

## POLICY BRIEF

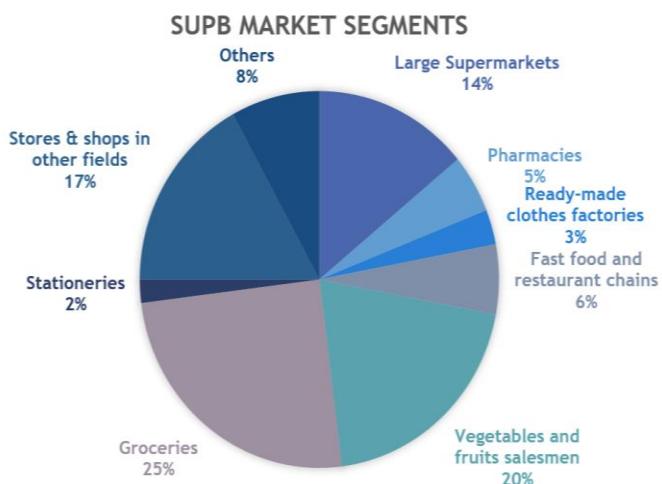
# POLICY MEASURES TO ADDRESS SINGLE-USE PLASTIC BAGS (SUPB) IN EGYPT

APRIL 2020

### BACKGROUND

In Egypt, the consumption of plastic bags is unrestrained at an average of 124 bags per capita in 2015, equivalent to 12 billion in total per year, increasing to reach an estimated 14 billion plastic bags in 2019 according to estimates of Egypt's Plastic Technology Center of the Ministry of Trade and Industry.

The top 5 consumers in Egypt are groceries (25%), fruits and vegetables kiosks (20%), stores and shops (17%), large supermarkets (14%), and fast food and restaurant chains (6%). The main environmental concern is littering, implying impact on the Nile, the Mediterranean Sea, and the Red Sea, as well as the urban environment and other natural ecosystems.



There have been a number of initiatives in the past, but have not been sustainable due to the lack of a supportive legal and regulatory framework and lack of alternatives. Alternatives could be biodegradable plastic bags, paper, reusable shopping bags from various materials (i.e. textiles, woven and nonwoven polypropylene, etc). Several voluntary initiatives by retailers took place as well, such as Carrefour promoting reusable bags and imported eco-friendly bags and Metro-Kheir Zaman also offering alternatives throughout 2013-2014 to boost awareness.

Consequently, a National Initiative for Reduction of Plastic Bags Consumption in Egypt has been launched by the Ministry of Environment in the World Environment

Day on June 5, 2017. This was a partnership between the ministry, the United Nations Environment, and Center for Environment and Development for the Arab Region and Europe (CEDARE).

Much progress has taken place over the following years, ultimately leading to bold decrees issued by the Governorates of the Red Sea and South Sinai in 2019 to restrict single use plastic bags among other single-use items, with grace periods of three months for compliance.

### APPROACH

This brief builds on a situation analysis conducted throughout Jan-Feb. 2020, providing a revised set of recommendations for the policy options and measures to reduce the consumption of single use plastic bags and promote other alternatives in Egypt, and recommend the roadmap for the way forward.

The scope of the policy brief covers only the reduction of the consumption of light polyethylene plastic bags which are of thickness below common thresholds that are imposed globally (15-50 microns) used to carry goods and provided free of charge to consumers. They are single-use in the sense that they are likely to be used once, although sometimes also used as bin-liners and other very limited re-use cases.

The core objective is to address SUPB littering as the main impact category of concern.

**Objective:** Limiting likelihood of carrier bags littering (windblown and other) in the marine, river, urban and rural environments and sensitive ecosystems, and facilitating collectability.

A series of consultation meetings and visits took place during January-February 2020, including visits to case-study cities in the Red Sea and South Sinai governorates, to incorporate the perspectives of key stakeholders; including retailers, plastic bags manufacturers, raw materials importers, representatives from government, and civil society organizations, and a team of experts developed the recommendations provided herein and validated with the relevant stakeholders.



