NERF - BREXIT

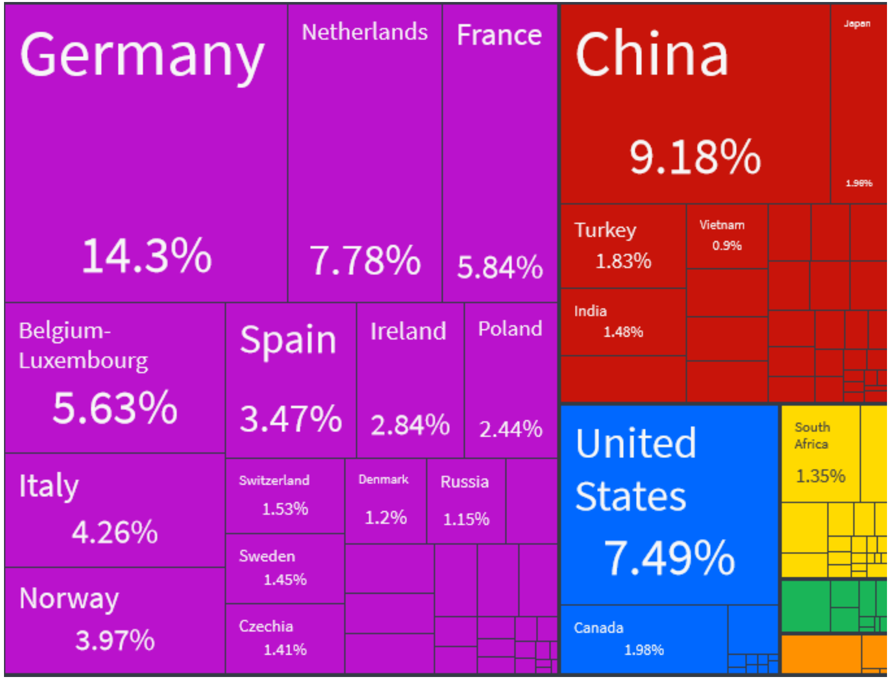
Impacts today and on the expected upcoming policy changes

25 February 2021

suez

We are a big importer – % by source in 2018

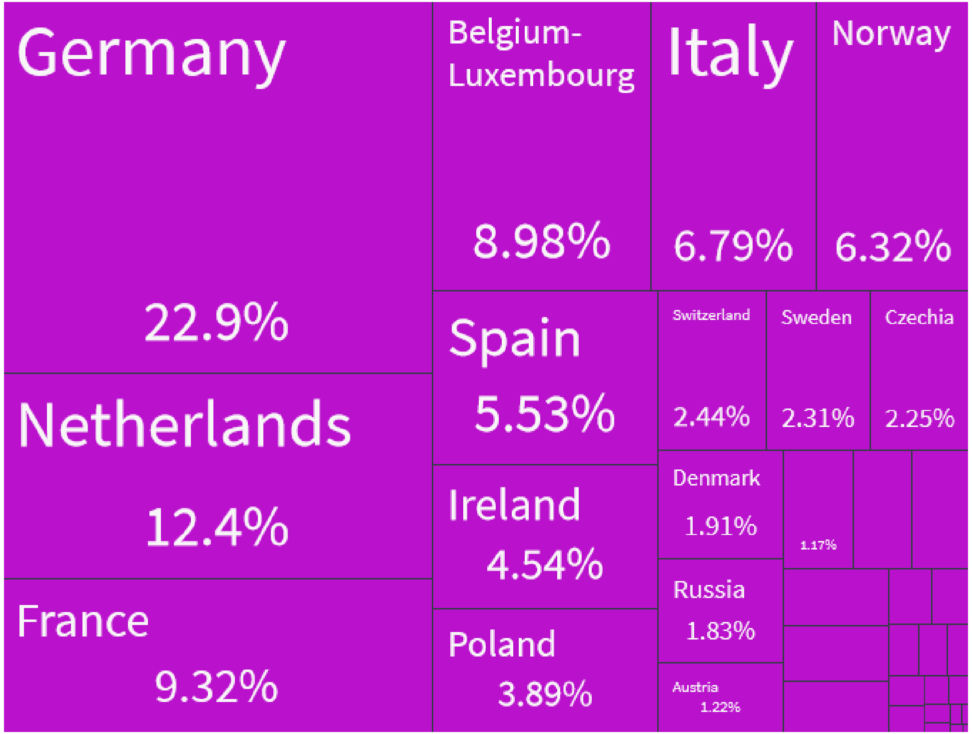
By value of trade
£460B



Observatory of Economic Complexity (OEC)

