

JULY 2026, VOL. 4

UNLOCKING CIRCULARITY

MALAYSIAN RECYCLING ALLIANCE (MAREA) NEWSLETTER



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A Message from the CEO

Dear Members, Partners and Stakeholders,

MAREA entered 2026 with a clear objective: to understand how our current operations must evolve to meet the scale and requirements of mandatory Extended Producer Responsibility. During this voluntary phase, MAREA and its participating producers remain committed to working alongside the Ministry of Housing and Local Government (KPKT) on the practical aspects of implementation. We are collaborating with domestic, regional and international experts to explore the systems required to track, monitor and verify EPR compliance, including registration and reporting infrastructure, chain-of-custody documentation, independent auditing and the data architecture needed to give regulators confidence in every tonne reported.

Experience from across the region shows that ambitious targets must be supported by effective collection systems, harmonised registries, robust verification mechanisms and adequate enforcement capacity. This is why the period leading up to mandatory implementation is so important: it gives Malaysia the opportunity to build the necessary capabilities before legal obligations take effect.

MAREA also approaches EPR as part of the wider circular economy agenda. During the first half of 2026, we played an active role in representing industry perspectives in discussions on the forthcoming Circular Economy Act, minimum recycled content policy and design-for-recycling requirements. These instruments must be developed coherently. A recycled content mandate without recyclable packaging design creates cost without circularity, while design rules without effective collection infrastructure create compliance without recovery.

As we continue working through the practical details of implementation, we extend our sincere thanks to KPKT, MITI, MOF and NRES, as well as our fellow industry associations and the many partners who have collaborated with us on this journey.

Sincerely,
Roberto Benetello
Chief Executive Officer (CEO)
Malaysian Recycling Alliance (MAREA)

PLASTIC POLICY MONITOR

Circularity has moved from a sustainability commitment to a condition of doing business.

Recent geopolitical tensions affecting Gulf shipping routes have highlighted Malaysia's exposure to volatility in feedstock, freight and insurance costs.

Circular Policy Shifts

Concurrently, the European Union's Packaging and Packaging Waste Regulation (PPWR) will become generally applicable soon, converting recyclability and recycled content from voluntary claims into mandatory requirements.



Taken together, they point to the same conclusion. Circular capability — domestic collection, sorting, recycling capacity and verifiable material data — is now a hedge against both supply volatility and trade exclusion.

Building National Resilience

It is not a corporate social responsibility line item. It is industrial policy, and in the case of food packaging, it touches national resilience directly.



The three topics that follow set out what happened, what it means for Malaysian producers and exporters, and what MAREA has done to bring industry and regulators together.

01

GEOPOLITICS, SUPPLY AND CIRCULARITY

PLASTIC FEEDSTOCK DISRUPTION DUE TO GEOPOLITICAL TENSIONS

Armed conflict involving Iran reverberated far beyond its immediate region. Because the Gulf sits at the centre of global naphtha, LPG and polymer trade, escalation moved three variables at once: crude and naphtha prices, marine insurance and freight rates, and the availability of vessels willing to transit affected waters. For a resin-importing economy, those three variables severely affected plastic production.

Malaysia's converting sector is dominated by small and medium enterprises — roughly 1,200 plastics manufacturers, about 90% of them SMEs — that buy resin on short cycles and operate with limited buffer stocks.¹ When polyethylene and polypropylene prices roughly doubled and upstream supply tightened, with regional producers declaring force majeure and running at reduced capacity, the pressure was immediate.²

It was felt hardest by exactly those firms with the least balance-sheet capacity to absorb it: SMEs already contending with tight cash flow and intense competition from low-cost imports.³ Converters responded by passing higher costs downstream, diversifying into new resin sources, and, in some grades, substituting alternative materials or packaging formats.⁴

The most consequential exposure was in **food packaging**. Food-contact applications cannot be resolved by simply switching to whatever resin is available: material must satisfy the Food Act 1983 and the Food Regulations 1985, and food-contact grades carry specification, traceability and hygiene requirements that limit substitution. A supply interruption in food-grade film, closures or preforms is therefore not only a commercial problem. Disruption to specialised food-contact packaging could affect product shelf life, distribution efficiency and food-safety assurances.