## PLASTIC INDUSTRY OVERVIEW

**Industrial players:** 4,890 registered plastic processing units; 40 % small-scale plus *informal* micro producers.

**Employment:** ~524,000 people directly or indirectly

**Common plastic bags (SUPB) producers:** ~1400 *formal* factories (yet, *informal* sector not assessed; experts suspect size up to 4 times or more in some governorates)

**Growth:** Expected annual growth ~ 8% from 9.35 Billion USD in 2019 to 14.6 Billion USD by 2025 according to forecasts of the Plastic Technology Center.

**Consumption:** Egypt consumed 9.35 billion USD in plastic products and materials in 2019, with a growth rate of about 10%. Packaging industry accounts for 38% of the total consumption of raw materials of plastics.

**Import dependence:** The sector is characterized by import dependence; 70% of PE is imported.

**Cement industry opportunity:** In another relevant sector, the cement industry is specifically vibrant, and offers an opportunity for contribution to the collection and co-processing businesses for waste use.

## CHALLENGES & OPPORTUNITIES

1. **Achieved awareness and adaptation:** Awareness about the negative impacts of plastic bags has been greatly *improved* over the past years; however, awareness about alternatives and environmental impact of alternatives, trusting labels, as well as understanding needed lifestyle adjustments are all remaining challenges.
2. **Economic implications of reduction of plastic bags use on formal and informal business:** It is expected that there will be strong lobbying against this initiative by the informal sector which constitutes a majority as this would be perceived to adversely impact their production and sales in the local market.
3. **Defining what is “environmentally friendly” and what is “biodegradable”:** the retailers are in controversy over what is biodegradable, and authorities are likewise concerned over such controversy in Egypt and also globally.

A key turning point defining the current discussions has been the ban of a controversial alternative (oxo-degradable plastic bags) in the EU in 2019, which

was formerly available in the market:

*Member States shall prohibit the placing on the market of the single-use plastic products listed in Part B of the Annex and of products made from oxo-degradable plastic.*

- Directive 2019/904/EC, Article 5

Agreement on the position towards the suitable globally recognized certifications for biodegradability are therefore of primary interest in the current stage of discussion. This evidently may differ in various countries (e.g. GCC countries maintaining different positions). In Egypt, this revolves around the key local concerns that motivate this (i.e. river/marine environments and drainage systems) and current context, which requires alternatives, *within* the range of biodegradable products, that are of least *persistence* in the environments of concern in Egypt.

4. **Promising business opportunities to emerge, but quality control and enforced standards are prerequisite:** There could be opportunities in expanding local manufacturing to produce biodegradable bags, non-woven fabrics, and multi-use plastic bags and existing factories should be supported to transform its production with least change possible in technology and costs.

However, standards must be set in place to avoid inferior quality of alternatives that may render them ‘single-use’ products as well. This was experienced in some cases in African countries such as Rwanda and Kenya with unwoven polypropylene bags, which did not demonstrate multi-usability as intended since the necessary quality was not maintained.

5. **Positive and negative socio-economic impact trade-offs:** Egyptians view the ‘plastic bag’ as a ‘product’ in its own right, and banning free retail distribution would at least initially be faced by much resistance. Enhanced awareness about the adverse socio-economic impact on agriculture and tourism, etc., may be an important trade-off to emphasize in awareness raising messaging.

In consultation sessions in Dahab city and Hurghada, the impact on tourism was repeatedly noted as the most important justification of restrictions. Other adverse impacts can also justify the trade-off in cities along the Nile and its delta as well, considering impact on farmers and vulnerable groups of society in



rural areas.

6. **Quantification, measurement, management challenges:** One cannot manage what one cannot measure. Among key challenges in diagnosing the challenges of SUPBs is the limited information about stocks and flow of plastic bags as well as the mapping of the formal and *informal* sector, which all remain subject to rough estimations, rather than extensive information surveys and sampling surveys, as well as monitoring and evaluation of programs for interventions, policy impact assessments, etc.

