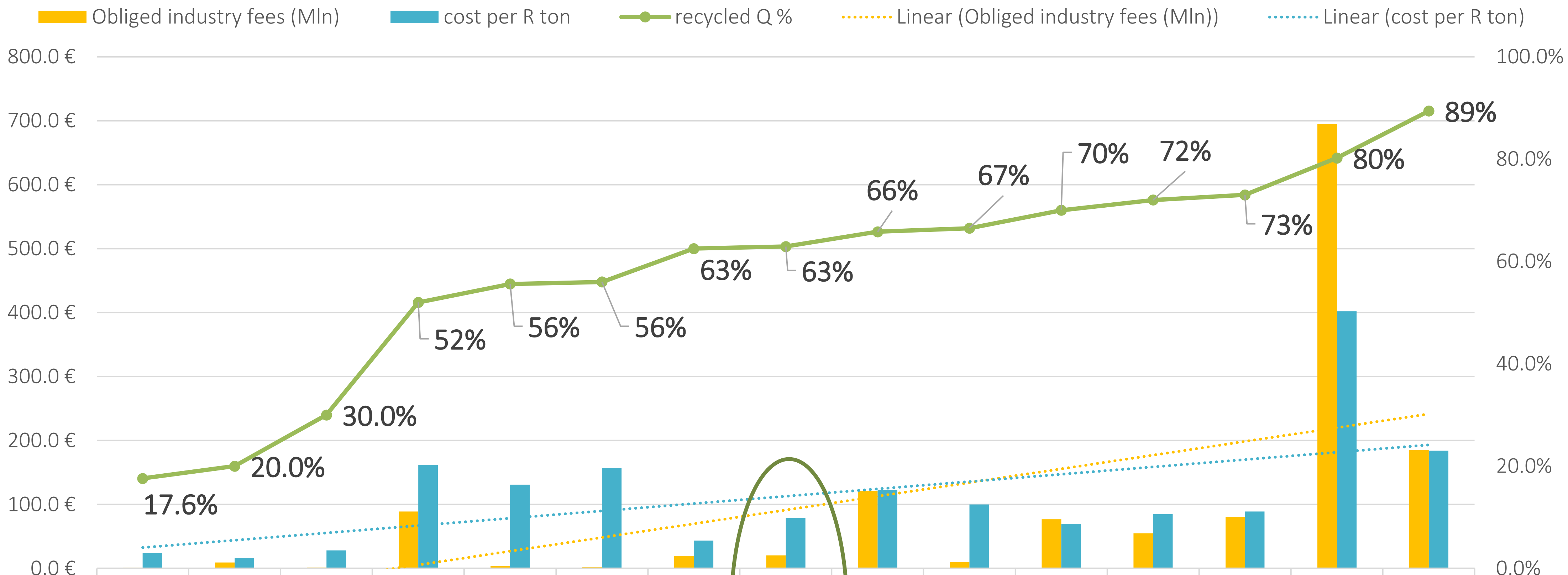
ОРГАНИЗАЦИЯ ЗА ОПОЛЗОТВОРЯВАНЕ НА ОТПАДЪЦИ ОТ ОПАКОВКИ

HIGHER RECYCLED QS = HIGHER COSTS

New guidelines on MP, recyclability, littering, recycled content targets for different plastic packaging



	MAC	TUR	B&H	CAN	EST	Malta	Greece	BG	ROM	Slovenia	Italy	NOR	CZ	Spain	Belgium
Obliged industry fees (Mln)	1.2 €	9 €	1.4 €	89 €	3.8 €	1.8 €	20 €	21 €	121 €	10 €	77 €	55 €	81 €	695 €	185 €
cost per R ton	24 €	17 €	28 €	162 €	131 €	157 €	43 €	79 €	123 €	100 €	70 €	85 €	89 €	402 €	184 €
recycled Q %	17.6%	20.0%	30.0%	52%	56%	56%	63%	63%	66%	67%	70%	72%	73%	80%	89%

AWARENESS CAMPAIGNS

- Free online eco classes 1st to 12th grade
- School competitions for collecting PET and Al
- Educational visiting center
- 50-100 000 kids and families per year

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THANK YOU FOR YOUR ATTENTION!

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www.ecopack.bg