

# BiH-A Chronic Special Case

Bosnia's Approach to Packaging Waste Management



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BOSNIA'S APPROACH TO PACKAGING  
WASTE MANAGEMENT

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About 30 % of our trash is packaging. Every time we go into the store, with all the products we buy, we buy almost equal amount of trash. If not recycled packaging presents a serious environmental issue, but it can also pose an economic opportunity.



To illustrate the amount of money and packaging that follows, we will take the EU largest economy, Federal Republic of Germany that boast the world's fourth nominal GDP of 3.57 trillion dollars. An average German, will have close to 20,000 EUR to spend on living this year. This amount buys around 40,000, 0.33l cans of soft drinks (a conservative estimate based on the highest retail prices in German supermarkets). Bosnia and Herzegovina, on the other hand, ranks hundredth on the World Bank's list of countries by nominal GDP with its 18,000 million dollars in 2011. The average salary in the country is around

450 EUR a month, which means that an average Bosnian has an annual budget of 4,400 EUR to spend and some of it goes to packaging waste too.

At the same time, Germans recycle 73% of their packaging waste, which is one of the highest rates in Europe. This means that if an average German were to actually spend annual income on soft drinks in cans, 29,200 out of the 40,000 cans would be recycled. In Bosnia there are no reliable national-level data on packaging waste recycling, but the country's capital of Sarajevo recycles as little as 10% of all the packaging waste collected. According to the European Environmental Agency, **only 5%** of all Bosnia's trash is recycled, with the remainder being disposed of at landfills. That means that an average bosnian would recycle only 392 of 7800 cans affordable within the budget. Why is it that Bosnia, whose economic indicators are so modest, don't find convenience to recycle its packaging waste, while the rich Germany is only too happy to do so?

The principle reason is the Law and the ignorance of the basic economy of trash. Recycling is not only an environmental issue, but also a serious business, an industry worth thousands of millions of euros. As part of the project funded by the British embassy in BiH, "EU Stories", Populari has published a report titled "BiH-A Chronic Special Case?" – Bosnia's Approach to Packaging Waste Management. The paper

is a study of contemporary Bosnia, its proximity to the EU standards, lifestyle and economic outlook through the story of packaging waste management.

Compared to the rest of the region, Bosnia's figures on waste recovery seem like a joke. The city of Zagreb recycles 40% of its waste, and plans to increase this percentage to 70% in the upcoming period, as present figures are considered to be too low. The city of Belgrade recently introduced a system for separate collection of household waste, as part of Serbia's National Waste Management Strategy, which foresees full introduction of European recycling standards by 2019. Sarajevo, on the other hand, recycles just over 10% of its inhabitants' waste.

**Key problem** in Bosnia is a chronic lack of ambition. Unfortunately like in almost all walks of life in Bosnia, recycling trash is no exception. Following the logic, that Bosnia is a special case and even little is good enough, BiH legislators have set very low recycling quotas, much lower than the neighbouring countries and EU 27, that in fact promotes inefficiency and defeats the purpose of setting up a packaging waste management system according to EU standards.

The targets have been constantly increasing since they were introduced and are now at *55% for recycling and 60% for recovery*, though countries like Germany and Denmark exceed them by a considerable margin. In Bosnia, however, they are significantly lower (8% at the moment, to increase to 35% by 2016) and cannot provide an incentive for the stakeholders in the packaging waste management system. By the time Bosnia reaches 35% other countries will develop new technologies and run quotas to its maximum. In addition, there is a distinct lack of co-ordination between the two BiH entities in the implementation of the local packaging waste legislation, as well as asymmetry between the legislation in the two entities, which may cause trade distortions and undermine the country's status as a single market. In the Federation of BiH, the packaging waste management system has been set up and is making its first steps. In the Republika Srpska, the Ordinance on Packaging and Packaging Waste lacks a key provision regulating the designation of the system operator, and it is unclear whether the system will be able to run at all unless the Ordinance is amended. In the meantime, tonnes and tonnes of precious raw materials are being landfilled, that is, wasted.

## A Hidden Treasure

Many items can be considered as waste: household rubbish, sewage sludge, waste from manufacturing activities, packaging items, old televisions, garden waste, old paint containers etc.<sup>1</sup> In fact, waste includes all items that people no longer have any use for, items they either intend to get rid of, or have already discarded. We usually do not even think about how much waste we produce in our daily activities, until we are presented with facts: statistics, in black and white.

