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An Innocent Abroad

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Ireland’s Position in Europe – Market context is now as a major fuel supplier and global commodity trader

- Waste remains **a local service**, but...
- ... the **outputs are now traded internationally.**
- Changes in the sector are driven by both European and Domestic legislation and increasingly, global events.
- By and large it all works.
- Ireland has largely avoided the tendency of other countries to try **unproved technologies** ...
- ... and as a result hasn’t suffered from **wasted investment** as legislation and commodity quality influences the **waste composition.**

Challenges with Ever Changing Technology; Investment requirements are not always sustainable long term

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- With the phase out of landfill, three main areas of technology are needed:

  1. European **recyclate** competes in global markets on quality; Europe has seen significant advances in the application of technology, and is a sector coming to terms with medium term obsolescence.

  2. Composting **organic wastes** have been a long standing feature, but the move to MSW In-Vessel and AD has proved that the largely agricultural technologies are less robust than is needed and costly to operate.

  3. **EfW** is tried and tested, and some gasification technologies are finding favour, however changes to the waste calorific value represent challenges to both waste source, input tonnages and electricity generation.

- For each to work we all need consistent regulation, market stability, price stability and reliable and affordable destinations for outputs.

External Pressures; Exacting Standards and Global Politics

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- China's demand for raw materials has allowed policy makers to put an increasing reliance on recycling in waste policy.

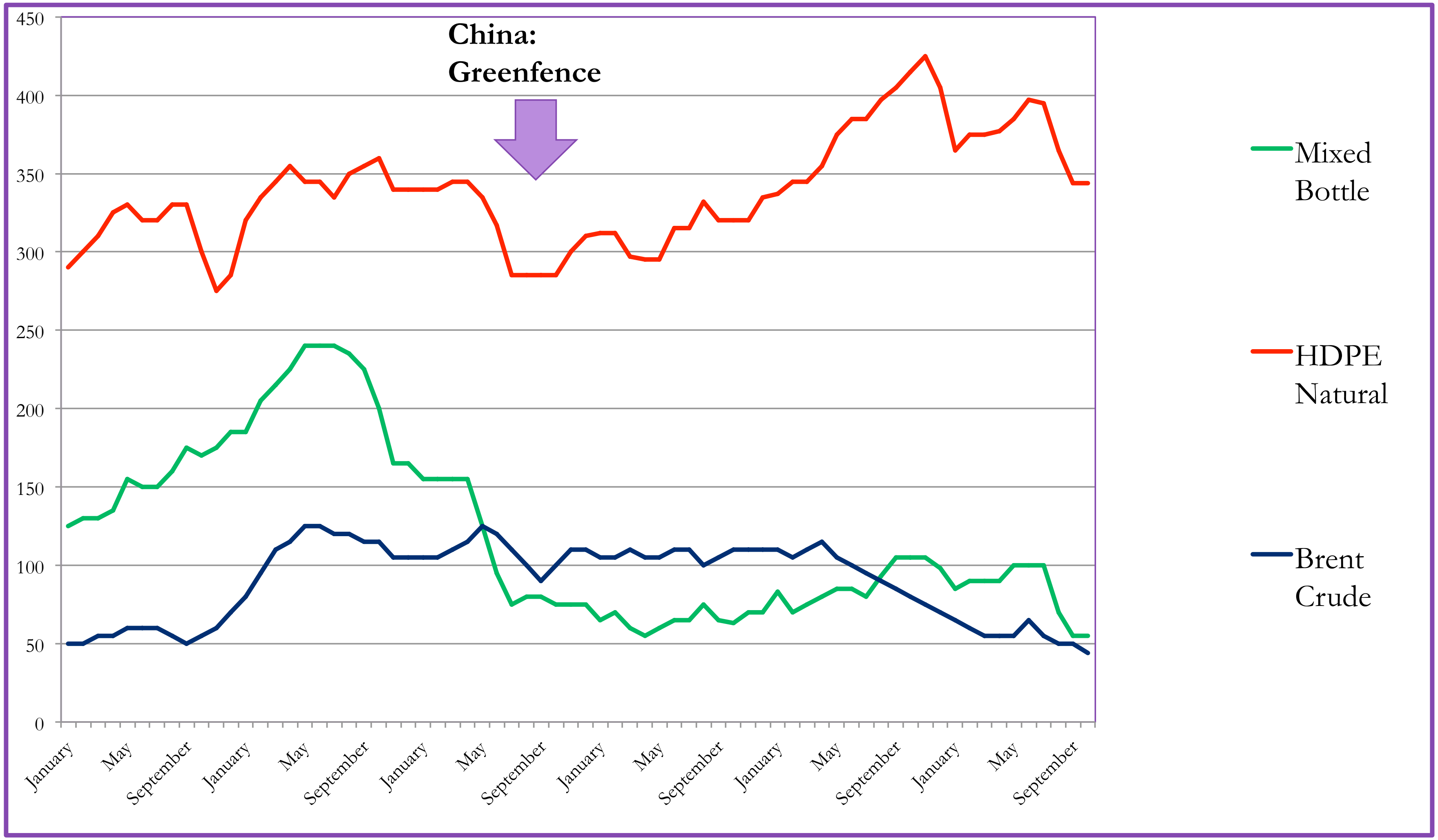
- Forthcoming **EU Circular Economy** package looks to have moved back from 70% recycling.