Imports – % by EU source in 2018

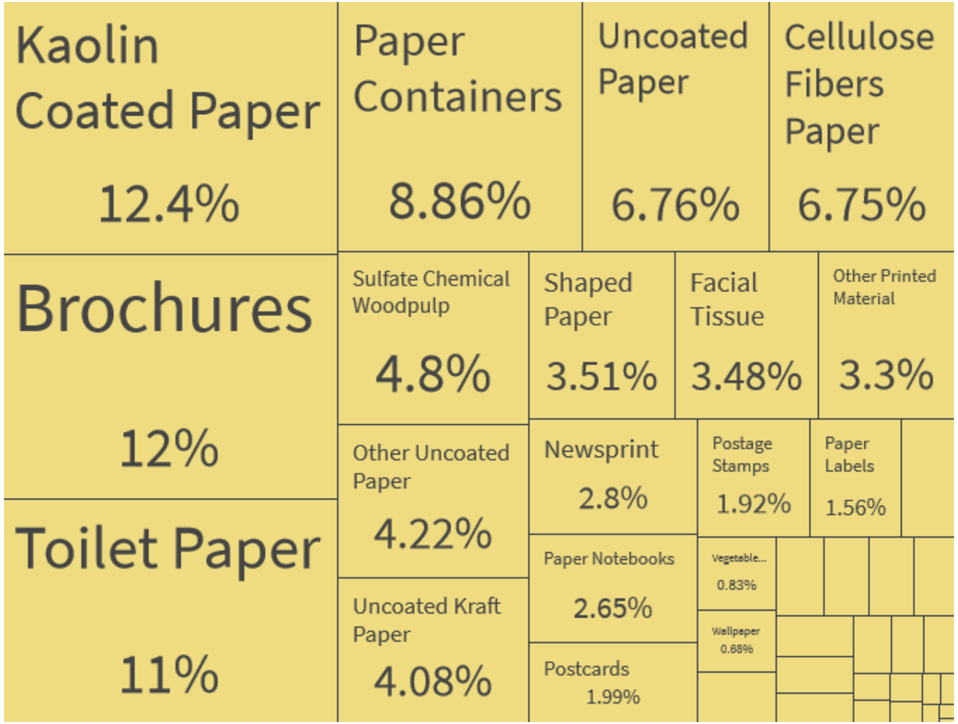
By value of trade
£268B



Observatory of Economic Complexity (OEC)

Imports to UK – Paper goods 2018

By value of trade
£8.5B



Observatory of Economic Complexity (OEC)