The Statistics Agency of BiH claims that every one of us produces around 1 kg of waste every day. This includes only the waste we produce in our households, the so-called communal or municipal waste. Annually, this amounts to 365 kg of waste per person. If we multiply this figure with 75.5, the average life expectancy in BiH<sup>2</sup>, we see that every inhabitant of this country produces 27,557.5 kilos of waste during his or her lifetime. This is the weight of four fairly large African elephants.

With the world population increasing rapidly, it is obvious why waste is a problem – we are running out of space for it. Looking at the composition of the municipal waste it is clear that the significant percentage of it is not actually useless. Materials such as paper, cardboard, plastic, glass, aluminium – that can be easily reused and recycled – are mostly used for packaging. It is estimated that 36% of municipal waste is packaging waste<sup>3</sup>. In the cosmetics industry for example, packaging account for 40 percent of the selling price per product.



*Structure of BiH Communal Waste.*

1 <http://scp.eionet.europa.eu/themes/waste/#introduction>

2 <http://arz.gov.ba/publikacije/bilteni/?id=279>

3 Sanitary regional landfill EKODEP

Municipal waste has traditionally been disposed of at landfills and still remains the predominant management option in BiH. According to the European Environmental Agency, **only 5%** of all Bosnia's trash is recycled, with the remainder being disposed of at landfills. There are, however, exceptions. Forty nine year old Sead "Sejo" Mulasalihović is a pre-war entrepreneur and a returnee to town of Janja, near Bijeljina. Immediately upon his return from Italy in 2007, where he spent post war time, he saw an opportunity to start a business in waste management sector. He founded his own company, Operativa, and employed eleven people to run a small illegal dumpsite. Sejo's workers collect rubbish from around 20% of the 6900 households in Janja. In return, his clients pay a monthly fee of 4 KM, slightly less than 2€.

But when the sanitary regional landfill EKODEP<sup>4</sup> was founded in the Bijeljina region, all non-sanitary landfills had to be closed, including Sejo's. He still pulled the best out of the new situation by turning the improvised dumpsite into a waste separation yard, a transfer station of sorts and continue providing the garbage collection service. He collects around 150 tonnes every month, out of which he extracts 25 tonnes of raw materials – almost 20%. He sells the materials to recycling companies in BiH and abroad, and what he cannot sell ends up at the EKODEP landfill. Sejo's main ambition is to expand his business and save up enough money to buy plastic re-granulation equipment in order to be able to produce raw PVC.

An anomaly in BiH, Sejo's company would be considered a normal small enterprise in other places. Some countries have taken significant steps away from disposing the waste to landfills, such as incineration (increasingly with the purpose of energy recovery), composting and recycling of materials (glass, paper, metal, plastics and other). EU member states in particular are at the vanguard of this trend. The reasons go beyond inefficient use of land as it turns out that a lot of the stuff we treat as waste is actually not waste at all, as reusing saves enormous amounts of money, energy and other resources. People like Sejo, who may not necessarily be up to date with EU policies, but are endowed with entrepreneurial spirit, intuitively recognise the opportunities buried under the piles of rubbish all around us:

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4 Landfilling has numerous negative implications

*“Inside [the trash] are different components which represent profit for me. I see every bag of garbage as an opportunity.”<sup>5</sup>*



*Sead “Sejo” Mulasalihovic, the owner of Operativa recycling yard in Janja. (Photo: Pro.ba.)*

## The Economy of Waste

In the EU, waste is increasingly being treated as a mobile commodity with a certain market value, and therefore a good.<sup>6</sup> As such, it not only falls under the environmental protection regulations, it is also regulated by the Free Movement of Goods legislation. A system has been created that promotes the shift from waste disposal to **reduction, recycling and recovery** by creating market incentives for treating waste as a resource. The Belgian packing recovery organization<sup>7</sup>, Fost Plus, in charge of the package and packaging waste management system, had revenue of 128 mil EUR only in 2011. Half of this figure was made by selling recyclables, which covered half of the Fost Plus running costs such as collection and sorting, investments in infrastructure, communication, etc. Any country wishing to join the EU must be able to introduce such a system. Although this requires significant costs, the benefits of setting up a

5 Sead Sejo Mulasalihović

6 <http://boehlaw.de/2012/06/05/free-movement-of-goods-and-the-wallonian-waste-case/>

7 <http://www.fostplus.be/Pages/default.aspx>

system for waste recovery allow the creation of an overall more efficient economy. The money saved from using less energy and materials to create the things we consume and use leaves us with more resources to expand our economy further and raise our standard of living.

