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Circular Economy Opportunities in SA - EU Food Trade: The Case of Packaging

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Acronyms

BBBEE	Broad-Based Black Economic Empowerment
CAP	Common Agricultural Policy
CGCSA	Consumer Goods Council of South Africa
DALRRD	Department of Agriculture, Land Reform and Rural Development
DEFF	Department of Environment, Forestry and Fisheries
DMRE	Department of Mineral Resources and Energy
DSI	Department of Science and Innovation
DTIC	Department of Trade Industry and Competition
DWS	Department of Water & Sanitation
ECDPM	European Centre for Development Policy Management
EFCA	European Food Safety Authority
EPA	Economic Partnership Agreement
EPR	Extended producer responsibility
EU	European Union
EU-SA	European Union-South Africa
FCM	Food contact material
FSC	Forest Stewardship Council
NGO	Non-government organisation
OECD	Organisation for Economic Co-operation and Development
PET	Polyethylene terephthalate
PRO	Producer responsibility organisation
RDI	Research, development and innovation
RPS	Reusable plastic container
SADC	Southern African Development Community
SAPRO	South African Plastics Recycling Organisation
SARS	South African Revenue Service
SIZA	Sustainability Initiative of South Africa
STI	Science, Technology and Innovation
TN10	Tesco Nurture 10
UK	United Kingdom
WWF	World Wildlife Fund

Executive Summary

The European Union (EU) introduced its Green Deal in response to existential threats posed by climate change and environmental degradation, with the aim to be a resource efficient and climate neutral continent by 2050. Promoting a circular economy is part of that agenda, as is clearly demonstrated in the new Circular Economy Action Plan adopted in 2020. Given the regulatory trajectory in Europe towards increased circularity and the increased focus on circular economy approaches and objectives in both the EU and South Africa (SA), this paper aims to identify opportunities for promoting circular economy principles and practices in SA-EU trade; and for promoting SA-EU trade through increased uptake of circular economy principles and practices in SA. The paper also seeks to highlight circular approaches of EU food-related businesses in SA and to identify opportunities for businesses in SADC- EPA states to make a circular economy transition. Given their importance in bilateral trade, and in line with the EU's Farm to Fork strategy, the focus is on food and beverages, with particular attention on the packaging of these products.

The paper highlights key policy developments in the EU and the SA, which are drivers for change. On the EU side, this includes evolving mandatory requirements for packaging, extended producer responsibility schemes for packaging waste, and legislation related to food contact materials. In South Africa, developments around SA's Extended Producer Responsibility (EPR) are a milestone for the country in its circular economy journey. The Plastics Industry 2022 Masterplan for Growth represents a further important initiative (and is discussed in more detail in the paper).

Private standards are also a key driving force, propelled by changing consumer preferences and expectations of policy changes. Collaborative efforts through industry associations and multi-stakeholder initiatives are well placed to play an important supporting role. One promising multi-stakeholder initiative is the SA Plastics Pact launched in January 2020 - the first plastics pact on the African continent. The pact has set targets for 2025 and formulated a roadmap to meet them. Another promising multi-stakeholder initiative is the South African Food Loss and Waste Voluntary Agreement launched in September 2020, which commits food manufacturers and retailers to reduce food waste, and is accompanied by an implementation plan. Both initiatives can help participating companies to better understand circular economy principles and how to apply them, gathering qualitative and quantitative data, setting goals and fostering joint actions to tackle issues that cannot be addressed by individual stakeholders.

When considering circular economy opportunities in packaging, it needs to be understood that packaging sustainably doesn't automatically mean using less (complex) and more recyclable packaging material. Packaging helps maintain freshness of fruits and protects against damage. Therefore, sustainable packaging means having as little impact on the environment as possible, without compromising the quality of the packaged product. The paper shows that significant strides have already been made towards more circularity in the packaging of SA food exports to the EU. Examples include reduced and better recyclable plastic packaging of South African table grapes as well as the use of lightweight recycled plastic pallets for secondary packaging. There is scope for further progress in primary packaging, but possibly even more so for secondary and tertiary packaging, which have received less attention so far.

The paper also highlights examples of circular approaches by European companies operating in SA, in packaging, but also in areas such as food loss and waste, water use and renewable energy. These examples illustrate that circular economy opportunities exist along food supply chains from production to the end consumer. Key enabling factors include: (i) collaboration; (ii) data; (iii) alignment of commercial interests and environmental concerns (i.e. a clear business case); and (iv) supporting role of (local) governments and international partners, such as EU institutions or member states.

While many actors in SA do not appear to be very familiar with the overall circular economy concept, there is a sound understanding of different aspects of the circular economy. In particular, exporters seem to be aware of the need to prevent food waste and the trend towards more circular use of plastic. This highlights the importance of unpacking the concept of circular economy, and making it more accessible for actors to understand and work towards specific and more practical targets.

Notwithstanding that stakeholders in SA, particularly exporters, understand and appreciate the benefits of some dimensions of a circular approach, these advantages must be weighed against (i) the costs of moving towards sustainable packaging; (ii) the fear of losing consumer demand due to certain types of packaging; and (iii) the trade-off between food safety and recyclable packaging. In order to encourage South African businesses to adopt new approaches and to overcome these constraints, there are a number of ways in which the EU might support circularity in SA- EU food trade. These include:

- **Enhancing opportunities for South African actors to provide input in EU policy processes**
The EU provides opportunities for industry to participate in public consultations and various feedback mechanisms exist in particular stages of the policy cycle, which allow stakeholders to share their views on new initiatives, or evaluations of existing policies. South African (and other non-EU) actors can participate, thereby assisting the EU to consider the implications of EU policies beyond the Union's borders. Upcoming/ongoing policy revisions in the field of packaging provide concrete opportunities for South African actors to express their views. The EU Delegation in South Africa can play an active role in this regard, for example by proactively pointing South African actors to concrete opportunities to participate in public consultations. More broadly, the delegation can organise or contribute to meetings with relevant industry representatives to discuss upcoming and ongoing policy initiatives, focusing on specific areas of concern.
- **Conducting circular economy tours and other activities for exchange of knowledge and matchmaking**
The EU and SA can benefit from knowledge exchange opportunities and matchmaking on circular economy issues, engaging both public and private stakeholders. Several initiatives have been implemented in recent years on both sides, including circular economy tours, meetings and virtual seminars. Similar activities could continue to be organised, providing concrete opportunities for European and South African companies to connect. Such activities are in line with the EU's Circular Economy Action Plan, which states that circular economy outreach activities will be stepped up, including circular economy missions.
- **Facilitating research to inform circular economy innovations, such as the transition to more sustainable packaging solutions**
Investment in research of sustainable packaging solutions is important to support producers in South Africa in making the transition towards more circular packaging choices. As cost is one of the key barriers for producers to adopt more sustainable forms of packaging, it would be beneficial to explore innovative and cost-effective packaging solutions that can address complex industry wide issues, which individual companies may not have the capability or motivation to undertake. In addition, obtaining better insights into the volume and types of packaging in SA - EU trade is needed to identify bottlenecks and design targeted interventions. Research can serve to describe and quantify the packaging material used across the different categories of food products along supply chains.
- **Allowing the SA Plastic Pact and the SA Food Loss and Waste Agreement to inform EU interventions**
These frameworks can usefully guide interventions of the EU and its member states, such as the type of private sector investments they seek to leverage through blending operations in South Africa. For example, in light of the SA Plastic Pact's envisaged expansion and upgrading of the recycling sector, EU investments could be directed towards that. The EU could pay particular attention to exploit opportunities that the pact offers to enhance trade and investment between SA and the EU.

- **Collaborating to promote circular economy principles internationally**

The EU has an interest in intensifying its cooperation with the African Union and its members on the green transition. SA-EU collaboration can contribute to advancing this agenda at the continent-to-continent level, given the circular economy interests and efforts of the South African government and other actors. The EU and SA can also join forces at the international level to promote a global transition towards a circular economy. This can be done through various fora and at various levels. EU-SA collaboration at the global level could encompass, amongst other things, the establishment and rollout of a Global Circular Economy Alliance.

- **Prioritising circularity and development cooperation to promote circular trade under the SADC-EU EPA**

The SADC-EU Economic Partnership Agreement (EPA) serves as a relevant instrument for promoting circularity in SA-EU trade (and circularity in South Africa more broadly). Although the EPA does not specifically mention circular economy or any specific circular economy-related measures, it does reaffirm the parties' ambition to promote sustainable development, and to cooperate and exchange information on efforts towards this ambition. As such, the EPA offers various entry points for promoting circularity. For example, the EPA offers an entry point for promoting trade-related development cooperation that both supports EPA implementation, and promotes sustainability objectives such as increased use of circular economy principles and practices by South African producers and exporters. The EPA also provides for different types of dialogue that could be relevant to promote circular SA/SADC-EU trade, and circularity in South Africa in general.

The EU-SA Partners for Growth Programme could facilitate engagement between EU and SA stakeholders and develop approaches that take advantage of these entry points.

While the paper focuses primarily on EU support for more sustainable packaging in South Africa, it is important to consider opportunities for circularity in other stages of food value chains. Indeed, while sustainable packaging is an important component of circular food value chains, there are several other aspects of circularity that present opportunities. These relate to the use of renewable energy, organic fertilizers, resource-efficient farming techniques and computerised logistics, to name a few areas. Promoting circularity throughout the food value chain can help SA producers seize export opportunities provided by the SADC– EU EPA, while contributing to the preservation of our planet for future generations.

1. Introduction

In response to the existential threats posed by climate change and environmental degradation the European Commission introduced the European Green Deal as a plan to make the European economy sustainable. A key ambition of the Green Deal is to move the European Union (EU) to a circular economy, where waste and pollution is designed out of the economic system, where products and materials are kept in use through reuse, sharing, repair, refurbishment, remanufacturing and recycling, where natural systems are regenerated and where economic growth is decoupled from the use of finite resources.

To this end, in March 2020 the European Commission adopted a new Circular Economy Action Plan for a cleaner and more competitive Europe. The Plan, one of the main ‘blocks’ of the Green Deal, announces various initiatives promoting circular economy processes and fostering sustainable consumption in Europe, but also sets out a number of actions the European Commission will take to support a global shift to a circular economy, including building “*a stronger partnership with Africa to maximise the benefits of the green transition and the economic opportunities in the circular economy*” (European Commission 2020a).