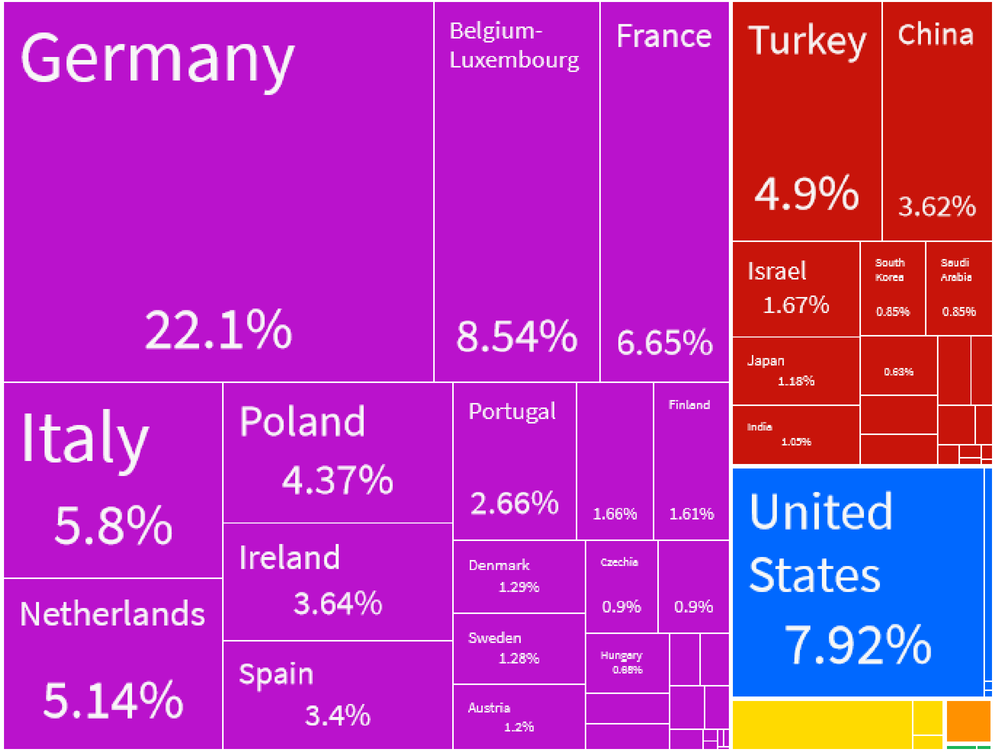
Imports to UK – Plastic and rubber goods 2018

By value of trade
£18B

Observatory of Economic Complexity (OEC)

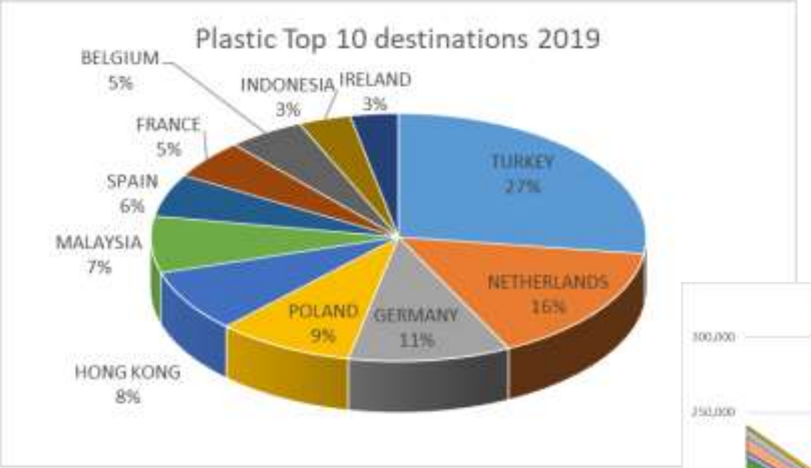
Imports to UK – origins of raw plastic sheeting - 2018