An important piece of legislation in this area is the 1994 Packaging<sup>8</sup> and Packaging Waste Directive (94/62/EC), which came about after several northern European countries – Germany, Denmark, and Belgium – identified packaging waste as a national policy issue in the 1980s, and each of them approached the matter by taking their own measures and setting their own goals. The result of different policies, originally intended to protect the environment, produced a side effect of distorting free trade. For example, the Danish law of 1981 had required that all containers for beer and soft drinks be returnable. The system to collect and reuse bottles returned to retailers created a considerable fixed cost, not related to the amount of bottles sold and collected. As a consequence, the importers with a small market share would face a higher cost per unit than national firms with a higher volume of sales. The issue culminated in 1988, in what was later to be known as the “Danish Bottle Case”<sup>9</sup> at the European Court of Justice. The Commission also argued that the legislation requiring the containers to be returnable constituted a form of disguised discrimination against foreign producers and therefore ruled that the Danish law was in violation of EC Treaty Article 30, which stated that,

*“Quantitative restrictions on imports and all measures having equivalent effect shall, without prejudice to the following provisions, be prohibited between member states.”*

It was around that time that packaging waste started becoming a heated political issue. A few years later, there was another incident where, Germany was running out of landfill space and the public was opposing the construction of more incinerators. Under Chancellor Helmut Kohl, Germany took a different approach to the issue. The 1991 German Packaging Ordinance required producers of packaging to take responsibility for recovery, recycling or reuse. As a result, Germany accumulated large quantities of recyclables which were sold throughout Europe at very low prices,

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8 Packaging is defined as any material which is used to contain, protect, handle, deliver and present goods. Items like glass bottles, plastic containers, aluminium cans, food wrappers, timber pallets and drums are all classified as packaging. Packaging waste can arise from a wide range of sources including supermarkets, retail outlets, manufacturing industries, households, hotels, hospitals, restaurants and transport companies.

9 <http://www.uib.no/ped/humanities/law/Bottles.html>

causing economic hardships for producers of these materials in other EU member states. The Commission received complaints from representative industries based outside of Germany. France immediately threatened to close the border, and other countries followed suit. This, coupled with disparate packaging waste measures and regulations in other member states, forced the Commission to act. In order to allow countries to pursue an environmentally friendly packaging waste policy without creating economic distortions, the EU Directive 94/62/EC was passed in 1994, harmonizing packaging waste policies across the European Union.

Amended several times since 1994, the Directive ensures a stable internal market and fair trade between the EU member states, but also mentions significant reduction of landfill use by increasing the amount of packaging waste recycled or incinerated at energy recovery facilities. The Directive also introduces the so-called targets; quotas that each EU member state must meet by recycling and recovering specific percentages of different types of packaging waste.

The EU recycling targets gradually increased from min. 25% in 2001, to min. 55% in 2008, putting more pressure on the Member States to create stronger incentive for recycling and recovery<sup>10</sup>. In order to meet the targets, the Directive stipulates that all EU member states must introduce packaging waste collection and recovery systems based on the concept known as the “Extended Producer Responsibility (EPR)” principle.<sup>11</sup> In practice, this principle makes the producers responsible for the packaging waste, forcing them to calculate the costs of waste management into their prices. While this increases the cost of their products, it gives the companies a strong incentive to reduce the waste they produce, thus making the EPR principle a missing link between products and recycling, crucial for making recycling programs efficient and economical.

## A Underachiever?

Compared to the rest of the region, Bosnia’s figures on waste recovery seem like a joke. The city of Zagreb recycles 40% of its waste, and plans to increase this percentage to 70% in the upcoming period, as present figures are considered to be too low. The city of Belgrade recently introduced a system for separate collection of household waste, as part of Serbia’s National Waste Management Strategy, which foresees full

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<sup>10</sup> The Directive also gradually raised material-specific recycling targets by weight: glass (60%), paper and cardboard (60%), metal (50%), plastic (22.5%), and wood (15%).

<sup>11</sup> Extended Producer Responsibility originated in Sweden where it was introduced for the first time in 1990.

introduction of European recycling standards by 2019. Sarajevo, on the other hand, recycles just over 10% of its inhabitants' waste. Although Bosnia regularly pays lip service to alignment with EU standards, the current situation gives rise to concerns that this may not happen in the foreseeable future.

The poor results achieved so far reflect the lack of the adequate system. As Ms. Zijada Krvavac, Canton Sarajevo Assistant Minister of the Environment says:

*“In the Sarajevo Canton we do not have a waste management system. What we have is collection, transport and disposal. That is not a system.”*

RAD, the Sarajevo Canton public utility company, is currently the only company permitted to manage the Sarajevo citizens' municipal waste. Most of the waste is disposed while RAD recycles a mere 10% of the packaging waste it collects.