This is the point at which packaging policy becomes food security policy. A country with disrupted supplies in secure food-contact packaging struggles to ensure the safe distribution of its food supply — and a country that heavily relies on imported resins for food-contact material is left in a vulnerable position when that import is disrupted.



Resin and packaging imports move through a small number of maritime corridors. This concentration turns a regional conflict into a domestic input-cost shock.

THE MARKET

Import-dependent resin base

Short purchasing cycles and thin inventory across an SME-dominated converting sector.

THE LOGISTICS

Freight, insurance, naphtha

Three cost channels moving simultaneously, with limited hedging available to smaller firms.

THE SOLUTION

Domestic recycle capacity

Locally recovered material could provide a source of feedstock potentially unaffected by maritime chokepoints.

¹ Free Malaysia Today, "Plastics manufacturers leverage on CPTPP to penetrate new markets," 20 January 2023: <https://www.freemalaysiatoday.com/category/business/2023/01/20/plastics-manufacturers-leverage-on-cptpp-to-penetrate-new-markets>

² Malaysian Plastics Manufacturers Association (MPMA), "Press Release: Global Disruptions and Resin Prices," 16 March 2026: <https://mpma.org.my/plastics-newsroom/press-release-global-disruptions-and-resin-prices>

³ The Star, "Plastics firms seeking new sources," 16 June 2026: <https://www.thestar.com.my/news/nation/2026/06/16/plastics-firms-seeking-new-sources>

⁴ Kenanga Investment Bank, "Plastic Packaging — 3Q26 Strategy," 15 July 2026: <https://www.kenanga.com.my/wp-content/uploads/2026/07/Plastic-Packaging-260715-3Q26-Strategy-Kenanga.pdf>

Industry and government came together — and reframed circularity as economic strategy.



In response, MAREA was engaged alongside key industry actors in the plastics value chain by the **Ministry of Finance (MOF)** and the **Ministry of Investment, Trade and Industry (MITI)** to examine how domestic budgetary and economic policy could support the sector's rebound.

The industry's joint position was consistent. Every additional tonne of well-sorted, well-documented Malaysian recycle is simultaneously an emissions reduction, an import substitution and a contribution to supply-chain stability. Policy instruments should therefore be pointed at recovery and reprocessing capacity, not at consumption of virgin resin. Below are the key strategies submitted to MOF.

THE JOINT POSITION

■ IMMEDIATE ACTION · 2027 ■ II · 2027–2029 ■ III · 2030 ONWARD

01 Take the tax friction out of the accelerators in the recycling chain

■ □ □

02 Flag circular investments under capital incentives

■ ■ □

03 Fund the collection bottleneck

■ ■ □

04 Build demand for recycled material

■ ■ □

05 Pay for verified EPR outcomes, and reward moving early

■ ■ ■

The position closing argument is that these measures are not a cost to the Treasury but a hedge against a feedstock supply Malaysia does not control — and that formalising the collectors, sorters and aggregators now widens the tax base while easing the recurring public cost of landfill. More details regarding this initiative can be found [here](#).

