A close-up photograph of numerous glass bottle bottoms, showing various colors like green, yellow, and brown, arranged in a grid-like pattern.

Potential benefits for SMEs by strengthening waste recycling markets

**Second Meeting of the
Regional 3R Forum in Asia**

Sandra Spies, GTZ



Overview

- Characteristics of waste recycling markets
- SMEs in waste recycling
- Needs of SMEs to participate in waste recycling markets
- Measures to support waste recycling markets with focus on SMEs
- Outlook



Characteristics of waste recycling markets (1)

- Markets for many recyclable materials are growing
- Scope and concentration of markets vary according to the recyclable material
 - construction and demolition waste regional, dominated by medium enterprises
 - Plastics market global, dominated by big companies
- Price volatility for recyclable materials up to 5 times greater than for virgin materials
- Search and transaction costs can make it difficult for buyers and sellers to meet and conclude transactions



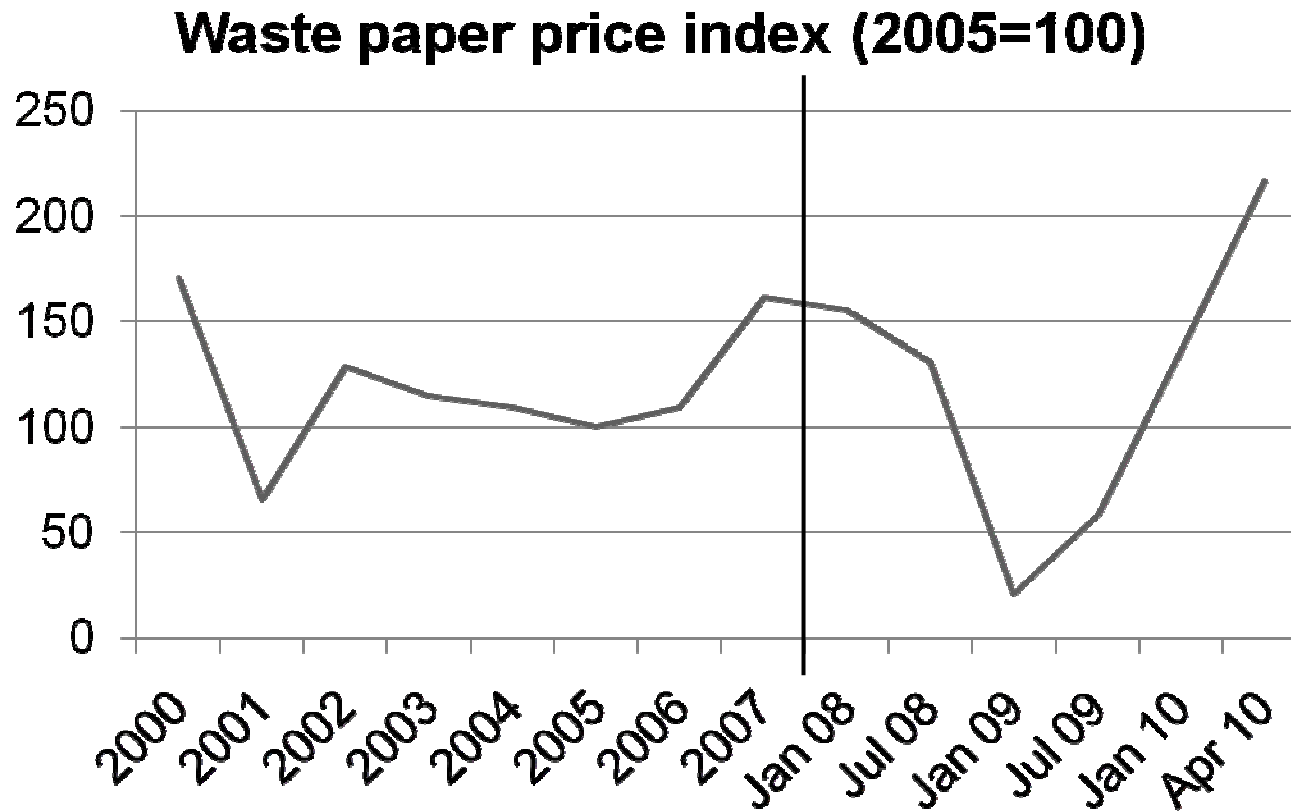


Characteristics of waste recycling markets (2)

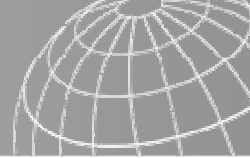
- Insufficient information/ misperceptions concerning material quality can be a problem
- Transaction and search costs or consumer perceptions about product quality are typical of “new” markets
- Over time the market will find strategies to overcome them, e.g.:
 - standards organizations grading scrap
 - integration between material recovery and manufacturing stages
 - waste brokers serving as market intermediaries
- Markets can only be influenced partially and indirectly through the regulatory framework



Price volatility secondary raw materials (1)