## GLOBAL EXPERIENCES

The international experience has demonstrated the importance of regulations in changing the consumer behavior and achieving significant reductions in the consumption of SUPBs. A global overview of measures up to 2018 indicate the following:

- 127 countries introducing some form of regulation for plastic bags,
- 83 banning free retail distribution (most common)
- 27 banning specific products, materials, etc.,
- 43 having *elements* of Extended Producer Responsibility (EPR) in place (including deposit-refunds, product take-back, and recycling targets).

Common measures pursued globally are as follows:

- Thickness thresholds/requirements,
- Material composition requirements,
- Reusable bags mandates,
- Exemptions within bans,
- Taxation on manufacturing/production/import of plastic bags,
- Imposed levies/fees at a national level,
- Extended Producer Responsibility (EPR), fiscal incentives, and other measures.

The most common measure, as a common 'first-step' for many countries is *banning free retail distribution of plastic bags*, which is a measure often accompanied with a minimum thickness requirement for carrier bags to enable multi-usability among other advantages of improved specifications (e.g. easier collection, less likelihood to travel far by wind, etc.) Accordingly, the next step in Egypt to truly enable the practical implementation of

such measures is to address the primary 'bottlenecks' along the path toward the SUPB-ban transition, which are identified as follows:

*Establish the enabling legal framework and develop the accompanying technical capacity*

This would also in turn lay the foundation for potential industrial development associated with the provision of alternatives, such as improved multi-use bags of various types and ramp-up of existing supply, as well as developing the market for a range of biodegradable plastics deemed acceptable.

## ENABLING LEGAL FRAMEWORK & TECHNICAL CAPACITY

Several options for the development of the necessary legal framework have been investigated and presented herein, concluding with the recommended scenario.

### SCENARIO 1: ISSUING A "SPECIAL LAW" TO DEAL WITH SUPB AND EXECUTIVE REGULATION FOR TECHNICAL DETAILS; SPECS, STANDARDS, EXEMPTIONS, ETC

A dedicated law is a very strong legal tool with capacity for extensive details and appropriate penalties, but can take up to 2 years or more due to the process requirements (e.g. preparation, consultation, specialized committees at the parliament, voting, etc).

### SCENARIO 2: SPECIAL LEGAL ARTICLES ADDED TO THE SOLID WASTE DRAFT LAW ALREADY BEING PRESENTED BEFORE THE EGYPTIAN PARLIAMENT.

A practical approach that leverages a window of opportunity. This provides a strong legal tool offered by a legal article that can be used to regulate dealing with the issue of SUPB restrictions within an existing relevant law-in-process, and can include administrative and criminal penalties (fines and imprisonment).

According to global best practices and in consideration of stakeholder consultations and contextualization for Egypt, this article shall offer the following:

- Regulating the import, export, sales, manufacturing, trade, storage, free distribution, and disposal of SUPB,
- Details, including exemptions, subsequently set by Executive Regulations,



- Defining roles and responsibilities, and referring to subsequent Executive Regulations.

The challenge: Issuance of the hosting law (unified SWM law in process) may take 6-12 months or more.

#### SCENARIO 3: A 'DECISION' BY THE PRIME MINISTER REGULATING THE HANDLING OF SUPBS

A plausible immediate-action approach: issuing through the council of ministers. This can include administrative sanctions (e.g. suspension of the activity and closure of the facility) but no criminal penalties, i.e. a compromise between speed and strength of the legal tool.

Time required is 3-5 weeks, and is suitable if the awareness about the topic and available alternatives is already at an acceptable level of readiness.

#### SCENARIO 4: REPLICATING THE EXPERIENCES OF THE GOVERNORATES OF "SOUTH SINAI, "RED SEA" IN THE REST OF EGYPT

More similar decrees allow governorate-level regulation (tailoring to local needs, also requiring 3-5 weeks only), but Governor decisions cannot include criminal penalties. Furthermore, a risk of lack of consistency/coordination, etc., is of concern due to limited coordination capacity (e.g. there is current misalignment of thickness limit requirements among other discrepancies), limited technical capacity, enforcement, etc., which would otherwise be available in the case of national-level interventions and law.