ACCCIM

Associated Chinese Chambers of Commerce & Industry of Malaysia

FMM

Federation of Malaysian Manufacturing

MAREA

Malaysian Recycling Alliance

MPMA

Malaysian Plastics Manufacturers Association

MPRA

Malaysian Plastics Recyclers Association

02

EU PACKAGING & PACKAGING WASTE REGULATION

TRADE IMPLICATIONS OF PPWR

The European Union's **Packaging and Packaging Waste Regulation — Regulation (EU) 2025/40** — replaces the earlier Packaging and Packaging Waste Directive (94/62/EC) with a directly applicable Regulation, and its substantive obligations begin to bite during 2026, with requirements gradually applying from 12 August 2026.¹ The shift from Directive to Regulation allows for direct effect in every Member State, with PPWR requirements now applying uniformly rather than through twenty-seven national domestic adoptions — a change expressly intended to increase harmonisation and remove the discrepancies.²

Upcoming recycled content obligations create durable, contractual demand for post-consumer material, which is precisely the signal that recycling investment has lacked. Prospective design-for-recycling requirements, meanwhile, pushes conversion away from hard-to-recycle multilayer formats toward mono-material structures.

WHAT PPWR CONSIDERS

Design for recycling

Packaging graded on recyclability performance, with poor-performing formats progressively excluded.

Recycled content targets

Minimum post-consumer recycled content in plastic packaging, differentiated by application.

Minimisation & reuse

Limits on empty space and unnecessary packaging; reuse obligations in defined sectors.

Harmonised labelling

Common material and sorting marks, replacing divergent national schemes.

Because the PPWR regulates packaging itself — not merely the goods inside it — it reaches any **Malaysian producer** that places a product on the EU market. Specifically, the Regulation covers all packaging placed on the EU market whatever the material, and applies regardless of where the manufacturer is established, so non-EU suppliers are squarely in scope.⁴ Malaysian exporters supplying to the EU market will need to ensure that their packaging supports compliance by the relevant EU economic operator.

The competitive consequence is that packaging capability becomes an export capability. Firms that can evidence recyclable design and verified recycled content will likely retain EU shelf space; whilst those that cannot may face reformulation under time pressure. This could be a positive influence towards more sustainable practice across Malaysian supply chains, ahead of any domestic mandate.

BEST PRACTICE RECOMMENDATION

Government should begin developing and incentivising domestic design for recycling practices now, using clear PPWR-aligned national guidelines.

Publishing design-for-recycling guidance that maps onto PPWR standards — and rewarding it through modulated EPR fees and investment incentives — delivers three things at once: harmonisation that eases incoming trade requirements, a single design standard for producers serving both domestic and export markets and a domestic packaging stream that Malaysian recyclers can process.

¹ European Commission, Directorate-General for Environment, "Packaging waste", https://environment.ec.europa.eu/topics/waste-and-recycling/packaging-waste_en

² Keller and Heckman LLP, "The New EU Packaging and Packaging Waste Regulation – Highlights and Challenges Ahead" <https://www.khlaw.com/insights/new-eu-packaging-and-packaging-waste-regulation-highlights-and-challenges-ahead>

³ Freshfields, "The 'E' of ESG: An overview of the new EU Packaging Regulation (PPWR)", <https://www.freshfields.com/en/our-thinking/blogs/sustainability/the-e-of-esg-an-overview-of-the-new-eu-packaging-regulation-ppwr-102necg>