Another key component of the Green Deal is the Farm to Fork Strategy launched by the European Commission in May 2020. The Strategy aims to make food systems fair, healthy, and environmentally friendly (European Commission 2020b). Through a comprehensive industry-wide approach, the EU aims to position European food as the global standard for sustainability. This transition to sustainable food systems is expected to create significant economic opportunities within the EU, and for its trading partners, like South Africa. Tightening sustainability requirements in the EU food system will have greater impact if trade partners adopt policies and business approaches which reduce unsustainable practices in their production. In support of this, legislation will be put in place to ensure that products placed on the EU market are more sustainable and circular, resulting in the restriction of single-use plastics and measures to avoid waste, notably through transformation into high-quality secondary resources.

The implementation of the Circular Economy Action Plan, Farm to Fork Strategy and related policy instruments are likely to have an impact on South Africa, the EU's largest trading partner in Africa, and a significant exporter of food and beverages to the EU (see below). South African exporters who will need to comply with increasingly stringent regulatory requirements on, among other things, sustainable food packaging. While sustainable and circular economy principles and approaches are becoming more prevalent in South Africa, the capacity of South African firms and industries to respond to new EU requirements on, for example, single-use and non-recyclable materials in the packaging of prepared foods needs to be better understood.

This analytical research paper has been commissioned under the European Union-South Africa (EU-SA) Partners for Growth Programme, through which the European Union delegation in SA aims to increase bilateral trade and investment flows, promote successful implementation of the Southern African Development Community (SADC)-EU Economic Partnership Agreement (EPA), improve the ability and capacity of the EU and EU businesses to influence policy processes in SA, and increase the visibility and credibility of EU actions in South Africa. In line with these objectives, and given the regulatory trajectory in Europe towards increased circularity and the increased focus on circular economy approaches and objectives in both the EU and SA, this paper aims to identify opportunities for promoting circular economy principles and practices in SA-EU trade and for promoting SA-EU trade by capitalising on trends towards increased circularity. Given their importance in bilateral trade, the paper focuses on South African food and beverage exports to the EU, assessing in particular circular economy opportunities relating to the packaging

of food and beverage exports from SA to the EU.¹ While the primary focus of this paper is on circularity in food trade from South Africa to the EU, with particular attention on packaging, it also highlights examples of circular economy initiatives of European companies servicing the South African market.

To do so the paper gives a brief overview of SA - EU trade and circularity in food packaging (Section 2); identifies key drivers for more sustainable packaging in SA-EU food trade, covering both policy developments in the EU and SA as well as voluntary private standards and collaborative efforts (Section 3); and assesses key barriers South African businesses face to transition to more sustainable food packaging (Section 4). Then the paper zooms in on the experiences of a limited number of European companies operating in South Africa (Section 5). Based on these insights, the paper points out possible entry points for the EU to support circularity in SA-EU food trade (Section 6), followed by a conclusion.

The analysis and findings presented in this paper are based on desk review work and semi-structured interviews with a number of stakeholders in both South Africa and the EU, including from the private sector (retailers, industry associations, voluntary business initiatives), public sector, civil society (think tanks and NGOs) and circular economy initiatives (for a full list of interviewees, see Annex 1).

2. SA-EU Food Trade and Circularity in a Snapshot

2.1. South Africa-EU Food Trade

Even excluding the soon-to-depart United Kingdom (UK), the EU is South Africa's largest trading partner, and the second largest market for South African exports after the Southern African Development Community (SADC)². Between 2017 and 2019, the EU (excluding the UK) accounted for just under a fifth (19%) of South Africa's total exports. By comparison, China, South Africa's next biggest export market, accounted for 9.8% of South Africa's exports over this period.³ Food and beverage products represent a particularly important category of South African exports to the EU, accounting for 11% of South Africa's exports to the EU between 2017 and 2019. Other major South African exports to the EU include motor vehicles (32%), precious and semi-precious metals and stones (10%), ores and concentrates (9%) and machinery and machine parts (8%).

Between 2017 and 2019, South Africa exported an average of just over USD1.9 billion worth of food and beverage products to the EU (excluding UK) annually, representing about 21% of South Africa's overall food exports over this period. Other major markets for South African food and beverage exports include SADC (34%) and the UK (6%). Among South African food and beverage exports to the EU, the most important export products are citrus, fish and seafood, wine, grapes, avocados, other fruits (apples, pears, plums, cranberries), nuts (specifically macadamia), fruit juices and sugar (see Table 1).

¹ Other products and other food value chain stages, like farming, also provide opportunities for more circular practices, but that is beyond the scope of this paper. Nevertheless, the insights provided by this paper can also be useful for EU efforts to support circularity in SA - EU trade more broadly.

² Which accounted for almost a quarter (23%) of South Africa's exports between 2017 and 2019.

³ All figures in this subsection are based on own calculations using the ITC Trademap database and UN Comtrade and South African Revenue Service (SARS) statistics.

Table 1: South African exports to the EU, 2017-2019

Product group	Annual average value of exports, 2017-19 (USD millions)	Share of food and beverage exports
All products	17,149	
Food and beverages	1,903	
Citrus	420	22%
Fish and seafood	286	15%
Wines	267	14%
Grapes	208	11%
Avocados	62	3%
Apples and pears	61	3%
Fruit juices	59	3%
Macadamia nuts	40	2%
Sugar	35	2%
Plums	34	2%
Cranberries	34	2%
Prepared food and beverages	420	22%

Source: Own calculations using the ITC Trademap database and UN Comtrade and South African Revenue Service (SARS) statistics

Much of South Africa’s food and beverage exports to the EU involves raw, unprocessed fruits and other items generally transported in bulk (e.g. wine, sugar, fresh and frozen fish). Nonetheless, prepared foods and beverages, at least some of which require packaging prior to export, account for more than a fifth (22%) of South Africa’s food and beverage exports to the EU. Within this broad category, specific South African products that have witnessed steady growth in the value of exports destined for the EU over the past decade include fruit juices, pickles, jams and fruit purees and sweetened waters.

2.2. Packaging in South Africa - EU Food Trade

Interviewees indicate that a substantial amount of food products exported from South Africa to the EU is packaged in secondary and tertiary packaging in South Africa, while primary packaging is done in the EU.⁴ Whether produce is packaged in primary, secondary or tertiary packaging depends on the type of product and demand from the importer. Much of the prepared food leaves South Africa in primary packaging. Some unprocessed foods are also packaged in primary packaging in South Africa, for example table grapes, and then put in secondary and tertiary containers for shipping. However, many other food items exported from SA to the EU, such as citrus fruit and even wine, are packaged in bulk and then repacked in the EU in primary packaging. Transport costs are the major driver of bulk transportation. In addition, interviewees pointed to some agricultural products being packaged in bulk upon request from EU importers who are attempting to reduce their carbon footprint by importing products such as wine in lightweight plastic bulk containers to reduce the environmental impact, and then repackaging in primary packaging on-shore.

When considering circular economy opportunities in packaging, it needs to be understood what that entails. Packaging helps maintain freshness of fruits and protects against damage. Therefore, packaging sustainably doesn't automatically mean using less (complex) and more recyclable packaging material. Instead, sustainable packaging means having as little impact on the environment as possible, without compromising the quality of the packaged product (Netherlands Institute for Sustainable Packaging 2020). There is thus an inherent tension when looking at packaging from a circular economy perspective. On the one hand, packaging can reduce the ecological footprint of food trade, by helping to prevent food waste. On the other hand, it can increase the ecological footprint through the production, transportation and disposal of the packaging itself. From a circular economy perspective, these factors need to be weighed against each other to minimise the impact on the environment.

Strides have been made towards more sustainable primary packaging of products in the EU market, including in the packaging of fresh local and imported fruit and vegetables in recent years. While for South African exports to the EU much of this primary packaging is done in the EU, this also holds true for South African products getting their primary packaging in SA. For example, grape punnets have reduced considerably in plastic weight (interviews). Organic fruit is increasingly not packaged and is receiving laser labelling (RVO 2018). It is expected that the trend of a reduction in the use of plastics, an increase in the use of recyclable plastics, and other innovations will continue, such as the use of edible coatings, being trialled in South Africa by Hortgro Science.⁵

Interviews indicate that less emphasis has been put on more sustainable secondary and tertiary packaging than sustainable primary packaging. Reportedly, retailers in the EU are more concerned about primary packaging, visible to the consumer, than secondary and tertiary packaging. Furthermore, retailers don't always see the secondary and tertiary packaging, as many buy from EU importers rather than from South African producers directly, as further elaborated in the next section. Some secondary packaging innovations can be noticed though. An example is PalletPlast, which produces recycled plastic pallets used by the fruit sector, including for exports.

⁴ Primary packaging contains the final product that consumers purchase. Secondary is the packaging that contains multiple units of primary packages for transport and display purposes, whereas tertiary packaging is used for the shipment and distribution of primary and secondary packages (e.g. pallets, slip sheets, stretch wraps, etc.) (Wikström et al. 2014).

⁵ <https://www.hortgro.co.za/wp-content/uploads/docs/2019/12/fresh-quarterly-issue-7-december-2019-final.pdf>; and <https://www.cbi.eu/market-information/fresh-fruit-vegetables/trends#sustainable-sourcing-is-becoming-mainstream>

Box 1: PalletPlast

PalletPlast is a South African company that produces light weight plastic pallets that are 97% made from recycled PET bottles. It mainly uses coloured PET bottles, which are ignored by many recycling companies due to their low value. The pallets are recyclable. They have initially been tested in collaboration with Tesco and the local fruit sector. Producing equipment for the pallets includes amongst other things a mould from Portugal and a drying chamber from Germany. The company is a member of the SA Plastics Pact.

Sources: <https://www.agf.nl/article/9157358/pallets-gemaakt-van-weggegoide-plastic-flessen/>;
https://issuu.com/tohara/docs/sapt_feb-mar_2019/s/71672; interviews

Another example is the fruit grower marketing company, Afrupro⁶, that exports to the EU (and also supplies certain local clients in South Africa) in reusable IFCO shuttlebins (see Box 2).

