

The world is enraged. What can investors do about plastic pollution?

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It's another trade war. A clash that's been long in the making, transcending the political spectrum, and one that appears to be gathering momentum.

In early June, the Philippines government forced Canada to repatriate 69 containers of waste—including tons of plastic—at its own cost. It's the latest salvo in a burgeoning backlash in which emerging economies, most notably China, are refusing to accept plastic waste from developed nations. In the recent skirmish, the Philippines rebuked Canada for dumping the detritus of the waste industry—diapers, medical waste and the like—under the pretext of delivering recyclable materials.

Once universally touted as a miracle material responsible for helping to usher in the post-war age, plastic use is now derided for its environmental impact—whether it's emissions from plastic production or because it's seeping into our marine ecosystems and killing our whales, compromising our food supply—even endangering human health.

And there's little question that this once nascent movement has moved to centre stage—a global revolt in which citizens are demanding change while investors are scouring for investment opportunities that offer solutions to the plastics crisis.

It's little wonder.

Consider these figures. Across continents and nations, humanity currently produces about 9.2 billion tons of plastic and more than 6.9 billion tons have become waste. Even more worrying? Of that figure, 6.3 billion tons never see a recycling bin, according to a global study released in 2017 in the journal *Science Advances*.

In a bid to help deal with the waste in Canada, the Liberal government of Prime Minister Justin Trudeau announced plans to ban single-use plastics as early as 2021.

New challenges from investors

In Europe, regulators are pushing hard for change and similar measures may eventually take hold in North America. Last month, MSCI, the index and data analytics provider, hosted a client meeting in London to discuss the issue and plans similar discussions in both Paris and Frankfurt later this year.

Indeed, investors are increasingly challenging industry on their use of plastic throughout their production and retail lifecycles.

Corporations are taking note. Responding to consumer demand, one German sportswear manufacturer, for example, has pledged to more than double the number of upcycled shoes made from plastic beach waste, incorporating waste into 11 million pair of runners in 2019, up from five million last year. Still, it's a paltry number when you consider that the company produces over 400 million pair of sneakers a year.

Investment opportunities

At AGF, we believe engaging with companies that need to change is important. However, there are real opportunities for investors wanting to marry their interest in improving environmental outcomes with returns, primarily by looking to companies that have found novel solutions by turning plastic waste into highly beneficial products, as well as in those companies that provide essential waste services.

A U.S. manufacturer, for example, recycles plastic bags by turning them into long-lasting decking products. Since its founding more than a decade ago, the company has been on a growth trajectory, stealing market share from traditional wood-based manufacturers.

Similarly, a global leader in building energy solutions, has found a unique way of recycling plastic bottles into wall board insulation. More recently, the company announced plans to add recovered ocean plastic to its manufacturing chain.

We also believe that where the economics of recycling isn't feasible, effective and safe landfilling is an important part of responsible waste management. One North American company provides recycling services for many municipalities, but the company also designs and operates engineered landfills for the bulk of used materials that can't be recycled.

As we look to the future, we believe there will be significant opportunities in bioplastics—materials made from inputs such as woodchips and food waste.

However, there's still much work to be done.

But given the mounting chorus of criticism, and growing acknowledgment that plastic waste is both an environmental and business risk, we believe investor opportunities are only likely to continue to expand as the next decade unfolds.

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