- Selling into commodity markets is not a given; demand has waned whilst quality thresholds have increased.

- '**Virgin equivalent quality**' required as products compete against virgin materials, usually produced from a stable source. The waste sector doesn't have that advantage.

- European EfW plants at capacity, but unlikely to remain so as European domestic residual **waste reduction policies** take effect.

Recyclate is influenced by both virgin commodities and state policies; both drive quality as quality sells in good times and bad. (Date Range January 2010 to date, Plastic£ - Oil $)



Changing industry margins; prices for residual disposal are going up, whilst commodity prices are set to remain low

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- By and large, legislation, subsidy and taxation have delivered us the industry we have today.

- Waste and Recyclate continues to be generated irrespective of the end disposal/recovery cost or value of the material.

- Material movements and destinations may be dictated by a real market or by an artificial market created by subsidies, taxes or quality; these markets often move quickly and respond to short term events.... ... that often last a long time.

- As a result, the industry has increasingly taken on more open market risk; risk that might adversely manifest itself in stranded assets or price changes that are not immediately connected to the domestic economy.

Changing Industry Margins; chasing greater volumes into niche outlets is at the expense of increased gate fees (Gate prices from 2011 £)

Do we understand and agree what we need, or are we just kidding ourselves?

- Increasingly, it appears to me that the very laudable aims of the Waste Hierarchy and Circular Economy are coming unstuck.
  - China, the recent engine of growth, is slowing.
  - Recyclate and secondary commodities increasingly need subsidy to compete in global markets.
  - The existing stock of European EfW plants are handling higher calorific residual wastes, limiting short term capacity, but with long term capacity due to lower residual waste targets.
- Remember the role of the waste producer. PBW is a real innovation, but we should not underestimate the low regard for the services we all deliver; from product designers onwards.... Or downwards.

So in Conclusion; What is needed?

- We should all agree that Ireland needs a vibrant forward looking waste and resource sector. In my view, this has to be a given.

  - That safely and responsibly **services** the needs of society
  - That **protects** the wider environment,
  - And earns enough to **invest** in the future

- Work out a commodity subsidy system that flexes with the market and delivers benefit to the public purse in the good times and shares the pain when it is bad.

- The need for infrastructure should be viewed against a backdrop of existing facilities in the EU.

- Marry waste and resource policy to the market; or we are at risk of producing an industry that is unsustainable in the longer term.