Box 2: IFCO shuttlebins

IFCO is a supplier of reusable packaging for fresh fruit and vegetables, meat, poultry, seafood, eggs, bread, and other items from suppliers to retailers. IFCO supplies Reusable Plastic Containers (RPCs), made of recyclable plastic, in a closed loop system for users. IFCO products are used internationally, through a sustainable business model based on circular economy principles, operating an outsourced pooling system, where RPCs are used in a continuous loop. IFCO bins are hired out to producers for packing produce from the packhouse and when the produce arrives at the market, the crates are collected by IFCO to be reused again by being dispatched in subsequent cycles, creating a more sustainable supply chain.

Source: <https://www.ifco.com/the-ifco-way/smartcycle/>

It is to be noted that beyond anecdotal evidence, there is not much data on the volume and type of packaging in SA - EU trade. Harmonised System (HS) tariff codes only specify the nature of the good(s) traded, not their packaging. Information about packaging used in trade is not straightforward to acquire and is compounded by the fact that food is packaged and exported in different ways to the EU.

A 2017 report on Plastics Material Flow and End of Life Management in South Africa, conducted by the then Department of Environmental Affairs (now Department of Environment, Forestry and Fisheries) illustrated the complexity of quantifying imported and exported plastics, including plastic packaging. Typically, the quantity of plastic entering the country under different tariff codes can only be estimated if the plastic content and weight of plastic packaging of each product imported are known. Furthermore, there is a relatively high level of aggregation of tariff categories, as well as products reported in categories that cover a diversity of products, which makes the process of correctly estimating plastic content highly uncertain. This is exacerbated by the wide variety of products imported and exported containing and/or packaged in plastic, making it difficult to accurately determine plastic flows. In terms of food trade, the units in which trade data are reported presents a further challenge, particularly for primary and secondary packaging, where there is limited knowledge of the size and number of units imported and exported (Government of South Africa, 2017).

Regardless of the challenges, getting better insights into the volumes and types of packaging across the different categories of food products along supply chains is valuable. It can help identify bottlenecks and design targeted interventions. The SA Plastics Pact was established in January 2020 and its still-to-be-developed reporting system

⁶ Afrupro website: <http://afrupro.co.za/building-a-sustainable-agricultural-system/>

could play a role.⁷ Product-specific studies, involving quantitative and qualitative data collection, can also be useful.⁸ Blockchain technologies for tracking and tracing packaging could also potentially be used (see Box 3 for an example).

Box 3: Phiwe - an example to illustrate the potential of blockchain technology for tracking and tracing packaging

Phiwe⁹ is a digital solution which uses blockchain technology to collect and synthesise data from formal (municipal waste collection) and informal (waste reclaimers) systems. The data can be used by households to guide their decision making when separating waste. It can also be used as an automated waste management system for corporates to track their post-consumer waste, track their waste recording and reporting, and ultimately contribute to designing waste out of their value chains. The system is currently being piloted with Coca Cola, to track and trace the movement of their recyclable PET bottles. The technology could potentially be used to track and trace packaging generated in SA and disposed of in the EU, particularly since the momentum for developing product passports is picking up across a number of member states.

Source: Basadi Solutions Company Profile

3. Drivers

3.1. EU Policy Landscape

Transitioning towards a more circular economy is one of the key building blocks of the European Green Deal, Europe's new agenda for sustainable growth. In March 2020, the European Commission launched the new Circular Economy Action Plan, which provides an agenda for "a cleaner and more competitive Europe", as its title stipulates. It presents a series of initiatives along the entire life cycle of products, targeting for example their design, promoting circular economy processes, fostering sustainable consumption, and aiming to ensure that the resources used are kept in the economy for as long as possible. Within the broad agenda of the European Green Deal, the Commission has also launched the Farm to Fork Strategy in May 2020, which aims to make food systems fair, healthy and environmentally friendly. To support the implementation of the Circular Economy Action Plan and the related Farm to Fork Strategy, legislation will be put in place to ensure that products placed on the EU market are more circular and sustainable food systems are promoted. This includes new legislation as well as revisions of existing legislation. This section will discuss some of the pertinent policy initiatives with respect to food packaging that can potentially affect exports from SA to the EU.

Mandatory essential requirements for packaging

At present, the EU policy framework does not stipulate strict product packaging requirements. The current essential requirements allow packaging materials that can be recovered either in the form of material recycling, composting, energy recovery (incinerating), or are biodegradable (European Commission 2018a). This implies that any packaging material that can be incinerated for energy recovery would comply with the requirements, which holds true for most packaging material on the world market. However this is likely to change in the next few years as the Directive on packaging and packaging waste, previously revised in 2018, is currently undergoing another revision, which includes

⁷ The SA Plastics Pact requires tracking of plastic packaging on the local market, not exports. Nevertheless, the reporting system could be used to track plastic packaging of exports, which would be valuable as plastic waste is a global issue (interviews).

⁸ An ongoing product specific initiative to keep an eye on is an ongoing knowledge review of plastic use in the pome and stone fruit industries commissioned by Hortgro Science. It covers the entire value chain from packhouses to retailers with special consideration of the requirements of export markets. <https://www.hortgro.co.za/wp-content/uploads/docs/2019/12/fresh-quarterly-issue-7-december-2019-final.pdf>

⁹ Basadi Solutions Company Profile Phiwe <https://www.basadi-solutions.co.za/>

an adaptation of the mandatory packaging requirements for packaging placed on the EU market. These essential requirements pertain to all forms of packaging, including primary, secondary and tertiary.

The Circular Economy Action Plan gives some indication of what the revision might entail (European Commission 2020a). In particular, the criteria for reuse and recyclability of packaging will be defined. There is a possibility that certain types of packaging materials may be restricted, especially where alternative reusable products are available. It would also be considered to reduce the complexity of packaging materials, including the number of materials and polymers used. As a first step in the policy process a study on the effectiveness and shortcomings of the essential requirements was concluded in April 2020. While it is too early to ascertain what the essential requirements would look like exactly, the study may be a useful starting point to predict policy measures, as it identifies potential measures for reinforcement, and conducts a preliminary assessment of their likely impacts (European Commission 2020c). The European Commission is at the moment conducting a public consultation, which ends in January 2021.¹⁰ It is likely that the European Commission will issue a legislative proposal by the end of 2021. Thus, the way in which the revised packaging directive takes shape would be important for South Africa exporters in the coming years.

Extended producer responsibility (EPR)

The European Plastic Strategy adopted in 2018 announced that by 2030 all packaging placed on the EU market needs to be reusable and easily recyclable (European Commission 2018b). The previous revision of the directive on packaging and packaging waste in 2018 set targets for member states on the prevention, reuse, recovery and recycling, and return collection and recovery of packaging. As one of the ways to achieve these targets, member states must set up extended producer responsibility schemes (EPR) for all packaging waste. In essence, all companies placing products on the EU market are liable to contribute towards the recycling and treatment of the packaging waste. This can be done either individually by a company or through a participatory scheme managed by producer responsibility organisation(s) (PROs). EPR applies to all forms of packaging and to all economic operators that place their products on the EU market. The waste framework directive, which provides the legislative framework for EPR schemes, states that “member states may decide that the costs of waste management are to be borne partly or wholly by the producer of the product from which the waste came and that the distributors of such product may share these costs” (European Commission 2018c). This implies that producers in SA will be responsible for paying EPR fees on the packaging of their products, which may or may not be shared with distributors in the EU. The directive is to be transposed in national legislation in EU member states and will enter into force in 2024.

While it was not obligatory for countries to set up packaging EPRs, the majority of the member states already have such schemes in place. At present 26 EU member states have set up packaging EPR schemes, some of which have been in place since the 1990s (Watkins et al 2017). The systems vary across countries, and the way in which the EPR schemes affect South African actors depends on the different legislation in member states. The waste framework directive asks member states to use eco-modulated fees that allow discounts based on recyclability, reusability and durability of products. This seeks to incentivise companies to produce more sustainably. However, member states have flexibility to define the criteria for eco-modulation and decide the level of fees applied. While at present all member states exercise some basic level of eco-modulation of fees¹¹, the actual (eco-modulated) levels differ across countries (Watkins et al 2017). Schemes also vary, among other things, on the categories of packaging covered. The European Commission is in the process of creating guidelines on how to implement EPR to ensure harmonisation of criteria on modulation of fees and the level of fees applied. This may make compliance easier for South African companies supplying to different EU member states.

¹⁰ See: [Consultation on review of the Packaging and Packaging Waste Directive](#).

¹¹ Different fees per material type for example paper, glass and metal.

To provide a national example, Germany was one of the first countries in Europe to set up an EPR system. Since the Packaging Ordinance of 1991, a number of developments have taken place, including a move from a single non-profit producer responsibility organisation (PRO) to multiple for-profit PROs, which has reduced packaging and recycling costs (OECD 2016). The fee structure and system has also changed over time, moving towards greater consideration for the type of materials used. In the past, competing PROs have been free to choose their own fee structure. This changed in January 2019, when the Packaging Act (VerpackG), which replaced the Packaging Ordinance of 1991, obliged PROs to modulate fees according to recyclability (Hogg et al 2020). To provide PROs with a uniform framework to assess recyclability, minimum criteria for recyclability have been established (Zentrale Stelle Verpackungsregister 2019).

In a similar vein, taking the example of France, it is moving towards more advanced eco-modulation of fees in its EPR scheme for packaging. At present, there are different fee levels for different materials (for instance plastics, paper), together with penalties and bonuses for certain types of packaging. In 2019, the PRO in France published a proposal for further eco-modulation of fees, which has been applied since January 2020 (Hogg et al 2020).¹² This includes for instance a variable fee on plastics to reflect different degrees of recyclability, replacing a single fee for plastics. It also proposes to implement a periodically increasing penalty fee.

Food contact materials (FCMs) regulation

Of particular relevance to food supply chains, the implementation of the food contact materials legislation may be important for South African actors to keep an eye on. The legislation incorporates measures on circularity that require that strict procedures are followed to ensure food safety and consumer protection. It aims to ensure that food contact materials (FCMs) don't adversely affect human health and the quality of the food. FCMs are materials that are either "intended to be brought into contact with food, are already in contact with food, or can reasonably be brought into contact with food or transfer their constituents to the food under normal or foreseeable use" (European Commission 2004). It does not make a distinction between primary, secondary or tertiary packaging, which implies that it applies to all forms of food packaging from SA to EU provided that it fits the definition of FCMs.