Following the Directive model, both entities set identical recycling targets for the period 2012–2016 and as seen in the Table below they are significantly lower compared to those in the EU.

	Present EU targets	BiH 2012	BiH 2013	BiH 2014	BiH 2015	BiH 2016
Recovery of packaging waste	Min 60%	N/A	N/A	N/A	N/A	N/A
Recycling of packaging waste	Min 55%	Min 8%	Min 13%	Min 20%	Min 25%	Min 35%
Glass	Min 60%	N/A	N/A	TBD <sup>12</sup>	TBD	TBD
Paper and cardboard	Min 60%	N/A	N/A	TBD	TBD	TBD
Metal	Min 50%	N/A	N/A	TBD	TBD	TBD
Plastic	Min 22.5%	N/A	N/A	TBD	TBD	TBD
Wood	Min 15%	N/A	N/A	TBD	TBD	TBD

With such low targets set, there is a risk that the companies such as RAD will not be encouraged to change the way they operate and become more efficient. The system operator is the non-profit company EKOPAK<sup>13</sup>, recently accredited to collect fees from the producers, which it distributes between local community actors, recyclers and utility companies, who are contracted to provide collection and recycling services. However, it seems that such a scheme will not come to life in Sarajevo as RAD has so far refused to sign contract with EKOPAK thus being left out from the system. EKOPAK does not worry too much since the low targets can be met without RAD's

<sup>12</sup> According to the Federal Rulebook, targets broken down by type of packaging waste will be set by 2013.

<sup>13</sup> It developed from the civic association BIHPAK, founded by packaging producers from both entities.

participation, by signing the contracts with several private companies permitted to manage specific types of waste other than municipal.

As a consequence, the primary waste will continue to end up in traditional bins after which RAD will handle it the way it is used to, while EKOPAK will achieve targets treating only the secondary and tertiary packaging waste from shopping malls.<sup>14</sup>

Explanations to the effect that Bosnia lacks “capacities and infrastructure” to introduce the EU targets immediately cannot be taken seriously. Every day, EKOPAK’s clients run activities which are probably more expensive and technologically/logistically more demanding than meeting the targets from the Directive in a country the size of Bosnia. There is nothing to be gained by postponing the inevitable raising of the bar. The packaging waste management system is not going to become any cheaper in five or ten years. Landfill space, on the other hand, is certainly going to become more expensive and scarce.

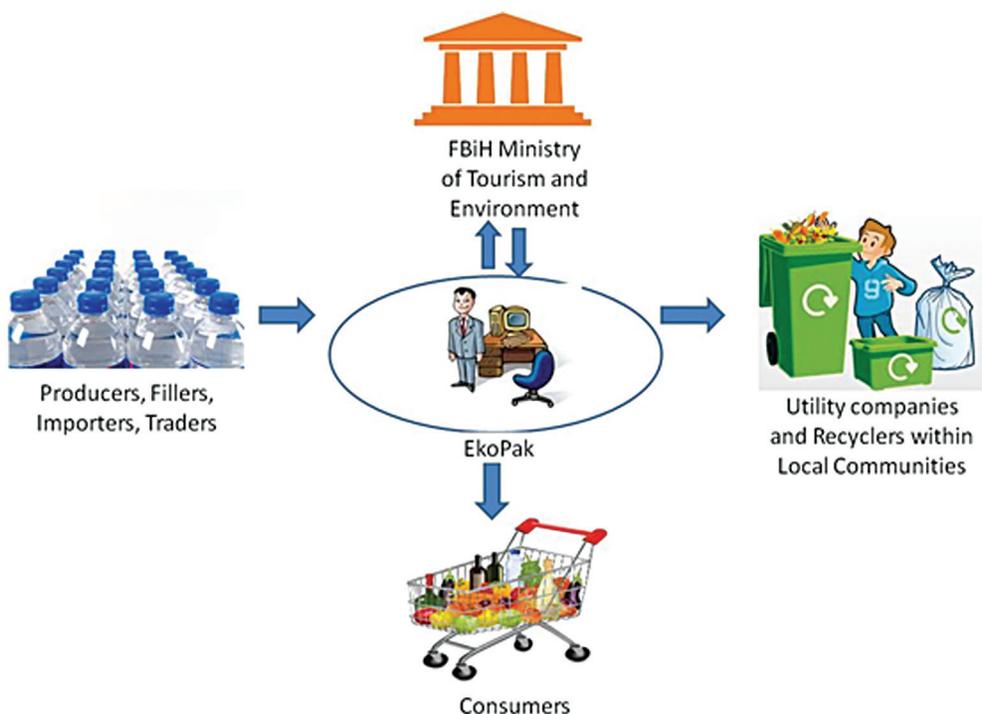
While the debates on how to best establish the system is heating up, they are mostly limited to only half of the country due to different pace of implementing the adopted legislation. Although compatible at first glance, the main difference is that the RS Ordinance on Packaging and Packaging Waste, amongst other things, does not prescribe the rules and procedures for establishing the system operator for that entity, while in Federation the implementation of the Rulebook on Packaging and Packaging Waste is well under way.

