

# **Input Paper for the Workshop on Precycling and Extended User Responsibility in The Hague, 3 March 2015**

## **1. Goal of the workshop**

The central question for the workshop is how the policy instrument of extended producer responsibility can be developed further by using the idea of precycling to mainstream circular economy, both nationally and internationally. Results of the meeting will be used for further development of the Dutch Programme "From Waste to Resource" (VANG) and for the preparations of the Dutch EU Presidency in 2016. Several experts from government, science and various sectors of industry have been invited. James Greyson from BlindSpot ThinkTank will give a presentation via a live video link from the UK. IMSA and Blindspot Think Tank thank the Ministry of I&M for the opportunity this workshop brings to further advance the policy options for a circular economy.

## **2. The 'Precycling premium' as a new policy instrument to mainstream circular economy**

Since 2014, IMSA cooperates with the UK-based BlindSpot Think Tank, which came up with the idea of the "precycling premium" as a new government policy instrument to mainstream circular economy by eliminating waste accumulation in ecosystems.

Every product has a risk of ending up as waste in ecosystems and causing numerous societal issues. These problems can be tackled by extending producer responsibility to cover the risk of products becoming waste. A small insurance premium paid by producers and importers, according to the waste-risk of their products, would be spent on 'precycling' actions that cut waste-risk throughout society.

In this way the negative externalities of products and resources are replaced by price, profit and growth incentives throughout the market. Everyday decisions by all market participants then work to eliminate waste and create a circular economy. The government legislates and oversees the collection and spending of the premiums by insurers. Producers would design and manufacture less waste-intensive products since the precycling premium rate is based on the waste risk. The premiums paid create considerable funds that are spent by the insurance companies to cut society's waste risk. This allows relatively small premiums to leverage multiple incentives for change among businesses, shoppers, communities and investors. This is a systemic change, applicable to all sectors and resource flows, that allows economic, business, employment, ecological and climate opportunities to be rapidly and fully captured. The systemic effect allows a small amount of legislation, with no prescriptiveness, to have a large positive impact.

IMSA and Blindspot Think Tank have created interest with publications, presentations and workshops. Currently, the precycling premium has been acknowledged as a

systemic policy option by the European Commission and some European Union Member States. The Dutch Sustainable Business Association De Groene Zaak has recently included precycling as a pioneering “big idea for a circular transition” in their publication *Governments going circular, a global scan* (February 2015).

### Further reading on the Precycling Premium

- Section 4 and 5 of [Systemic Economic Instruments For Energy, Climate And Global Security](#), Publication of The NATO Science for Peace and Security Programme, by James Greyson, 2008
- [New concepts towards zero waste: From a Circular Plastics Index to a Precycling Premium](#), Arthur ten Wolde, IMSA Amsterdam and James Greyson, BlindSpot Think Tank, Green Week, Brussels, 4 June 2014
- OpenMic Webinar "[System change is not hard to do, just hard to see](#)" by BlindSpot Think Tank at the ThinkDif Disruptive Innovation Festival run by Ellen MacArthur Foundation, with IMSA as session moderator, 24 October, 2014
- De Groene Zaak, *Governments Going Circular – Global Scan Best Practices*, see the entry for [precycling](#) and the full [publication](#)
- Circular Economy 4 Real project: <http://blindspot.org.uk/projects/>

### 3. The context of extended producer responsibility (EPR)

Extended producer responsibility (EPR) is the producer’s responsibility for their product extended to the end of a product’s life cycle by requiring manufacturers to internalize end-of-life costs within the product price. Rather than one of the policy instruments manifesting itself as a take-back scheme, deposit-refund system and the like, EPR is increasingly recognised as a policy principle underlying a range of preventative environmental policies. It is based upon the principle that preventing waste at a product’s end of life requires an effort with design, collaboration and financing that should be in place before the product is sold. Effective EPR means waste can be prevented not just managed, which is key to mainstreaming the circular economy.

EPR can be implemented through administrative, economic and informative instruments, that are often applied in combination. Since EPR was first formally proposed, in a 1990 report to the Swedish Ministry of the Environment, several schemes have been implemented that often involve a collective Producer Responsibility Organisation (PRO). Table 1 (page 4) gives an overview of some existing EPR schemes and two related schemes (page 5).

### Further reading on EPR

- [Wikipedia](#) entry on EPR
- OECD, 2006, *EPR Policies and Product Design: Economic Theory and Selected Case Studies*

- Greenpeace, Friends of the Earth and EEB, 2006, Extended Producer Responsibility, An Examination Of Its Impact On Innovation And Greening Products

#### 4. Proposed questions for the workshop

- **Main question:** How can the policy instrument of extended producer responsibility be developed further by using the idea of precycling to mainstream circular economy?
- **Mainstreaming:** Do you acknowledge the potential of EPR measures such as a precycling premium to mainstream circular economy? If so, could the Netherlands give precycling a head start or do you agree with Blindspot Think Tank and IMSA that it would require an EU wide measure?
- **Enforcement:** Do you agree that a precycling premium should be obligatory to be effective? If so, how could a precycling premium be enforced in all member states, including Eastern and South Europe?  
N.B. This question was recently raised by a Dutch member of parliament
- **“Free riders”:** Without sufficient incentives, it can be argued that conventional businesses will leave it to frontrunners to invest with time, money and ideas into the design of collective measures to reduce the waste risk through the sector’s PRO. What to do about such “free riders” that only pay the premium?  
N.B. This question was recently raised by a cradle-to-cradle company
- **“Leakage”:** To what extent will leakage (companies shifting their investments outside of the EU to avoid the premium) be a problem?  
N.B. The issue of leakage was brought up by a major EU business organisation
- **Knowledge Advance:** How can the idea of a precycling premium be advanced towards implementation, i.e. be developed into a fully worked-out policy proposal? As a next step, IMSA and BlindSpot Think Tank have proposed to perform a joint feasibility study, including gathering comments and ideas from stakeholders, a study of the issues, implementation options and governance aspects, waste-risk and premium calculation case studies.
- **Pilot stage:** What are the options for trialling and phasing in precycling premiums? Which sectors could be good prospects for a pilot, e.g. together with insurance businesses?  
Pilots could involve a specific business sector, such as plastic packaging or WEEE, and one or more relevant stakeholders such as an insurance company.
- **Stakeholder support:** how can sufficient support be gathered for the idea? While supporting product stewardship, BusinessEurope, the beverage industry, retailers and others have opposed extended producer responsibility.