In addition to the general legislation on FCMs, the European Commission has published specific legislation for different materials. The regulation on recycled plastics stipulates that only food-contact materials that contain recycled plastic obtained from an authorized recycling process may be marketed in the EU (European Commission 2008). Firms have filed a large number of petitions for recycling processes to be authorized. These petitions are first reviewed by the European Food Safety Authority (EFSA), which issues an opinion on the safety of a particular recycling process. The Commission then either grants or refuses authorisation of that process. At the moment, EFSA has adopted positive opinions on more than 140 processes but the Commission has not authorized any process yet.¹³ There is a significant backlog of processes to be authorized by the Commission. In the plastics strategy, the Commission has committed to rapidly finalizing the authorization of over a 100 safe recycling processes (European Commission 2018c).

As announced in the Farm to Fork strategy, the Commission will revise the existing food contact materials legislation to improve food safety and public health, as well as to support the use of innovative and sustainable packaging solutions (European Commission 2020b). At present, recycled packaging created through non-authorized recycling processes is subject to national legislation in member states (interviews). In practice, this applies to all recycled packaging since the Commission has not approved any processes. Once the revised regulation comes into force, possibly by early 2021, all recycled FCM packaging will have to comply with the EU regulation.¹⁴ This means that any

¹² See <https://www.citeo.com/le-mag/le-tarif-2020-pour-le-recyclage-des-emballages/>

¹³ See: [Presentation on the update of EU activities on Food Contact Materials \(FCMs\)](#)

¹⁴ Ibidem.

recycled packaging of South African food exports to the EU would need to comply with the rules of the recycled plastics regulation. Among other rules, the regulation stipulates that plastic input used in recycled plastics must originate from plastic materials and articles that have been manufactured in accordance with the legislation on plastic FCM (European Commission 2008).¹⁵ These requirements are likely to be stricter than those existing in South Africa and may thus act as a barrier to using more recycled plastics in food packaging for exports to the EU.

Single Use Plastics Directive

While the ban on single use plastics has received considerable attention in the EU and other parts of the world, including South Africa, the current legislation in the EU is not directly relevant for a large proportion of food products exported from SA to EU. The EU Directive on Single Use Plastics does not apply to “containers containing food in more than single-serve portions or single serve portion-sized food containers sold in more than one unit” (European Commission 2019a). As discussed earlier, it appears that a large portion of food is exported in bulk from SA to the EU, which makes it highly unlikely that any food items would be transported in single-serve containers. It may be possible that some of the processed food exported from South Africa to the EU is packaged in single-serve containers, but it is likely to be a small proportion. These products would still not be part of the 10 single use plastics banned by the directive. The only relevant provision would be the design requirements for beverage containers i.e. 25% recycled plastic in PET (Polyethylene terephthalate) bottles from 2025 and 30% in all plastic bottles from 2030.

Other policy measures beyond packaging

In addition to circular packaging, the EU Farm to Fork strategy addresses other parts of the food value chain to promote more circular and sustainable food systems. To illustrate, one area that has received increased focus is the promotion of organic food and farming, which is an important component of circular production practices. In this regard, the Commission will adopt an Action Plan on organic farming in early 2021. The action plan is aimed at increasing the area of organic farming in the EU; as well as stimulating demand for organic products. This provides a signal of the expanding market of organic produce in the EU, which South African producers can further tap into. In 2018, South Africa was one of the top ten exporters of organic fruit, fresh or dried (excluding citrus & tropical fruit) to the EU (European Commission 2019b).

In addition to the action plan, new organic legislation is expected to enter into force on 1 January 2022. It introduces regulatory changes both for production of organic products in the EU and for imports of organic products into the EU (European Commission 2018d). Among other measures, the regulation introduces simplified but stricter production requirements by phasing out a number of exceptions (to the criteria) which were allowed in the earlier legislation. Tighter precautionary measures and more robust checks will also be introduced along the entire supply chain. Producers of organic products outside of the EU will have to strictly comply with the same set of rules as those producing in the EU. This policy direction can be seen as an opportunity for SA food producers to export more organic products to the EU, while adhering to strict (yet simplified) criteria.

3.2. Other Drivers from the EU Side: Requirements put Forward by European Importers

While policy developments related to circular packaging are on the horizon in the EU and would affect SA exporters in the coming years, there appears to be little direct impact of EU policies on SA exporters' behaviours. While there is awareness about the overall shift towards moving towards greener approaches to production and consumption, specific policies do not seem to be on the radar of exporters. The Single Use Plastics Directive may be an exception, as actors in SA seem to be aware of the overall policy discourse on preventing the use of single use plastics. This may

¹⁵ This refers to the specific regulation on the use of plastic in FCM. See: [Commission Regulation \(EU\) No 10/2011 of 14 January 2011 on plastic materials and articles intended to come into contact with food.](#)

also be due to the fact that single use plastics are gaining attention in SA policy discussions and producers are increasingly aware of the need to limit the use of such plastics.

To a large extent, SA exporters' behaviour is dependent on the demands put forward by EU importers, which in turn may be driven by the EU's policy trajectory as well as changes in consumer demands. Importers are pre-empting future changes in policy and are also taking account of the growing interest of European consumers in more environmentally friendly products. Sustainability in packaging is increasingly being used by brands and retailers to compete in the market. Being the first to introduce new products, such as biodegradable bags, creates an opportunity for increased visibility and branding. Some companies, in their efforts to move towards more sustainable packaging, are engaged in multi-stakeholder initiatives such as national Plastics Pacts (in France, the Netherlands and the UK). Participation in the Plastics Pact helps them communicate about their commitment towards using fewer and less environmentally harmful plastics, as well potentially showing to policymakers that the market can solve the issue without stricter legislation. Furthermore, the pact helps companies meet their commitments by signing up to specific targets for plastic reduction. This in turn is added motivation to continue reforming business practices.

Apart from sustainable packaging, there seems to be a growing demand for organic products that promote biodiversity through organic farming. This is part of the overall push from retailers and importers to endorse sustainable agricultural practices more broadly, which contributes to their efforts towards reducing the environmental footprint of their value chains. As mentioned earlier, food exports increasingly need to meet stringent EU requirements and certifications on sustainability. While the EU's transition towards more sustainable food production can make it more difficult for South African producers to comply, it can present an opportunity and impetus for SA producers to invest in more environmentally sustainable agricultural practices.

In this context, private standards play an important role in ensuring South African exporters meet the requirements of European importers and retailers. One such certification standard which exporters are familiar with is the GLOBALG.A.P certification, which is the most widely accepted certification for 'good agricultural practices'.¹⁶ With respect to sustainable packaging specifically, there appears to be less emphasis on using recyclable and reusable materials in existing private standards, and there is greater focus on ensuring the effectiveness of packaging to prevent food loss. However, it is yet to be seen how these standards evolve with the changing EU policy landscape and evolving consumer preferences.

Relationship between SA suppliers and EU importers

There is divergence on the degree to which EU importers are communicating such requirements to food exporters from South Africa. Some respondents indicated that European importers/retailers have not communicated a particularly urgent or imminent need for SA exporters to change their practices or go beyond their current measures. Whereas others mentioned specific cases where retailers had either already implemented or were rolling out sustainability programmes (private standards) which would have a bearing on packaging. See for example the Tesco Nurture 10 scheme, presented in the box 4.

¹⁶ See https://www.globalgap.org/uk_en/for-producers/globalg.a.p/

Box 4: Tesco Nurture 10 (TN10) - an example of private sustainability standards with a bearing on packaging

Tesco Nurture 10 (TN10) is a certification scheme for producers supplying Tesco UK with fresh fruits and fresh vegetables. TN10 is designed to enhance and protect the Tesco brand. The general regulations for the scheme were published in 2010 and this standard is a requirement for all producers supplying Tesco with fresh fruit, vegetable and salad products. It seeks to make sure that the best agricultural practices are applied in the production of the produce.

The scheme comprises a list of environmental and social criteria which growers must comply with if there is an interest to supply the retailer and there are seven pillars underpinning the scheme, namely: (1) Rational use of plant protection products; (2) Rational use of fertilizers and organic matter; (3) Pollution prevention; (4) protection of human health and working conditions; (5) sustainable use of water, energy and other natural resources; (6) Recycling and re-use; and (7) Wildlife and landscape conservation and enhancement.

Since January 2017, the TN10 programme has become an additional NURTURE Module¹⁷ to the current GLOBALG.A.P framework; which illustrates the influence private retail standards can have.

Source: [SGS - Tesco Nurture 10 Certification](#); Interviews

To some extent, the level of communication between importers and exporters may be explained by the type of relationship between the two actors. In cases where exporters have a direct relationship with the retailer(s) there may be a higher likelihood that the retailer has communicated certain changes in packaging requirements. It appears that the larger SA producers may be supplying international retailers that are signatories of national or regional commitments, like the French National Pact or the UK Plastic Pact, and who are making an effort to align their supply chains by passing on requirements to their suppliers. For instance, Tesco (signatory of the UK plastics pact) aims to ensure that no packaging goes to waste, by ensuring that plastic is recycled as part of a closed loop, and non-recyclable or hard- to- recycle products are removed from the supply chain (interviews). Guidelines for this have been passed on to exporters. On the other hand, the same may not be true for the smaller producers who are not directly supplying EU retailers, but whose consignments are received in bulk by importing agents who in turn repackage the products based on their clients' (i.e. EU retailers) requirements. In addition, it is also possible that bigger retailers that have established direct relationships with exporters have more clout and leverage in influencing the behaviour of suppliers.

Type of product being traded

Moreover, the degree to which SA exporters are facing changing packaging requirements depends on the type of product being traded. As mentioned earlier, a large quantity of food is being exported in bulk and repacked in the EU, which involves secondary and tertiary packaging. Since there is more emphasis on primary packaging that the consumer sees, SA exporters do not appear to be exposed to a great degree to changes in packaging requirements on cartons, pallets and other forms of secondary and tertiary packaging. There is also much less use of plastics in secondary/tertiary packaging, which is a key area of focus in the circular economy discourse. As mentioned above, in cases where wholesalers receive food in bulk and repackage it themselves, the retailer would be less likely to be concerned about having to dispose of the cartons and demand packaging which is more environmentally- friendly to recycle. On the other hand, suppliers of food items that are exported in primary packaging seem generally more aware of the need to use more sustainable forms of packaging. For instance, the table grapes industry in South Africa has reportedly reduced plastics in packaging considerably over the last few years and is now experiencing a "last mile challenge" to further reduce plastic use in the remaining more complex components of packaging (interviews).