The FBiH Rulebook lays down a relatively straightforward structure. The Federal Ministry of the Environment is at the top of the hierarchy, licensing the operator – EKOPAK – and monitoring the whole system through the reports it receives. EKOPAK collects fees from the producers, which it “invests”<sup>15</sup> in contracted local community recyclers and utility companies, who then provide collection and recycling services. According to Mehmed Cero, Assistant Minister in the Ministry of Tourism and Environment, the model in place is based on the best EU member states practice.

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14 Populari interview with Amela H. EKOPAK

15 Rules of procedures on packaging waste.



*Packaging waste management system in the Federation of BiH.*

Indeed, the scheme above looks identical to models set up in many EU countries. If we would, for example, simply replace the word *EKOPAK* with *FOST PLUS* and the word *Ministry* with *Inter-regional Commission*, we would get a scheme of Belgium model for managing packaging waste. The Belgium inter-regional council licenses and monitors Fost Plus, a company with duties and responsibilities almost identical to those of EKOPAK. There is, however, one important point of difference: Fost Plus is a national operator and the system built around it operates in whole Belgium, whereas EKOPAK covers the market of only one of Bosnia's two major administrative units.

The fact that the packaging waste management system in Bosnia and Herzegovina now consists (or, will consist) of two parts does not necessarily present a problem per se, as long as the legislation in both entities is harmonised. It is also crucial that the RS come abreast of the Federation, so as to avoid trade imbalances and keep the country a single market, the reason why the Directive on Package and Packaging Waste is enacted in the first place.

## A Way Forward

Catching up with its neighbours and the rest of the EU in the area of packaging waste management, will be a challenge for Bosnia. The sector stakeholders in BiH, from producers to consumers, need to change the way they see and more importantly treat the rubbish piling up around us. BiH is yet to establish a full-fledged system in order to fulfil the conditions set in the legislation, and to make this possible, the authorities must create favourable conditions for bringing the system in line with the EU Directive. The legislators and those in charge of enforcing the legislation must immediately start aiming for the EU targets which will give producers an incentive to separate and recycle as much as possible, while EKOPAK will provide an incentive to the local collectors and recyclers to collect and recycle more by investing in their infrastructure. If the system functioned in this way, Sejo Mulasalihovic and entrepreneurs alike would be motivated to expand their business by developing their existing capacities and raising their own bars in order to start working on a more serious scale as transfer station operators.

Instead of temporary fixes, asymmetrical implementation of the legislation in the two entities and unjustifiable postponing of obligations such as the Directive targets, it is necessary to adopt a serious approach to the issue in order to save time and money. It is time for BiH to embrace valuable lessons from other EU countries and its neighbours, and to start to draw on its own experience gained so far in the EU accession process.

In an effort to address the problematic practices described above and to expect positive developments in this sector in near future, Populari recommends the following:

### For the European Commission in BiH:

European Commission regulary reports on progress in the area of waste management, in its publication (Progress Report). We recommended that the Commission, includes findings of Populari into **next progress Report** and revise current mechanism that regulate this topic.

### For BiH authorities:

That the RS has introduced packaging waste legislation with the same recycling targets as in the Federation is a very positive development. However, ***the RS must make it a priority to start the implementation of this legislation concurrently with the Federation*** in order to ensure that no economic distortions occur.

***The Federation and the RS should raise their packaging waste recycling targets*** and see to it that these targets are met in order to put sufficient pressure on producers and local authorities to properly implement efficient recycling programmes.

For civil society eco activists:

Civil society organizations should commit an equal amount of efforts and energy into tackling issues such as packaging waste – technical in nature and thus often neglected – as they invest into issues already high on the political agendas. CSO should urgently demand that authorities put the issues of the packaging waste under the spotlight.







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