

THERE IS NO GOOD PLASTICS ECONOMY UNLESS IT'S A CIRCULAR ECONOMY

Dr Andrew Forrest AO

Our Indonesian neighbours are dealing with a crisis that can no longer be ignored. This monsoon season, just like every year before it, mountains of plastic waste washed into rivers and on to beaches across the beautiful Indonesian archipelago. One noticeable difference this year: these mountains of plastic – that come from all over the world, not just Indonesia – feature single-use masks and other COVID-19 related waste, creating a further challenge to an already over-burdened waste management system.

China is sharing these very same challenges.

But the plastic problem is not limited to Indonesia, or China, or Asia for that matter. Half the world's waste is mismanaged, and we dump an equivalent of one garbage truck full of plastics into the ocean every minute. From here it lingers and degrades into micro-plastics and nano-plastics, that accumulate in natural ecosystems and our bodies. We have a shared responsibility - across the globe - to fix this disaster.

“Sea The Future” is a global collaboration that aims to do just that. By bringing together global consumer brands and plastic producers, we will reduce the flow of plastics into nature and accelerate a transition to a circular plastics economy by modernizing plastic recycling industries globally.

Sea The Future's new partnership with the Indonesian Government, announced in late 2020, is a great first step forward – a display of action at the highest levels of government, which puts boots on the ground to work with local municipalities, industry, and investors. Our shared ambition is to push forward a circular economy for plastics that will help to end ocean plastic pollution in Indonesia.

With China's bold response to the plastic issue to date, including bans on imported waste and on non-degradable plastic bags and single use straws across the country, there is an opportunity for China to consider how additional approaches and partnerships may accelerate progress towards a local circular plastics economy. Investing in a circular economy is imperative if China is to meet its ambitious environmental and climate goals.

I am convinced successful businesses will grow from this circular plastic economy and create thousands of new jobs in the process – but they need a kick-start. Even with the growing number of corporate commitments and progressive regulations, the economics of plastic recycling still struggle to compete with fossil fuel plastics. This dynamic will not change until all consumer goods companies end their reliance on new plastics and exclusively demand recycled packaging materials from their suppliers.

The Sea the Future model is built on insights from my experience building successful commodities businesses over a thirty-year career, and lessons learnt from the success of the solar power industry.

A decade ago, governments and industry worked together to guarantee long-term above-market prices for solar energy. These targeted, well-designed subsidies – known as feed-in-tariffs – gave confidence to investors and stimulated a rapid growth of solar installations. While initial subsidies were high, over time, standardisation, scale and innovation improved effectiveness and reduced costs. Today, solar power delivers the lowest cost energy in the world.

Through Sea the Future, companies will pool their demand to buy responsibly-sourced recycled plastics at a fair price. The price will be supported, where appropriate, by public funding and/or from fees levied on producers and users of plastics – essentially, a feed-in-tariff for recycled plastic. These long-term price and demand guarantees will unlock investment in new recycling facilities from banks and development finance institutions that are already committed to expand their financing in this area.

I firmly believe an entrepreneurial, commercially-driven and well-capitalised trading platform like Sea The Future can deliver increased volume of recycled materials, and reduced leakage of plastic to the environment by:

- Shifting markets from spot trading to forward contracting, using a feed in tariff with reverse auction approach similar to renewables, allowing suppliers to plan and invest with price and volume security
- Providing “crowd in” third party finance to enhance price support and deliver capital funding for suppliers
- Commoditising recycling products and trading to support effective forward contracting
- Incentivising and supporting the inclusion of high leakage and hard to recycle plastics into the industrial value chain
- Establishing pre-conditions for developing a futures market

Together, this will lower capital costs and improve investment conditions for new or updated recycling plants as well as plastic waste collection systems.

Recycling alone will not solve the plastic waste challenge – some types of plastic will never be economically recyclable and must be designed out of the system altogether. But for many types of plastic, we can create thriving recycling markets where waste is simply too valuable to leave uncollected.

Sea the Future is seeking to partner with Governments, private and public institutions around the world – including in China, to help deliver a global solution to an epidemic. China has the opportunity to demonstrate its continued leadership on developing good plastics in the same manner in which it has become a global leader in renewable energy, both at home and abroad.

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