¹⁷ [Tesco NURTURE Module - Global G.A.P](#)

At the same time, it should be noted that while at present the focus is on sustainable primary packaging, secondary and tertiary packaging is increasingly receiving more attention. For instance, one respondent mentioned that in some cases the pallets in which the fruit is transported are made of plastics and that creates issues with the importers upon arrival in Rotterdam, as they are responsible for disposing of it. In addition, there is some concern that wooden pallets need to be made from environmentally sustainable sources of wood. There are instances where retailers in Europe are concerned about the source of the wood and require Forest Stewardship Council (FSC) certification.¹⁸

3.3. Overall Awareness of Circular Economy Concepts

While actors in South Africa appear to be less familiar with the general concept of circular economy, there is understanding of the different aspects of circular economy. In particular, exporters seem to be aware of the need to prevent food waste and the trend towards more circular use of plastic, even when they claim to know little about principles of circular economy. This highlights the importance of unpacking the concept of circular economy and making it more accessible for actors to understand and break down into practical goals to work towards. The concept of circular economy is sometimes considered too “aspirational and divorced from the reality on the ground” (interviews). By looking at the different layers of circular economy as well the tools used to achieve more circular business models (lifecycle assessments, supply chain management, material specification, etc.), it is easier for companies to identify entry- points and plan approaches that are responsive and pragmatic. On the European side, interviews indicate that retailers are disentangling the concept of circular economy and focusing on more accessible specific issues that nonetheless show commitment towards circular business practices.

In this regard, industry associations play an important role in helping companies understand circular economy principles. For instance, Hortgro, an industry association for fruit in South Africa, has established a knowledge base on circular economy, through its research arm, Hortgro Science.¹⁹ It has been collaborating with research institutions, universities and independent research facilities, to conduct research on areas that benefit their members. This includes responsible water usage, trends relating to plastic use, and alternative forms of packaging, among others. Another example is the Consumer Goods Council of South Africa, which notifies its members of any developments that are likely to affect their production process, including demands imposed by EU retailers.²⁰ A number of other producer associations also have established EU desks that oversee trade and marketing with the EU and are informed about all requirements, including packaging. The members are in the process made aware of both circular economy- related issues and imminent changes in EU policies in the field of circular economy.

3.4. Drivers from the South African Side

Developments around SA’s extended producer responsibility (EPR) are a milestone for the country in its circular economy journey. Other main policy developments are also discussed in this section, namely the 2019 White Paper on Science, Technology and Innovation (STI) and the Plastics Industry 2022 Masterplan for Growth that is being developed by the Department of Trade, Industry & Competition. The recent South African Plastics Pact and the South African food loss and waste voluntary agreement, hold promise to also serve as drivers towards more sustainable and packaging and circular food value chains in general.

¹⁸ FSC certification ensures that products come from responsibly managed forests that provide environmental, social and economic benefits. For more information see: <https://us.fsc.org/en-us/certification>

¹⁹ See: <https://www.hortgro.co.za/>

²⁰ See: <https://www.cgcsa.co.za/>

Extended producer responsibility (EPR) Scheme and how it fits with other policy measures

South Africa's drive for a circular economy was largely voluntary before the Department of Environment, Forestry and Fisheries (DEFF) in 2019 recognised the extended producer responsibility (EPR) as a strategic approach.

The key distinction between the former regime and this approach is that failure to comply with stipulated recovery, collection and recycling targets will be a punishable offence, which may, upon conviction, lead to an "appropriate fine", imprisonment for a period 15 years, or both (Cocker & Käsner, 2019). This addresses the concerns that SA's waste management achievements to date need the force of law to advance significantly further.

EPR schemes will be applicable for waste products from select industrial sectors, namely lighting, paper, packaging and single-use products, as well as electrical and electronic equipment. These are labelled as 'Priority EPR Sectors' and are crucial in the country's drive to eliminate waste generation (Pienaar & Werner, 2020). The plastics packaging industry has created four producer responsible organisations (PROs) which collectively support increased recycling of end-of-life plastics packaging. Current membership of the PROs comprises local manufacturers that pay levies, which are utilised to promote and encourage recycling. In order for the PROs to make a significant contribution to addressing waste streams, membership will have to be enforced for all producers of plastic products.

Some interviewees believe the EPR regulations, which are awaiting promulgation in April 2021, will have an impact on companies exporting to SA's trade partners, particularly if they contribute to the more environmentally friendly design of packaging materials. Progressive developments locally may build efficiencies in export value chains.

Interviews point to the drive towards circularity being novel in the country and while there is a broad acceptance that circular economy is a new area of growth, implementation could benefit from a more harmonised approach. In particular, there is a need for improved coordination among South African private actors and the public sector in effecting the broad-based change which is required to bring about social and economic equality.

In the case of the public sector, there are various initiatives led by different government departments which may create conflicting/ uncoordinated outcomes. The Department of Trade, Industry & Competition (DTIC), the Department of Environment, Forestry & Fisheries (DEFF), the Department of Water & Sanitation (DWS) and the Department of Mineral Resources and Energy (DMRE) all have aspects of circular economy in their mandates. However, policies don't appear to be harmonised and coordinated to bring about coherent outcomes across different government departments.²¹ In addition, the novel circular economy discourse in SA could benefit from government officials being more educated on circular economy-related methodologies and approaches applicable to the South African context, as the lack of coordination may very well be a result of limited expertise.

Furthermore, while attempts to achieve a 'secondary resource economy' are advancing, there is a preoccupation with eliminating waste, as opposed to designing existing waste out of value chains through incentives and subsidies for industry stakeholders.

The 2019 White Paper on Science, Technology and Innovation

Every five years, the Department of Science and Innovation publishes a White Paper on Science, Technology and Innovation (STI) which sets the medium- to long-term policy direction for the government to ensure that STI plays a growing role in supporting broader socioeconomic outcomes.

²¹ The challenge of coordination across departments for a coherent and effective policy mix to support a transition to a more circular economy is not unique to SA of course, as EU policy makers can vouch.

While identifying the circular economy as both a way to protect the environment and as a new source of growth, the White Paper calls for a stronger evidence base to understand the opportunities that the transition to a circular economy will yield for increased industrialisation (Government of South Africa 2019). The DSI's focus remains on building the requisite capacity for research, development and innovation (RDI), as this contributes to developing the evidence base on which industrial, environmental and societal decisions will be made in an attempt to meet global commitments.

The White Paper acknowledges circular economy policy developments in SA's key trade partners, such as the EU, and recognises the necessity for SA to be prepared. Various measures under the Green Deal have been assessed by the Department of Science and Innovation (DSI), including a product passport which stores packaging information. This has motivated a focus on design principles for more sustainable packaging. Even though these technological advances may not be legislated in SA, references in the White Paper illustrate that green requirements by SA's trading partners such as the EU can be an incentive for the South African government to support a move in the same direction.

Plastics Industry 2022 Masterplan for Growth

The DTIC started an initiative to facilitate growth in the manufacturing sector in 2019, which included the establishment of a Plastics Sector Desk at the DTIC and the development of the Plastics Master Plan.

It is unclear what implications the Master Plan, which was released in June 2020 (Government of South Africa 2020) and is still in draft form, will have on food value chains destined for the EU. The Plan makes mention of certain EU retailers' race to ban hard-to-recycle "black" plastic from their product ranges, and to accelerate the amount of recyclable material used in their supply chains. Other retailers are following suit and the Master Plan shares details on these developments. However, there is no link made to South African value chains which would be required to adapt to these ambitious targets by EU retailers, and would inevitably have a bearing on SA-EU food trade.

South African Plastic Pact

In 2019, the South African Plastics Recycling Organisation (SAPRO) and WWF, with the support of WRAP, initiated the SA Plastics Pact as a collaborative voluntary initiative with the goal of creating a circular economy for plastics packaging in conjunction with other local initiatives. The Pact was officially launched in January 2020, with GreenCape hosting the secretariat. It is the first pact on the African continent, joining the Ellen MacArthur Foundation's Plastics Pact network. The Pact has been founded on collaborative effort and convenes national government, businesses, municipalities, PROs, the informal and formal waste sectors, non-governmental organisations (NGOs), and key organisations in the plastics value chain. All stakeholders involved have signed up to a joint set of 2025 targets. Several SA retailers and brand owners have joined the platform to rethink and redesign plastics packaging to improve recyclability and include recyclable content (Government of South Africa 2020).

In line with what was discussed earlier in this paper, preliminary work by the Pact has highlighted an inherent data gap in terms of tracing packaging data and while internal research has looked into tracking imported resin and packaging (working with ITAC), there is a limited understanding of plastic flows which are used in product packaging. The Pact is currently finalising a study which explores quick wins in different categories of packaging to share impactful examples which could be adopted by interested stakeholders in meeting the voluntary targets of the Pact.

A key aspect of the Pact's work is to create alignment between the various initiatives happening in the country in order to ensure a more focused approach to circularity in the plastics value chain. The plastics industry and Government are essential to achieve optimum results and two initiatives which the Pact is committed to supporting are Plastics SA's Initiative to End Plastic Waste in the Environment as well as Operation Phakisa's Packaging

Guideline. The Pact provides advisory support in the design and development of guidelines and processes under Operation Phakisa and works closely with the respective working group under the Initiative to End Plastic Waste in the Environment.

In October 2020, the Pact released a roadmap which outlines vision, outcomes and activities to be undertaken in the coming years as it begins its operations in South Africa.²² Specific actions have been identified for members and supporters (such as government ministries and GreenCape as secretariat) of the Pact. Activities aim to achieve outcomes in two interim milestones (mid 2021 and end 2023), and final outcomes for 2025. The overarching targets are i) action on problematic or unnecessary plastic packaging through redesign, innovation or alternative (re-use) delivery models ii) 100% of plastic packaging to be reusable, recyclable or compostable iii) 70% of plastic packaging effectively recycled and iii) 30% average recycled content across all plastic packaging. It is thus far too early to assess results of the pact, but it seems well placed to act as a driver and deliver results, with a diverse and growing membership base, a strong secretariat, time bound targets and a clear roadmap with concrete activities to achieve those targets.