03

CIRCULAR ECONOMY ACT & RECYCLED CONTENT

BUILDING THE DEMAND SIDE AT HOME

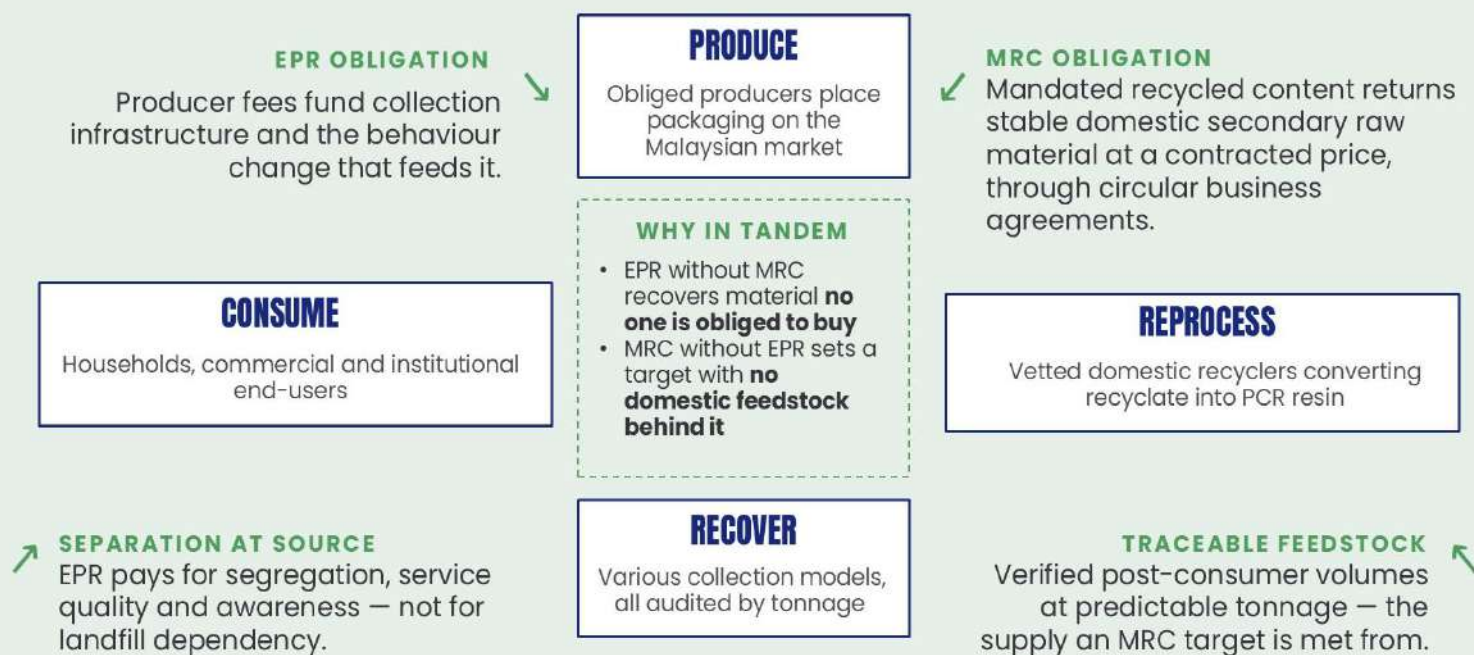
EPR governs who pays for and organises collection of recyclables. It does not, on its own, guarantee that the secondary raw materials, now processed, find a buyer. That is the function of demand-side instruments, and two are advancing in Malaysia simultaneously: the forthcoming **Circular Economy Act** and a **minimum recycled content (MRC)** policy, beginning with PET packaging.

MAREA has contributed the industry perspective throughout engagements, highlighting that MRC obligations must consider domestic collection and processing capacity to create circularity. MAREA recommends that MRC policies should therefore necessarily be linked to EPR, as demonstrated below.



Stakeholder validation on minimum recycled content for PET packaging, March 2026 — one of several domestic instruments MAREA engaged on this quarter.

ONE LOOP, TWO INSTRUMENTS



Demand-side consistency supplemented existing EPR mechanisms in **drawing larger investments, improving collection systems, sorting capacity** and **solutions for flexible films**. MAREA therefore strongly supports the Government's vision in introducing these policies together to ensure circularity.

ADVOCACY ENGAGEMENTS

Engagements across councils, ministries, standards bodies, regional programmes and international partners, advancing EPR policy development, MRC mandates in Malaysia, circularity and technical solutions in Malaysia.



01

21 JAN 2026

4th National Circular Economy Council (NCEC) Meeting

The **National Circular Economy Council (NCEC)** is a **multi-stakeholder policy platform led by KPKT** and established to steer Malaysia's transition towards a circular economy. By bringing government, industry, and academia together, it encourages **collaborative, evidence-based policymaking** that is practical, inclusive, and grounded in real-world implementation. A central focus has been Malaysia's EPR framework. KPKT has led this work through the NCEC.

