

GROWTH POTENTIAL: PLASTICS AND PACKAGED GOODS



Key circular economy strategies

- Eliminate problematic and unnecessary plastics and packaging
- Innovate plastics to be reusable, recyclable or compostable
- Ensure plastics are reused, recycled or composted in practice

Drivers of circular economy growth potential

- **High** potential for growth in the short-medium term
- **Increasing** potential for growth in the short-medium term
- **Emerging or limited** potential for growth in the short-medium term

Innovation and corporate action	
Industry action	<ul style="list-style-type: none"> • Growing number of plastics commitments by large FMCGs and retailers, e.g. 850+ organisations united behind vision for a circular economy for plastics, the New Plastics Economy Global Commitment signatories represent over 20% of the plastics value chain
Demand for recycled materials	<ul style="list-style-type: none"> • Global demand for recycled plastic grew by 17% between 2012 and 2016²⁴⁰ • Increased interest in recycling from plastic producers, evidenced by major M&A activity (e.g. Borealis) • Reusable plastic containers for fresh produce are projected to be one of the fastest growing produce packaging segments in the US²⁴¹ (e.g. Amcor's sales of reusable and refillable PET containers in markets where refill programmes exist doubled in the two years up to 2019)²⁴²
Innovation	<ul style="list-style-type: none"> • Ongoing innovation across the value chain including reuse models, packaging design to increase recycled content and reusability, recyclability and compostability, development of renewable feedstocks, and chemical recycling

Policies and regulation

<p>Increasing policies and regulation</p>	<ul style="list-style-type: none"> • Single-use plastics bans have been announced around the world including in China, India and South East Asia, 34 African countries, various Central American, Latin American and Caribbean countries and cities, several US states and cities, and across the EU (e.g. Single-Use Plastics Directive banning ten single-use plastic products by 2021) • 63 countries had EPR measures in place in 2018 (e.g. Indonesia, Chile),²⁴³ such as product take-back schemes, deposit return systems (e.g. Australia's 'Return and Earn' scheme), and waste collection; the new EU EPR schemes for certain single-use plastic products cover costs of collection, awareness raising, clean-up, and reporting²⁴⁴ • Increasing landfill taxes, essential requirements for packaging (e.g. recycled content mandates for beverage containers in California) • National recycling targets (e.g. EU target 22.5% for plastic)
<p>Incentives</p>	<ul style="list-style-type: none"> • Circular economy regulation, including new EU circular economy Action Plan, EU Packaging and Packaging Waste Directive • Subsidies and support for innovation (e.g. Smart Sustainable Plastic Packaging)

Customer preferences and macrotrends

<p>Changing preferences and behaviour</p>	<ul style="list-style-type: none"> • Increasing customer pressure regarding plastic pollution (e.g. 'BBC <i>Blue Planet II</i> effect') • Changing behaviour towards reusable instead of single-use (e.g. reusable cups and water bottles) • 92% of EU citizens approve of action to reduce single-use plastics²⁴⁵ • Positive customer response to trials of unpackaged food products by major supermarkets (e.g. Waitrose) demonstrates potential for consumers to adapt to reuse models
<p>Climate change and global challenges</p>	<ul style="list-style-type: none"> • Eliminating unnecessary plastics, and reusing and recycling plastics, can contribute significantly to objectives on climate change (global CO₂ emissions from plastics production and end-of-life processing could be reduced by 56% in a circular scenario by 2050)²⁴⁶

Types of circular economy opportunity areas



Circular design and innovation



Circular business models



Reuse, repurpose, and redistribute



Repair, remanufacture, and refurbish



Collect, sort, and recycle



Regenerative and renewable practices and materials



Enabling digital technologies

Current circular economy opportunity areas



Innovations that eliminate the need for packaging

(e.g. dissolvable/edible packaging, solid shampoo, farm-to-fork)



Collection of plastics

(e.g. connecting informal waste sector to formal waste collection through digital tech)



Renewably sourced materials

(e.g. plastics made from agricultural by-products)



Business models based on reusable packaging



Identification and sorting technologies

(e.g. digital watermarks)



Innovative sorting and recycling technologies

(e.g. chemical, solvent-based, robotic sorting)

Examples: Large corporates

Coca-Cola Brazil

has invested USD 400 million in the expansion of their reuse infrastructure (bottle cleaning and refilling facilities)²⁴⁷

Nestlé

has committed to invest up to CHF 2 billion (USD 2.9 billion) to shift to food-grade recycled plastics and to innovate packaging solutions

Unilever

has committed to halve its use of virgin plastics by 2025

Borealis

acquired plastics recyclers Ecoplast Kunststoff-Recycling, mtm plastics, and mtm compact to increase recycled plastic production

L'Oréal

has committed EUR 50 million (USD 58.96 million) to fund circular projects, including new business models to tackle plastic pollution

Indorama Ventures

committed USD 1.5 billion to invest in plastics recycling infrastructure

SABIC and BASF

have developed chemical recycling technologies to produce recycled plastic from mixed after-use plastic streams

TC Transcontinental

acquired Enviroplast to vertically integrate plastics recycling in its flexible plastic packaging production

Examples: Innovators

Algramo

operates a refill system for detergent and has established multiple corporate partnerships, including with Unilever and Nestlé

Bockatech

has developed technology to produce low cost reusable plastic containers, which are also lightweight and recyclable

Loop

operates an online shopping platform for branded food and cosmetic products in returnable and reusable packaging

MIWA

offers a complete business ecosystem for smart-powered reusable packaging (it has recently partnered with Nestlé)²⁴⁸

Já Fui Mandioca

(formerly CBPAK) turns a non-edible starch component of cassava into a compostable packaging material, and has partnered with BASF to produce a protective film to improve durability

RePack

provides a reusable and returnable packaging service for e-commerce

**READ MORE
ABOUT THIS
IN OUR REPORT**



Financing the circular economy

Capturing the opportunity