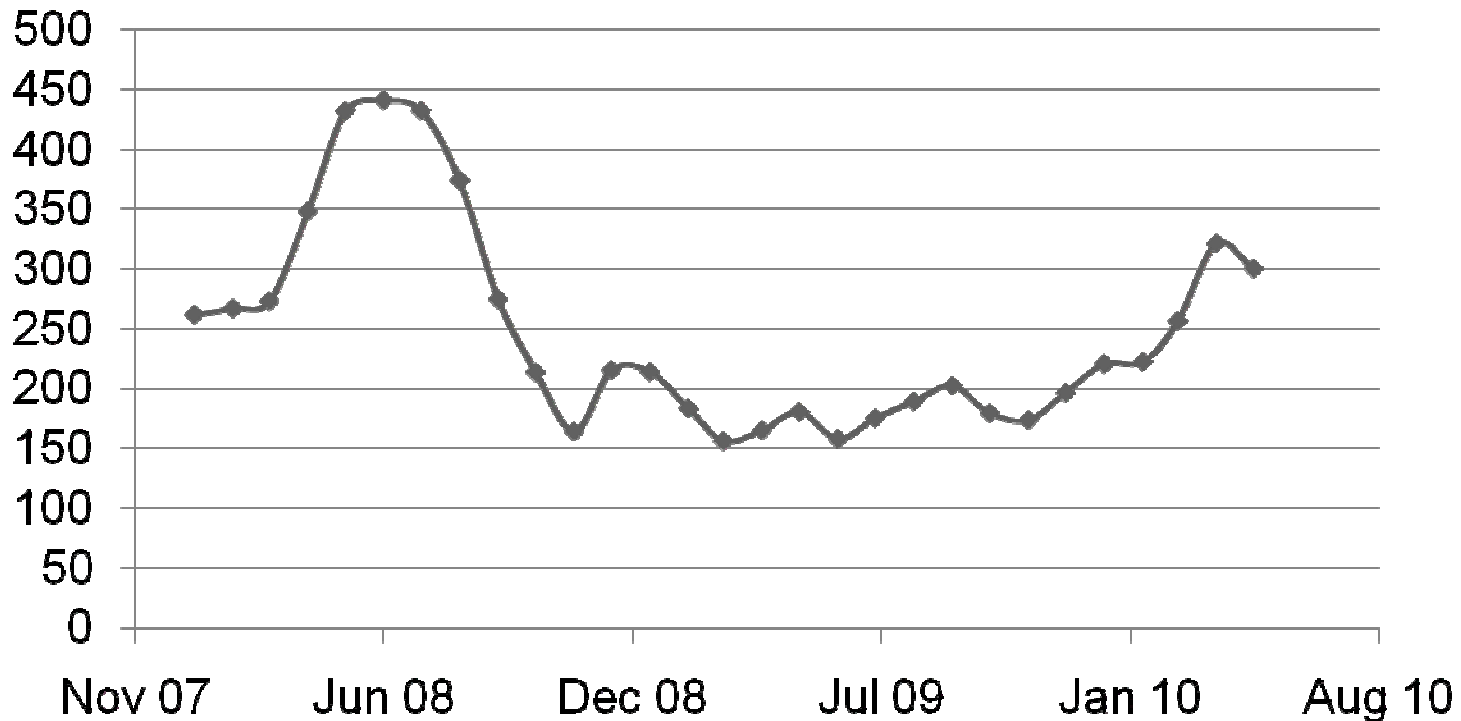


Source: BVSE, 2010



Price volatility secondary raw materials (2)

Average price of steel scrap (2007-2010)



Source: Recyclingmagazin, 2010



SMEs in waste recycling

- A multitude of SMEs are active in recovery, selling and recycling
- Recycling SMEs create a great number of jobs
- SMEs are particularly flexible, responsive to market developments and are rather based on proximity and personal relations
- Informal and formal recycling businesses are closely interlinked
- SMEs are particularly subject to market failures, less to success
- SMEs are confronted to negative perceptions of the quality of their products
- SMEs often do not have direct access to international markets, but depend on it





Needs of SMEs to participate in recycling markets





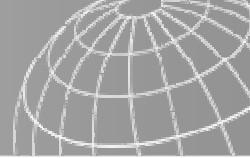
Measures to support recycling market development focusing on SMEs (1)

- General market regulation measures of waste collection and processing to avoid monopolistic market power
- Disseminate price and market information (prices, market counterparts) on lists/ websites
- Create incentives for local consumption and valorization: public procurement programs, product standards imposing a minimum level of recycled content
- Facilitate development of local value chains as complementary to international raw material markets
- Train SMEs on technological aspects and product quality to secure competitiveness of products



Measures to support recycling markets development focusing on SMEs (2)

- Facilitate adapted collection/ take-back systems, partnerships with industries to improve access to materials
- Design business development services suited for SMEs (e.g. managerial training and advice, legal advice)
- Create credit schemes and facilitate access of SMEs
- Facilitate formalization and licensing procedures for SMEs
- Support cluster establishment, organization of recycling SMEs in federations



Example: support of informal recycling SMEs in Egypt

- Analysing the subsector value-chain
- Mapping formalization stakeholders landscape, exploring interests, explaining need for, process and implications of formalization
- Developing a National Strategy for Plastic Recycling
- Mapping existing formalization procedures + obstacles
- Solving and institutionalizing solutions within Formalization Committee
- Training and advice on business management and technical issues for recycling SMEs





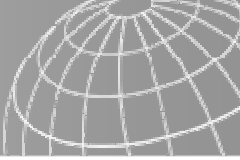
Benefits for SME

- Better recognition of SME (work, quality of products)
- Better framework conditions
- Appropriate support measures suitable to SME characteristics
- Valorizing SME strengths and creating better synergies with other stakeholders
- Better access to material, better value chains and efficiency of processes lead to better turnover and higher income generation → higher income and competitiveness
- Improved safety: economic crises, safer working conditions



Conclusions and Outlook

- Governments can influence recycling markets only indirectly; have influence through regulatory frameworks
- SMEs are dynamic actors in growing recycling markets, but face particular obstacles to enter global markets
- Measures to support SMEs have to be specific and demand oriented
- Measures to improve market information, technical expertise, fair business relations and legal compliance of SMEs can improve their chances to participate in the market



Thank you for your attention!