On 21 January 2026, **the EPR policy was approved**, guiding Malaysia's transition from a voluntary to a mandatory regime..

With EPR advancing rapidly, **KPKT has focused on its role as regulator**: managing, monitoring, and enforcing compliance, while implementation is led by industry. KPKT is working with MAREA and early adopters to develop reporting, auditing, and verification methodologies. Accordingly, MAREA has been tasked to **convene a working group to begin early development of auditing guidelines** for mandatory EPR.



02

9 FEB 2026

Plastic Circular Economy Knowledge Sharing Symposium

Funded by the **United Nations Environment Programme (UNEP)** and organised by **Eco-Ideal Consulting Sdn Bhd** and **Universiti Malaya (UM)**, the full-day symposium was endorsed by the **Ministry of Investment, Trade and Industry (MITI)** and co-hosted by the **UM Sustainable Development Centre (UMSDC)**, with MAREA as a supporting partner.

The symposium was convened in support of MITI's **Circular Economy Policy Framework for the Manufacturing Sector (CEPF)** and aligned with the **New Industrial Master Plan 2030 (NIMP 2030)**.

It brought together industry, government agencies, academia, civil society, and consumer groups, with a particular emphasis on the adoption and implementation of **EPR and Minimum Recycled Content (MRC) in plastic products**.

As a speaker, MAREA shared **collaborative models between producers and the wider recycling value chain** towards alignment on practical pathways towards circularity.



03

10 FEB 2026

UNEP MRC Stakeholder Engagement and Training Workshop

This workshop brought policymakers, industry experts, manufacturers and recyclers together in **mixed focus group discussions to surface real-world insights, data, and feedback** on introducing **MRC for PET packaging**. Discussions were structured around four themes: **the technical feasibility of recycled PET, market supply and demand readiness, suitable legal and regulatory approaches, and incentive mechanisms**. MAREA was invited to serve as a panel member for the concluding panel discussion, summarising the outcomes of the day's group discussions.



04

16 MAR 2026

Stakeholder Validation Workshop: MRC for PET Packaging in Malaysia

MAREA took part in the Stakeholder Validation Workshop for the same UNEP-funded MRC project. Participants reviewed the **project's baseline assessment of PET in Malaysia's packaging supply chain**, a field study characterising PET leakage into domestic rivers, and a **synthesis of the earlier symposium and engagement sessions**. MAREA contributed as a key stakeholder, **highlighting the role of the informal sector**, through which an **estimated 90% of household recyclables in Malaysia are diverted (World Bank Group, 2025)**, and the risk of any framework that overlooks it.



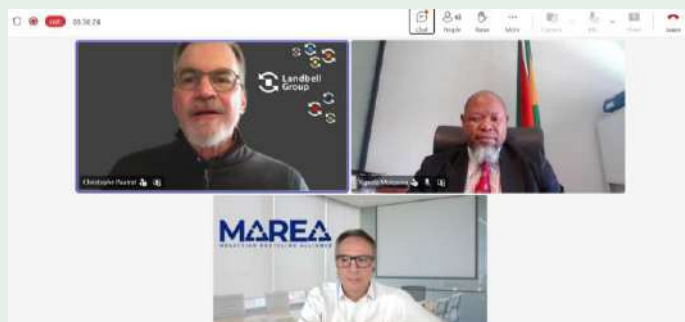
05

9 APR 2026

US-ASEAN Business Council EPR Workshop

This regional, **private-sector-led initiative by the US-ABC** was aimed to **strengthen dialogue** between US industry and ASEAN governments and support **Malaysia's transition to mandatory EPR by 2030**.