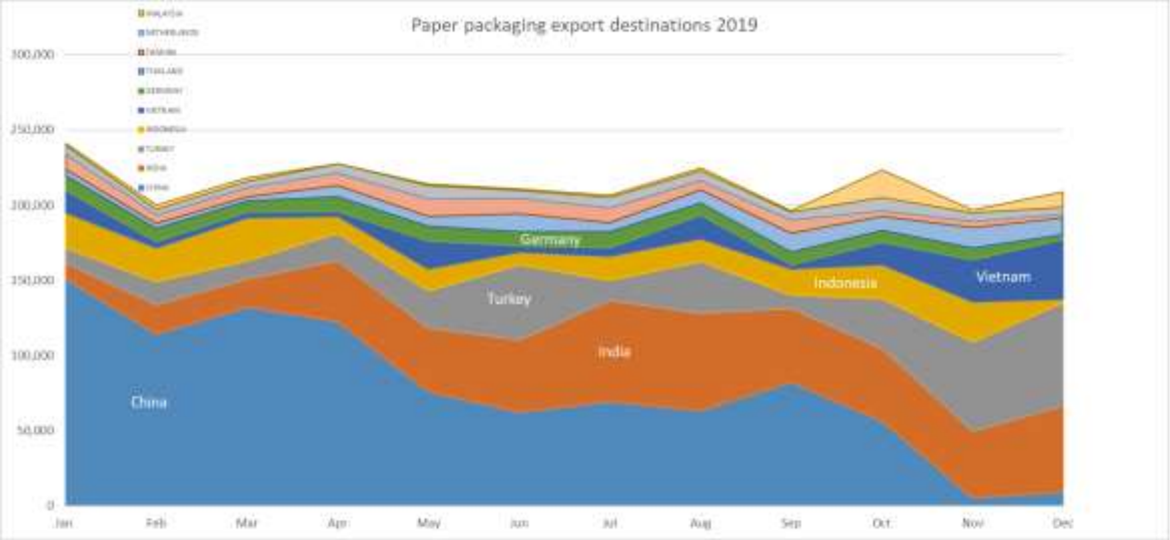
By value of trade
£1.6B



Observatory of Economic Complexity (OEC)

Waste recycling and secondary resources IS an international affair

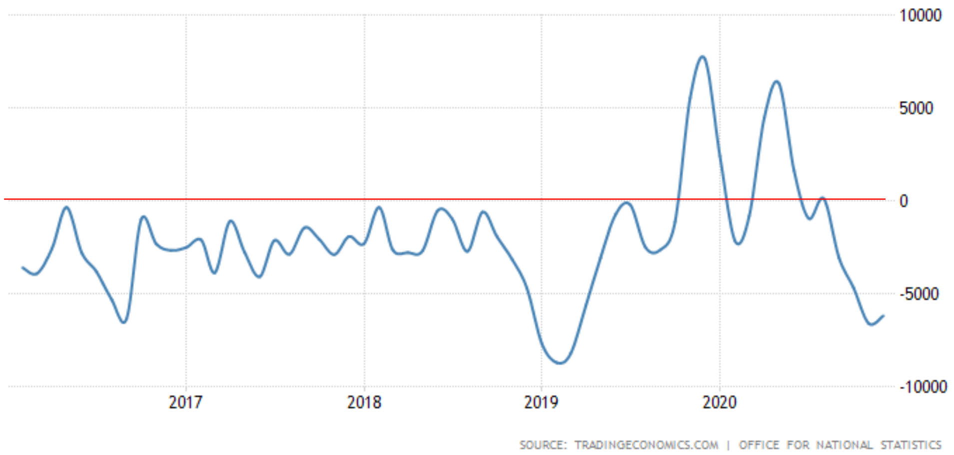




Pre COVID, pre BREXIT

Balance of trade

Balance of trade is still negative (import more than we export)



BREXIT is

- Making imports and exports more ‘sticky’ due to paper work etc, some of which will unwind with practice.
- EU exports and imports still very important
- Balance of trade is still more ‘*import than export*’
- In some ways easier to use pre existing non EU routes for export than EU due to learning curves and ‘early months friction’

Policy foundations pre BREXIT

UK has generally sought to transpose EU waste and circular economy regulations into UK law, which has historically helped bring about:

- Reduction in landfill
- Increase in recycling
- Cross political support for better management of waste
- Consolidation of thinking around the circular economy