South African food loss and waste voluntary agreement

Food waste is a critical issue in South Africa and is increasingly receiving attention from government and private actors alike. It is estimated that nearly a third of the food produced every year in the country goes to waste.²³ It is also relevant here to note that 50% of the total food waste occurs in the agricultural and post-harvest stage, which indicates the critical need to address inefficiencies in this stage (WWF 2017). In response to this, the Consumer Goods Council of South Africa (CGCSA) in September 2020 launched the South African food loss and waste voluntary agreement which commits food manufacturers and retailers to reducing food waste. The agreement was developed by CGCSA in partnership with the Department of Trade, Industry and Competition (DTIC) and the Department of Environment, Forestry and Fisheries (DEFF) and was co-funded by the European Union through the SA-EU Dialogue Facility. The agreement will mark the beginning of a number of activities associated with food production, manufacture, retail, consumption and waste management. Signatories of the agreement are retailers, manufacturers, government departments and other stakeholders including recyclers and research organisations.

In October the implementation plan, outlining the vision and targets of the agreement, was launched. The overarching vision of the agreement is to halve food loss and waste in South Africa by 2030.²⁴ More specifically, retailers and manufacturers are committed to identify food waste/loss in their operations, develop strategies to reduce such wastage and partner with charities to distribute surplus food to the needy, while maintaining food safety at all levels. Government departments and other 'associate signatories' have committed to support actors in reducing food waste through research and legislative measures, as well providing services to redistribute surplus food. There is also a commitment to transform non-edible food to generate energy or compost. The overall target of reducing food waste by 50% in 2030 has been broken down into three implementation plans for different time periods (2019/2020, 2021-2022 and 2023-2030). In the first stage signatories focus will measure their food loss and waste, and develop a baseline figure. Based on these calculations, annual targets will be established and signatories will work towards agreed percentage reduction in food loss and waste. There will be an annual reporting mechanism together with a mid-point review of progress towards the 2030 goal. Specific thematic working groups (for instance for agriculture or distribution) will be formed to support and measure implementation.

In addition to concrete targets and rigorous monitoring frameworks to achieve the goals, the voluntary agreement provides a platform to exchange knowledge and best practices. The agreement has secured funding from the SA-EU

²² See: https://www.greencape.co.za/assets/ROADMAP_5_10_20.pdf

²³ See: <https://www.cgcsa.co.za/south-african-companies-close-signing-voluntary-agreement-reduce-food-loss-waste/>

²⁴ See: South African food loss and waste voluntary agreement: Implementation plan

Dialogue Facility to support the initiative, which included a study tour to Europe to exchange with European organisations implementing similar projects. The funding also included a research component to analyse the state of food waste in South Africa. Moreover, signatories of the agreement also include European companies operating in South Africa, such as SPAR and Danone. Thus, the agreement provides an opportunity for European and South African companies to support each other in achieving their food waste reduction targets.

4. Barriers

While stakeholders, in particular exporters, understand and appreciate the benefits of a circular economy, they weigh these advantages against other considerations, as discussed below.

Cost as a deterrent to move towards sustainable packaging

There appears to be a sense of fatigue among growers and exporters in South Africa on the increasing sustainability requirements from the EU, particularly amongst those operating linear business models. They claim that every year the “yardstick” of sustainability keeps getting pushed further, increasing production costs. Moving from one type of packaging to another is not considered straightforward, involving research costs as well updating of sophisticated machinery. For instance, in the citrus industry, biodegradable plastics and recyclable plastics are recycled by two different types of machines so packhouses wishing to comply with different requirements will need to invest in more than one type of machine, which interviewees claim is not economically feasible. While producers want to see tangible benefits from the undertaken research and investment, the issue of packaging tends to be seen as a benefit to society, with no immediate benefits (profit-related) for producers.

Relatedly, some exporters expressed a difficulty to match the pace at which changes are taking place in the EU in the field of circular economy. It is perceived that producers in the EU have had a head start in terms of rolling out more circular business models, while actors in South Africa and other developing countries need to catch up fast to the changing requirements of the EU market. What was ‘green’ a few years ago is now categorised differently, and often no longer suitable, requiring rapid responses from exporters. Whereas, producers in the EU may be more adept to respond quicker to the changing trends in circular food packaging. Reportedly, some importers from the EU arrange their own trials for new forms of primary packaging and request changes from South African exporters without consultation or mutual decision making (interviews).

Fear of losing consumer demand due to certain types of packaging

Related to the issue of cost, sustainable packaging needs to make business sense for the producers and increase the demand for their products. In some cases, producers' perception of consumer preferences may signal less sustainable choices. For instance, in some cases the need for heavy branding on packaging to attract consumers is given high priority despite the fact that such branding may entail the use of more ink, complex plastics/ multi-layered packaging and stickers which make packages more difficult to recycle. In other cases, producers fear that adopting more sustainable packaging will lower the economic value of the product in the eyes of the consumer, resulting in a loss of premium sales. For instance, heavier weight glass wine bottles may be associated with premium quality, but are more difficult to recycle as compared to lighter bottles. This points to the need for greater consumer awareness to raise the demand for sustainable packaging and ultimately reward producers for their investment. In addition, it may be important to test empirically the impact of different packaging options on consumer choices to support/verify the claims of producers, and to create more targeted solutions.

Trade-off between food safety and recyclable packaging

For South African exporters, the primary concern is to ensure that the food arrives fresh to the consumer, especially given the distance between SA and the EU. It is important for South African exporters that the use of more recyclable packaging does not compromise the shelf life of food and contribute to food waste. The distance between a grower in SA and a retailer in the EU necessitates packaging that can withstand the journey, retain the aesthetic condition of the produce and ensure food safety. As mentioned earlier, sustainable packaging is not just limited to recyclable packaging but also involves protecting the form and quality of its contents (i.e. food/ beverage) through the different stages of the value chain. South African exporters in the horticultural sector have expressed concerns over balancing the move towards more recyclable packaging/ the use of less packaging inputs, and maintaining food safety and freshness, and avoiding food waste.

5. Circularity and EU companies in South Africa

The paper so far has focused on circularity in food trade from South Africa to the EU, with particular attention on packaging. This section provides a snapshot of the experiences of a limited number of European companies in South Africa, servicing the local market. It highlights examples of transitions to more circularity and some key enabling factors. It is primarily based on four interviews (out of the total 26 interviews that have been conducted for this study, as listed in Annex 1) and related desk research.

Packaging

Although at different levels, packaging of food products in South Africa follows similar trends as in the EU: the consumption of pre-packed products is on the rise, while strides are being made towards more sustainable packaging. Reducing, reusing and recycling of food packaging has gained attention, including among European companies operating in the South African market. This is illustrated by European signatories to the SA Plastics Pact, such as Danone, SPAR and Unilever, who have thereby signed up to the Pact's 2025 targets (as described in Section 3 above).

Efforts towards more sustainable packaging predate the Plastic Pact, launched in January 2020. To illustrate, SPAR South Africa has run campaigns to reduce the use of plastic bags for the last six years. Danone reportedly started to promote recyclable packaging in South Africa around the same time, in 2015 (Danone 2020). It has had a global Plastics Policy since 2016, which was renewed in 2018 (Danone, 2018). One of the commitments in the renewed policy is that by 2025 all of Danone's packaging will be reusable, recyclable or compostable, which is in line with the SA Plastics Pact target.

Concrete examples of packaging innovations are the 100% recycled carrier bags of SPAR and the redesign of one kilogramme Danone NutriDay cups and Mayo sachets (see the box 5).

Box 5: SPAR carrier bags and Danone NutriDay cups and Mayo sachets

SPAR introduced a 100% recycled carrier bag in South Africa in 2018. In addition, all SPAR stores offer alternative options for shopping bags. This includes brown paper carrier bags, which are made from FSC certified materials, and are meant to help reduce single-use plastics. SPAR stores also offer locally-made woven shopping bags and a large 'taxi shopping bag' made from between 80% and 100% recycled materials (SPAR 2018).

Danone changed the design of its one kilogramme NutriDay tubs in 2019. It started using polypropylene instead of polystyrene and replaced the polymer-based polyvinyl chloride (PVC) shrink sleeve labels to 'in-mould' PP labels. These changes made the cups fully recyclable. Reportedly, in 2019 alone, this design change led to 770 tons less plastics going to landfill. Another example is the recent (October 2020) move away from multi-layered Mayo sachets to small Mayo cups that are laminate-free and enhance their recyclability (Danone 2020).

While seeking to reduce the use of polystyrene packaging, Danone also seeks to contribute to enhancing recycling opportunities in South Africa of polystyrene packaging still in use, in collaboration with others. In this context, it collaborates through the Polystyrene Association - of which it is a member - to use polystyrene waste to develop desks for early childhood development schools (interviews 2020).

An important enabling factor for such movements towards more circular packaging is collaboration among stakeholders. For example, collaboration between SPAR and other local retailers such as Pick n Pay and Shoprite enabled the move to recycled carrier bags. Environmental legislation in place prohibited the use of thin plastic bags and encouraged the use of thicker, more durable and recyclable bags. It led plastic manufacturers to increase volumes of chalk filler (from 7% to 25%- 30%), which resulted in thicker plastic. However, recyclers rejected these bags, as they sank during the recycling process, and thus ended up in landfills. A working group was set up to analyse and address this issue, consisting of retailers, the South African Plastics Recycling Organisation (SAPRO), Plastics SA, which represent all sectors of the South African plastics industry, and others. This resulted in an industry standard for the make-up of plastic bags, which sets the acceptable chalk filler at 8%, making them effectively recyclable (SPAR 2018).

In a similar vein, and as noted in the box above, Danone collaborates with others in the context of the Polystyrene Association of South Africa, to expand polystyrene recycling. The association brings together major players in South Africa's polystyrene manufacturing industry and other actors in the value chain, and seeks to increase the collection and recycling of polystyrene.²⁵

The SA Plastics Pact and the SA Food Loss and Waste Agreements are other examples of collaborative efforts. The decision to join these platforms was labelled by one of the interviewees as a "no brainer", to learn from others and work together to achieve common goals. All these examples illustrate that collaborative efforts - in different settings and for different specific purposes - matter, as packaging and other circularity issues cannot be addressed by one single actor alone.