MAREA contributed to two sessions: Session 2, "Strategic Opportunity for Malaysia's EPR Direction," on **positioning EPR within Malaysia's economic and sustainability agenda**; and Session 4, "Actionable Insights — From Policy Design to Implementation Readiness," on **priority actions and practical pathways for early EPR implementation**.



06

29 APR 2026

GIZ & IORA Workshop: Setting up Producer Responsibility Organisations

Convened by IORA in collaboration with GIZ, and facilitated by Landbell Group, the series is a **progressive, four-part learning programme** designed to move member states from **EPR governance fundamentals** through to **integration with municipal waste systems**.

The second session focused on the **practical steps of establishing a PRO**, developing a roadmap to operational readiness. MAREA's CEO, Roberto Benetello, contributed as a guest speaker, sharing **Malaysia's experience and MAREA's perspective as the country advances towards mandatory EPR**.



07

THROUGHOUT MAY 2026

Circular Plastics Policy Recommendations

As referenced earlier in this issue, MAREA was engaged by the Ministry of Finance (MOF) to help examine how budgetary and economic policy can support the plastics recycling sector.

MAREA extends its **sincere thanks** to the Associated Chinese Chambers of Commerce and Industry of Malaysia (**ACCIM**), the Federation of Malaysian Manufacturers (**FMM**), the Malaysian Plastics Manufacturers Association (**MPMA**), and the Malaysian Plastics Recyclers Association (**MPRA**) for their valuable inputs and collaborative spirit. This engagement is a reminder of what the sector can achieve when it speaks with one voice.



08

19 MAY 2026

Standards Malaysia: Engagement Session on Circular Economy Standards

MAREA joined the Stakeholder Engagement Session on Circular Economy Standards, hosted by the **Department of Standards Malaysia (JSM)** at **KPKT, Putrajaya**, under its **Technical Committee on Circular Economy (NSC 26/TC 12)**, of which MAREA is a member.

The session presented Malaysia's circular economy initiatives by the Ministry of Economy and KPKT and deliberated the proposed adoption of the ISO 59000 series of circular economy standards. MAREA provided expert input on **ISO 59010:2024, Circular Economy — Guidance on the Transition of Business Models and Value Networks**.



09

9 JUN 2026

EU-ASEAN Business Council Roundtable on Extended Producer Responsibility in Malaysia

This invitation-only session was anchored to the EU-ABC's report *From Waste to Wealth: Advancing ASEAN's Circular Economy through EPR* and brought together government officials, industry leaders, and civil society to explore how **Malaysia's national EPR legislation can align with both local conditions and international best practice**.

Discussions centred on adapting EPR principles to the Malaysian context, the **shift from voluntary industry action to national policy**, and the **enabling measures** needed for effective implementation.



10

11 – 12 JUN 2026

Asia Food Safety Forum 2026

Organised by the **United Nations Industrial Development Organization (UNIDO)** together with **Food Industry Asia** and partners, the forum convened regulators, UN agencies, and industry across Asia. MAREA contributed to Technical Session 5, "**Walking the Tightrope — Industry Perspectives on Recycled Food Contact Materials in Packaging**". MAREA joined Mondelez and Suntory PepsiCo to discuss **the challenges and safeguards involved in using recycled content in food-contact packaging**. MAREA brought a Malaysian perspective on **balancing food safety with circularity** as demand for recycled food-grade materials grows across the region.

11

19 JUN 2026

KPKT Producer Responsibility Organisation (PRO) Guidelines Refinement Meeting

Building on earlier industry input gathered through a dedicated PRO guidelines workshop, this meeting explored the **regulatory requirements for PRO approval, governance and operational standards, transparency and reporting**. MAREA contributed its operational and technical inputs at this engagement. MAREA also takes this opportunity to **thank KPKT for its collaborative approach in developing EPR in Malaysia**.