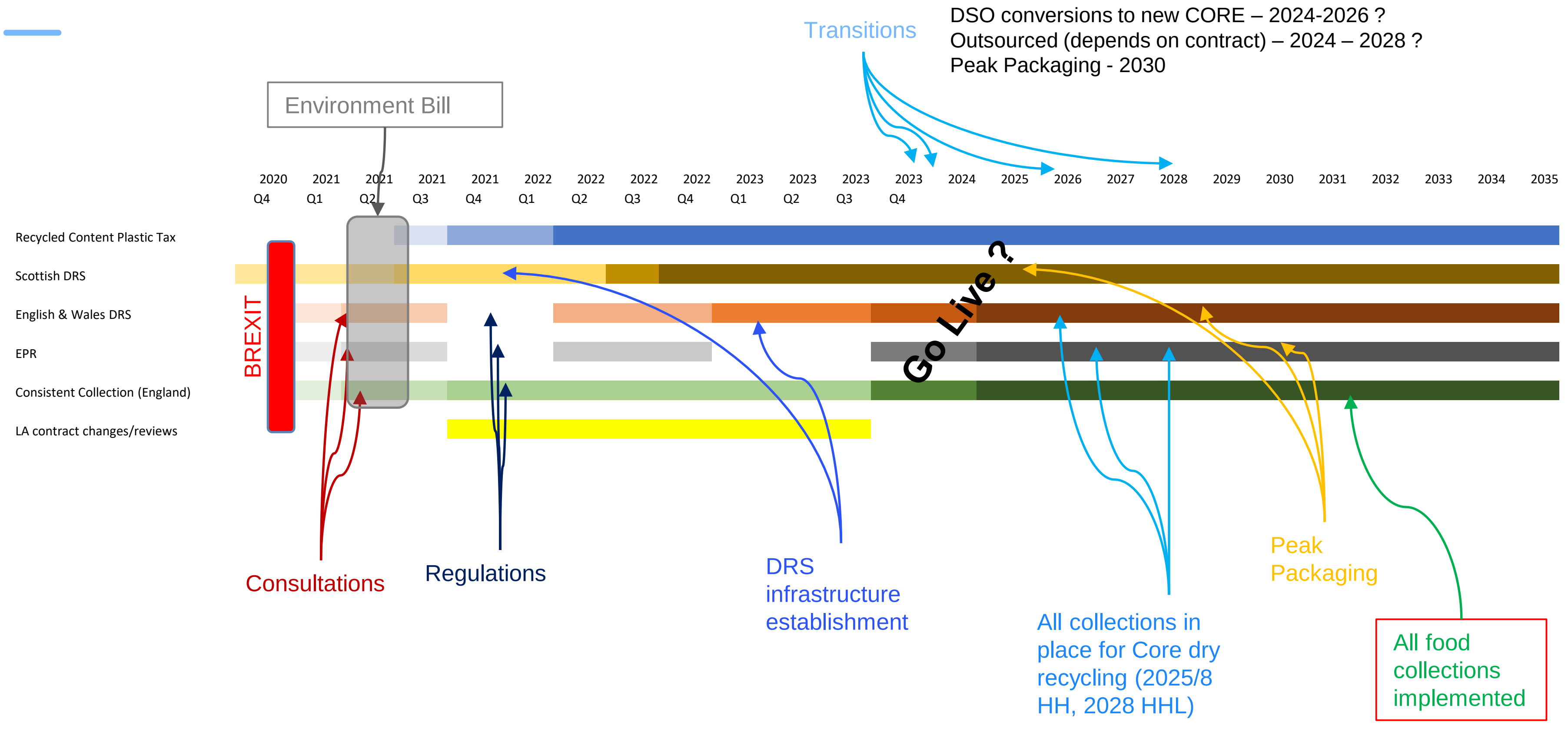
Policy diversion after BREXIT ?

Going forward,

- Will weight based targets be replaced ? (*by either side, in what way*)
- Will the definition of waste subtly morph ?
- Will it lead to better definition of separate collection ?
- EU Ecodesign – UK Eco Design – One and the same ?
- Would a change of policy in say the importation of a EU prohibited substance into the UK, prevent wastes or recycled materials being able to enter the EU?

- *Is BASEL and non OECD exports a blip or a divergence ?*

Timetables – lots of opportunity to diverge



Does this mean…

Might the established system of resource movements struggle…for a while ?

If we build more domestic capacity as a result, will that capacity…

- Ultimately be able to compete with EU equivalents unless imports change ?
- Make the UK more self sufficient?
- Will it drive new product manufacturing in the UK?
- What happens to the materials in the transition period (2021 to 2028) when there is not enough domestic capacity built out?

Manufacturing in the UK will not thrive through access to more secondary resources alone, so success in our sector post BREXIT relies on other policies and market movements. Are these aligned ?

Summary

Look beyond the ‘getting used to the new systems’ sticky moments

But beware, lest we

- Diverge and create new barriers to entry in to the EU
- Build domestic industries that cannot compete in international markets
- Make secondary resources for the majority benefit of overseas manufactures

But hope, that we

- Build on the UK agility and innovation to lead changes quicker and better than the EU
- Align a resources strategy with a manufacturing policy within a circular economy that is economically competitive (during and after transition) with international markets

CONTACT

Stuart Hayward-Higham
Technical Development Director
stuart.hayward-higham@suez.com