Food loss and waste

Efforts to reduce food loss and waste have gained traction in South Africa recently. Both Danone and SPAR are currently identifying food loss and waste in their local operations (interviews 2020), which is indeed the first step laid out in the SA Food Loss and Waste Agreement. Data collection and analysis will be used to determine the

²⁵ See: <https://polystyrenesa.co.za/>

baseline and to design interventions to reach agreed targets. **Data is a key enabler to allow companies and other stakeholders to act effectively towards more circular approaches.**

In addition, a specific measure envisaged in the agreement is for members to “partner with charities to distribute surplus food to the needy, while maintaining food safety at all levels”. Danone has such a partnership with FoodForward SA, which delivers Danone products like yogurts and custards to communities in need.²⁶

Water use and renewable energy in processing and retail

Efforts are also being made by retailers and brands, including European companies, to reduce water consumption and increase the use of renewable energy in their direct operations.

This can be illustrated by the SPAR solar plant project for distribution centres in South Africa. It started in 2017 with the installation of solar panels on the roof of the largest distribution centre of SPAR in South Africa. Reportedly, a return on investment was achieved after one year. This incentivised SPAR to install solar panels on all six of its distribution centres in South Africa.²⁷ This example shows that circularity can make commercial sense, and that an alignment of commercial interests and environmental concerns can be an **enabler of circular economy transitions.**

An example related to water is Danone’s Boksburg factory, where the water consumption intensity has reportedly been reduced by 50% as compared to 2017. In April 2020, Danone launched a Water Policy, which seeks, amongst other things, to enhance water circularity in and around production sites (Danone 2020).

Sustainable farming practices

European companies in South Africa are also involved in efforts to enhance circular agricultural practices in South Africa. The Dutch company eLEAF and its FruitLook application is one example, which is presented in the box below.

Box 6: FruitLook

FruitLook provides intelligent satellite data, covering the Western Cape province, that can assist farmers in their water and production management. It gives insights into crop growth and actual water use efficiency. A variety of stakeholders use this open source data, including farmers, irrigation advisors and environmental organisations such as WFF. Fruitlook is delivered by eLEAF and its South African partner Blue North. It is funded by the Western Cape Department of Agriculture. In the initial stages, the European Space Agency also provided funding to help kick-start the process.

Sources: <https://www.fruitlook.co.za/>; <https://eleaf.com/?p=6225>; and interviews 2020

The FruitLook case illustrates the **enabling role a (local) government and EU co-funding can play.** The Western Cape Department of Agriculture, initially together with the European Space Agency, have allowed this technology to have a broad reach, as its funding permitted the data to be open source. More generally, various interviewees lauded the Western Cape government’s strong commitments to contribute to a more circular economy. It would be valuable for other provinces to play a similar role.

²⁶ See: <https://corporate.danone.co.za/about-us/covid-19-information.html>

²⁷ See: <https://spar-international.com/news/solar-energy-successes-at-spar-south-africa/>

6. Possible Entry Points for the EU to Support Circularity in SA - EU Food Trade

The paper has highlighted a number of barriers as well as opportunities to promote greater circularity in food trade between SA and the EU, focusing particularly on packaging. These represent points of entry for EU institutions, in particular through the delegation of the EU to South Africa, as well as EU member states through their embassies, to seek to support SA and EU actors to overcome the barriers and seize opportunities. This section provides concrete proposals in this regard.

In this regard, it would be important for the EU to start with identifiable and resolvable challenges and look at existing initiatives that respond to these issues. It may be more feasible to support ongoing initiatives, focusing on better exploring synergies between different activities. As mentioned earlier, circular economy principles are gaining attention in South Africa and several public and private initiatives have already been set up to support the transition towards more circular practices. There is a need to better align existing initiatives and join efforts to bring them to fruition, rather than adding new ones. There may also be a sense of fatigue from producer associations, retailers, and brand owners as they are already participating in several forums and initiatives. Moreover, in all proposed collaborative initiatives, the need to unpack the concept of circular economy is important. As mentioned earlier, actors find it more accessible if principles of circular economy are broken down into clear and identifiable issues that can be solved through targeted measures.

Enhancing opportunities for South African actors to provide input into EU policy processes

As discussed in Section 3, several upcoming EU policy initiatives will have a bearing on the packaging of products for food exports from SA to the EU. Based on the anecdotal evidence from interviews, private sector actors in South Africa are concerned about the lack of opportunities for them to input in policy processes in the EU that are bound to have an impact on their supply chains.

In this respect, better use can be made of consultation mechanisms for EU policies. The EU provides opportunities for stakeholders to participate in public consultations and various feedback mechanisms in particular stages of the policy cycle, which allows them to share their views on new initiatives, or evaluations of existing policies.²⁸ South African (and other non-EU) actors can also participate. This can help the EU to consider the implications of EU policies beyond the union's borders. In the context of this paper, the upcoming/ongoing policy revisions in the field of packaging provide concrete opportunities for South African actors to express their views.²⁹

The EU Delegation in South Africa can play an active role in this regard. It can proactively point South African actors to concrete opportunities to participate in public consultations. More broadly, the delegation could organise or contribute to meetings with relevant industry actors to discuss upcoming and ongoing policy initiatives, focusing on specific areas of concern. This would also allow businesses or their associations to seek clarifications on how they might be affected by certain policies. Furthermore, it would be an opportunity for the EU to hear from value chain actors about opportunities and challenges of compliance with EU policy changes, which can inform further activities of the EU delegation and representations of EU member states.

²⁸ This webpage provides an overview of ongoing (and closed) public consultations input: <https://ec.europa.eu/info/consultations>

²⁹ An example is the currently open [public consultation on the revision of the Packaging and Packaging Waste Directive](#)

Conducting circular economy tours and other activities for knowledge exchange and matchmaking

The EU and SA can benefit from knowledge exchange opportunities and matchmaking on circular economy issues, engaging both public and private stakeholders. Several initiatives have been taken in recent years on both sides, including circular economy tours, meetings and virtual seminars. For example, the circular economy mission to South Africa organised by the European Commission's Directorate General for the Environment in 2017³⁰. Another notable example is the EU-SA circular economy symposium and EU study tour organised by the Department of Science and Innovation (DSI), as discussed in the box below. Most recently, in September 2020, a virtual 'Climate Diplomacy Week' was organised under the Team Europe banner, which included a circular economy day.³¹ The platform provided an opportunity for South African and European actors to showcase promising circular economy initiatives. For instance, An Amsterdam-based company the Waste Transformers presented an innovative technology that allows clean energy and fertilizer to be produced from organic waste.³²

Box 7: SA-EU Dialogue on Circular Economy Symposium and EU study tour

In 2019 The Department of Science and Innovation (DSI) hosted an "SA-EU Dialogue on Circular Economy" symposium followed by an EU study tour to understand how science, technology and innovation can contribute to the transition towards a circular economy in South Africa. The symposium was attended by 120 South African and European stakeholders both from the public and private sector. The purpose was to expose South African audiences to EU expertise as well as to expose to EU delegates South African circular business examples.

Following the symposium, South African actors (public sector and NGOs) travelled to a select number of EU member states and visited various organisations (companies, research institutes, NGOs) and met with government officials to understand what different stakeholders have been doing in the field of circular economy. The mission not only connected South African and European actors, but also helped South African actors to find avenues to join circular economy discussions within the country (interviews).

Source: [DSI webinar on circular economy 2.0](#), 19th August 2020

Similar activities could continue to be organised, providing concrete opportunities for European and South African companies to connect. More focused sessions and tours specifically on the food value chain may be considered. Industry associations can play an important role in helping connect South African companies to knowledge sharing and matchmaking initiatives. Such activities are in line with the EU's Circular Economy Action Plan, which states that circular economy outreach activities will be stepped up, including circular economy missions (European Commission 2020a).

Facilitating research to inform to circular economy innovations, such as the transition to more sustainable packaging solutions

Investment in research of sustainable packaging solutions is important to support producers in South Africa in making the transition towards more circular packaging choices. As mentioned in section 4.1, cost is one of the key barriers for producers to use more sustainable forms of packaging. It would thus be beneficial to explore innovative and cost-effective packaging solutions that can address complex industry wide issues, which individual companies may not have the capability or motivation to do given that sustainable packaging is sometimes considered a public good and not a source of profit for companies. In addition, there is a need to better understand the links between a particular type of packaging and its effectiveness to maintain food quality, factoring in the distance between an

³⁰ See: https://ec.europa.eu/environment/international_issues/missions_en.htm

³¹ See Climate Diplomacy Week

³² See <http://www.thewastetransformers.com/>

exporter in SA and a retailer in Europe. This would facilitate companies to more precisely ascertain the potential trade-offs between sustainable packaging and food loss.

In addition, as earlier mentioned, getting better insights into the volume and types of packaging in SA - EU trade is valuable to identify bottlenecks and design targeted interventions. Research can be dedicated to identifying the packaging material used across the different categories of food products along supply chains. The box below provides an example of an existing initiative on pome and stone fruit. Specific studies on packaging of food products exported to the EU may be valuable.

Box 8: Hortgro Science

The earlier mentioned case of Hortgro Science is a good example of an industry association conducting research that aims to benefit the industry as a whole. A product-specific initiative worth following is an ongoing knowledge review of plastic-use in the pome and stone fruit industries commissioned by Hortgro Science. It covers the entire value chain from packhouses to retailers with special consideration of the requirements of export markets.

Hortgro Science has also established a working group with producer associations and members of the SA Plastics Pact. Topical issues relating to packaging are tabled at the engagements and guidance is shared with members on global developments which reduce impact, while ensuring food quality.

Source: [Fresh Quarterly, December 2019. Hortgro](#)

Horizon2020 and its successor Horizon Europe can provide such research funding opportunities related to packaging and circularity in food value chains more generally to South African actors, possibly in collaboration with EU actors. The Horizon2020 Green Deal call launched in September 2020 is particularly worth noting in this regard.³³ The EU Delegation in South Africa could play a role in informing South African actors about such opportunities.

Allowing the SA Plastic Pact and SA Food Loss and Waste Agreement to inform EU interventions

As mentioned earlier, the recently launched South African Plastic Pact is an important step in bringing various stakeholders together to accelerate the transition towards a circular economy for plastics. The pact's 2025 targets and the roadmap with concrete actions to achieve those targets provide insights into the priorities of South African stakeholders to tackle plastic waste. Similarly, the SA Food Loss and Waste Agreement and its implementation plan set out the priorities of stakeholders in South Africa to tackle food loss and waste. These frameworks can usefully guide interventions of the EU and its member states, such as the type of private sector investments they seek to leverage through blending operations in South Africa.³⁴ For example, in light of the SA Plastic Pact's envisaged expansion and upgrading of the recycling sector, EU investments could be directed towards that. The EU could pay particular attention to exploit opportunities that the pact offers to enhance trade and investment opportunities between SA and the EU.