#### SCENARIO 5 {THE SELECTED SCENARIO}: COMBININATION OF PRIME MINISTER DECISION + ARTICLE IN UPCOMING SWM LAW (SCENARIO 2 + 3)

A prime Minister decision for the sake of time and sustaining progress so far, and parallel inclusion of an article in the upcoming SWM Law to leverage the existing opportunity, within adequate time. The Law would refer to Executive Regulations that are to be developed at later stages.

Building on expert evaluation and stakeholder consultations, Scenario-5 was developed and concluded

as the recommended way forward. This would be a background process for the ongoing actions addressing SUPBs, such as ongoing awareness-raising and improved provision of alternatives, certification capacity, etc.

#### CROSS-CUTTING: TECHNICAL CAPACITY BUILDING

The other limiting factor is the status of technical capacity and empowerment to develop standards, set specifications, test, certify, monitor, evaluate, and innovate as necessary, all to meet challenges of the local context and needs, and to critically assess international best practices. This involves lab facilities and research institutions, capacity building, and enhancement (both public and private sector) as well as regular activities to support experience exchange with both advanced countries and developing countries with similar challenges.

This is a necessary development in order to enable development of standards and refinement of regulations over time, especially in building towards the stage of developing adequate Executive Regulations and other standards as the legal framework develops and matures.

The capacity building is an essential accompanying measure in parallel to the development of the ban of non-biodegradable single-use plastic bags and ban of free retail distribution of carrier bags, which would be implemented in all governorates. Banning of free-retail distribution of plastic carrier bags must include standards for available multi-use plastic bags and alternatives, including biodegradable bag alternatives deemed suitable for the local context.

#### A note on addressing the biodegradability controversy:

The Egyptian Organization for Standardization, in coordination with the Plastics Technology Center and other relevant institutions, should issue standards for biodegradable plastic bags to provide certainty for market players. This is recommended to be based on the *motivation* for pursuing the product(s), and with reference to global best practices and state-of-knowledge about the topic. The major environmental impact category governing such concern in Egypt (*motivation*) is marine and river littering, as well as impact on drainage systems,

according to stakeholder consultations and according to stated government priorities in this respect.

## RECOMMENDATIONS

In conclusion, a roadmap is proposed spanning throughout years 2020-2022, establishing the legal framework and enhancing enabling technical capacity..

### Year 2020: Scenario-5 Enforcement + Parallel Supportive interventions

- **Banning Free Retail Distribution:** (a) Prime Minister Decision to ban free retail distribution of Single Use Plastic Bags; set grace periods and exemptions are noted, and (b) Technical support to governorates, private stakeholders, and NGOs for implementation.
- **Setting standards** for carrier bags, including minimum thickness and other re-usability and biodegradability standards for other alternatives as deemed necessary.
- Initiating the inclusion of an article in the SWM law restricting SUPBs.
- **Government leads in implementation:** Aligning public sector services with the SUPBs restrictions agenda.

### Year 2021-2022: Completing legal framework development, enforcement, and associated technical capacity building

- Complete the development of Executive Regulations for the article on SUPBs, publish, and enforce.
- Build capacity for inspection, auditing, certification, and continued standard-setting among competent bodies (e.g. National Research Center, Plastic Technology Center, Egyptian Organization for Standardization, and universities) and in cooperation and consultation with the private sector.

## ROLES AND RESPONSIBILITIES

Roles and responsibilities of stakeholders tend to greatly vary depending on practicality aspects. However, the following table suggests distribution of roles and responsibilities for key activities. This is provided for

indicative purposes and to be refined upon design of each action/intervention.

Activity	Leading	Supporting
Policies and regulations	Ministry of Environment	Parliament, consumer sectors (i.e. retailers), Ministry of Supply, Ministry of Industry
Technical standards	Ministry of Industry (EOS)	Plastic Technology Center, Federation of Egyptian Industries, Holding Company for Petrochemicals, Universities
Finance and economic incentives	Ministry of Finance, Central Bank	Ministry of Environment, donors, financial institutions (i.e. commercial banks)
Awareness campaigns and demonstration activity	Ministry of Environment	Media, consumer sectors & 'champions' (NGOs, associations, leading hypermarkets, real-estate developers, etc)

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