In the EU, a number of national plastic pacts were developed first, followed by the launch of the European Plastics Pact in 2020 to tackle regional issues. The same is being considered as a valuable next step by various interviewees, namely for a regional pact to be developed on the African continent in due course.³⁵ It has been noted by interviewees that the European Plastic Pact could provide valuable insights for a regional pact on the African

³³ See the press release on the European Green Deal Call: €1 billion investment to boost the green and digital transition.

³⁴ EU funding or other type of support for activities incorporated in the pact's roadmap would complement contributions of pact members. Plastics Pacts in different countries have followed different models of financing, involving a mix of funding from both public and private sources. The South African Plastics Pact is currently funded primarily member fees for companies. More private and public funding will need to be generated for the implementation of the roadmap. (interviews).

³⁵ This could bring together SA and neighbouring countries; or SA and countries across the African continent.

continent, while taking the local context into account. The European Commission and/or governments of EU member states could facilitate such information sharing and exchanges, for mutual learning.

Collaborating to promote circular economy principles internationally

The EU and SA can also join forces at the international level to promote a global transition towards a circular economy. This can be done through various fora and at various levels.

The EU has an interest in intensifying its cooperation with the African Union and its members on the green transition.³⁶ SA-EU collaboration can contribute to advancing this agenda at the continent-to-continent level, given the circular economy interest and efforts of the South African government and other actors. The upcoming EU-AU summit in 2021 and the discussions leading up to it are a specific window of opportunity, even more so with SA holding the chairmanship of the AU up until February 2021. The EU and SA can seek to inform continental collaboration in particular areas within the broad field of circular economy, one of which could be circularity in global food value chains.

EU-SA collaboration at the global level could encompass, amongst other things, the establishment of a Global Circular Economy Alliance and its rollout. The EU is advocating for such an alliance to identify knowledge and governance gaps in advancing a global circular economy and to take forward partnership initiatives (European Commission 2020a).

The SADC-EU Economic Partnership Agreement and development cooperation for (circular) trade

The SADC-EU EPA is a relevant instrument for promoting circularity in SA-EU trade (and circularity in South Africa more broadly). Although the EPA does not specifically mention circular economy or any specific circular economy-related measures, it does reaffirm the parties' ambition to promote sustainable development, and to cooperate and exchange information on efforts towards this ambition. As such, the EPA offers various entry points for promoting circularity (Kettunen et al. 2020).

For instance, under the EPA, specific South African processed food and beverage products have preferential tariff rate quota (TRQ) access to the EU market. For some of these products - namely fruit purees and preserved fruits, frozen orange juice, apple juice, wine and ethanol - allocation of quotas is done by the Department of Agriculture, Land Reform and Rural Development (DALRRD, previously the Department of Agriculture, Forestry and Fisheries). Quotas are allocated by DALRRD based on various criteria including the applicant's market share and Broad-Based Black Economic Empowerment (BBBEE) status (Kaziboni 2020).³⁷ Since DALRRD already considers non-trade-related issues such as these as relevant to quota allocation, it could also theoretically introduce additional criteria relating to the environmental sustainability - or even circularity - of the product(s) for which allocations are sought.

The EPA also offers an entry point for promoting trade-related development cooperation that both supports EPA implementation, and promotes sustainability objectives such as increased use of circular economy principles and practices by South African producers and exporters. The Trade and Development Committee established under the EPA is empowered to establish special technical groups to address matters relevant to EPA implementation (which could include the promotion of sustainable and circular SA/SADC-EU trade), and to make recommendations on development cooperation priorities set out in the agreement and the inclusion of new priorities (which again, could

³⁶ In March 2020, the EU put forward its vision for the future of its partnership with Africa in a joint Commission-EEAS communication titled "[Towards a comprehensive strategy with Africa](#)". Green transition is one of the five key areas in which the communication proposes to intensify cooperation.

³⁷ A company's B-BBEE status relates to its level of compliance with the South African government's B-BBEE Programme to enhance the participation of black people in the South African economy.

involve circularity, or sustainability more broadly).³⁸

Finally, the EPA provides for different types of dialogue that could be relevant to promoting circular SA/SADC-EU trade, and circularity in South Africa in general. It provides for state parties to exchange information on environmental and other sustainability issues, which could promote information sharing about circular economy-related regulatory trends relevant to SA/SADC-EU trade. The EPA also provides for multi-stakeholder dialogue involving EU and South African businesses and civil society actors, including through an ‘agricultural partnership’ established by the EPA.³⁹ The EPA itself is due for review next year, and this provides an excellent opportunity for dialogue to explore opportunities to include provisions on circularity (and environmental sustainability more broadly) in the EPA. Doing so could help stimulate increased trade-related development cooperation to promote circularity by South African firms and more circular SA/SADC-EU trade.

7. Conclusion

The paper has highlighted opportunities for promoting circular economy principles and practices through SA-EU trade, with particular focus on packaging. It laid out policy developments in the EU and in SA, such as extended producer responsibility schemes on both sides, which are key drivers for change. Private standards are another key driving force, propelled by changing consumer preferences and expectations of policy changes. Collaborative efforts through industry associations (e.g. Hortgro, NBI) and multi-stakeholder initiatives (not in the least the SA Plastics Pact and its European counterparts, as well as the SA Food Loss and Waste Agreement) are well placed to play an important supporting role. This includes helping understand circular economy principles and how to apply them, gathering qualitative and quantitative data, setting goals and fostering joint actions to tackle issues that one single actor can’t address alone.

The paper has also shown that strides have been made in recent years towards more circularity in packaging of SA – EU food trade. Examples include reduced and better recyclable plastic packaging of South African table grapes as well as the use of light-weight recycled plastic pallets for secondary packaging. There is scope for further progress on primary packaging, but possibly even more so for secondary and tertiary packaging that have received less attention so far.

Furthermore, the paper has highlighted examples of circular approaches of European companies operating in South Africa, in packaging, but also in areas such as food loss and waste, water use and renewable energy. These examples illustrate that circular economy opportunities exist along food supply chains from production to the end consumer. Key enabling factors include: (i) collaboration; (ii) data; (iii) alignment of commercial interests and environmental concerns (i.e. a clear business case); and (iv) a supporting role of (local) governments and international partners, such as EU institutions or member states.

Specific entry points for further EU efforts to support circularity in SA- EU food trade, which have been presented are:

- Enhancing opportunities for South African actors to provide input in EU policy processes;
- Conducting circular economy tours and other activities for exchange of knowledge and matchmaking;
- Facilitating research to inform circular economy innovations, such as the transition to more sustainable packaging solutions;
- Allowing the SA Plastic Pact and the SA food loss and waste agreement to inform EU interventions;

³⁸ Art. 103.3.

³⁹ Art. 68.3.

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- Collaborating to promote circular economy principles internationally;
 - Prioritising circularity and development cooperation to promote circular trade under the SADC-EU EPA

The EU-SA Partners for Growth Programme could facilitate engagement between EU and SA stakeholders and develop approaches that take advantage of these entry points. The Programme has scope to plan immediate advocacy activities that bring together EU and South African businesses, policymakers and other relevant stakeholders to raise awareness around the EU's Circular Economy Action Plan (and related EU instruments and trends) and identify opportunities to promote circular economy approaches in South Africa.

While the paper has focused primarily on avenues for the EU to support more sustainable packaging in South Africa, it could also provide inspiration to promote circularity in other stages of food value chains. Indeed, while sustainable packaging is an important component of circular food value chains, there are several other aspects of circularity that also present opportunities. This relates to the use of renewable energy, organic fertilizers, resource-efficient farming techniques and computerised logistics, to name a few areas. Promotion of circularity in packaging and beyond can help SA producers seize export opportunities provided by the EU – SADC EPA, while contributing to preserve our planet for future generations.

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Annex 1: List of Interviewees

Name, title	Organisation
Chris Whyte, Country Lead South Africa Chapter	Africa Circular Economy Network
Sila Louw, Sales Manager	Afrupro Exporters
Leon Mol, Director Product Safety & social compliance, board member amfor	Ahold Delhaize
Zakhele Myeza, Director - Operations	Basadi Solutions
Robinson Blake, Senior Strategist	Circle Economy
Deon Joubert, Special Envoy EU - Market Access	Citrus Growers Association
Matlou Setati, Sibulela Ngeniswa, Michelle Padayachee Tshokologo Mangwale	Consumer Goods Council of South Africa
Leanne Kiezer (Scientific and Regulatory Affairs Manager), Marlinie Kotiah (Director), Henk van der Hyde, Saaima Natha, Diane Naicker	Danone SA
Mathias Hultgren, First Secretary for Economic and Commercial Affairs	Embassy of Sweden in South Africa
Maja Desgrees du Lou, Policy Officer Packaging Natalija Dolya, International Relations Officer	European Commission, DG Environment
Greta Borg, Legislative Officer Bastiaan Schupp, Legislative Officer	European Commission, DG Sante
Ivano Casella	European Commission, DG Trade
Toto Matshediso, Deputy Director: Strategic Partnership Department of Science and Technology Henry Roman, Director: Environmental Services and Technologies Department of Science and Technology	Government of the Republic of South Africa, Department of Science and Innovation
Kirsten Barnes, Project Lead: South African Plastics Pact	GreenCape
Jacques du Preez, Trade and Market Access	HortGro
Maurits Voogt, International Business Developer	HydroLogic
Marianne Kettunen, Principal Policy Analyst and Head of Programme Global Challenges and SDGs	Institute for European Environmental Policy
Geeta Morar, Senior Analyst Mmaphefo Thwala, Water Project Manager	National Business Initiative

Jack Vera, Agricultural Counselor	Netherlands Embassy in South Africa
Marcel Keuenhof, Sustainable Packaging Expert	Netherlands Institute for Sustainable Packaging
Ferdie Botha, Chief Executive Officer	Raisins South Africa
Dawie Moelich, Manager, Technical and Market Access	South African Table Grape Industry
James Lonsdale, Group Sustainability Manager	SPAR Group LTD South Africa
Lorren de Kock, Project Manager Circular Plastics Economy	World Wildlife Fund
Michael Mokhoro, Wine and Brandy Industry Stakeholder Relations Manager	Wines of South Africa
David Rogers, Head of International Resource Management	WRAP