12

23 – 24 JUN 2026

Course to Develop Implementation Guidance for Circular City Principles within Development Plans



Pejabat Projek Zon Selatan (PPZS), PLANMalaysia, through Unit Rancangan Pembangunan (URP) 1, convened a two-day course on preparing implementation guidance for Circular City principles within development plans. The session addressed how circular economy objectives translate into spatial planning instruments — **land use for recovery infrastructure, collection and sorting facilities, and the local-authority capacity required to deliver them**. MAREA spoke at this engagement, focusing on how **EPR can be a critical lever to circular-city development**.



Across all engagements, MAREA carried a single consistent message: the voluntary phase must be used to build registries, definitions and verification capability — so that 2030 is a change of legal status, not a change of capability.

Expanding Our Network of Trusted Recyclers Across Malaysia

MAREA's collection work began with Malaysian households — **servicing communities directly** and learning what it takes to pull domestic recyclables out of a general waste stream. That is first and foremost a behavioural problem: separation happens as part of one's lifestyle, and no downstream system can fully compensate for material that was never segregated.

However, working at that level also gave a working understanding of another structural reality that prevents recovery of recyclables, which is the municipal solid waste system in Malaysia that still collects primarily for landfill.

Concessionaires, local councils and their contractors serve a substantial proportion of households in the country, with an extensive coverage of serviced areas. The proposals MAREA has since put to government rest on integrating them into EPR rather than building around them. EPR funding must therefore be directed at additional services undertaken, so that sorting and separation are performed properly at the point of collection, and the default practice of taking everything to landfill is replaced with recovery.

As MAREA continues to engage the government to ensure that EPR and municipal solid waste management systems are integrated, we have explored **alternative methods of collection that must exist and complement the formal systems of collection** – filling in the gaps of kerbside collection.

WHERE KERBSIDE REACHES ITS LIMIT

PREDICTABILITY

Tonnage cannot be forecast by material

A mixed household stream yields whatever it yields. Under EPR, obliged companies carry targets for specific materials — so the ability to commit to a volume of a named polymer, and evidence it, is a critical success factor rather than a refinement.

DIFFICULT MATERIALS

Hard-to-recover streams need tailored routes

Low-value and hard-to-recover materials do not survive a kerbside route economically. They require purpose-built recovery arrangements, built around operators who already handle that material and know where it accumulates.

Appreciating both constraints, MAREA embarked on an extensive exercise to **map Malaysia's recyclable value chains** — identifying the semi-formal and informal collection networks that move most of the country's recyclate, and the relationships they hold with trusted recyclers. That map is what made targeted, material-specific projects possible.



2024

Establishing Collection via Recyclers – The PET Proof of Concept

MAREA began by identifying a recycler in the PET market with a traceable network of operators sourcing material across Malaysia and began testing this model with them. Built on additionality, traceability and mass balance, the project demonstrated what EPR funding does when it is applied at the right point in the chain: large additional volumes of domestic post-consumer PET, recovered and delivered to a recycler able to process them, with every tonne evidenced

2026

Extending the method to harder materials

Those learnings carried directly into this year’s expansion. MAREA vetted and onboarded selected recyclers for HDPE, used beverage cartons and LDPE — materials that a kerbside route may not reliably deliver. Each was brought in with traceability considerations, compliance assurance and the capacity to meet future EPR obligations, while building domestic collection capability for streams that previously had none.

HOW PARTNERS ARE VETTED AND HELD TO ACCOUNT

FOUR STAGES

01 Vetting and selection	02 Processes and material parameters	03 Material and transaction audits	04 Monitoring and improvement
Due diligence on business operations and financial soundness, followed by site visits to confirm the infrastructure can meet the project’s aims.	Priority materials and a domestic post-consumer mandate written into every agreement, with reporting systems built to MAREA’s transparency requirements.	Consistent documentation of inflow and outflow, compiled and submitted to third-party auditors for validation.	Periodic assessment and close partner relationships, with audit findings informing where MAREA intervenes or expands next.

REACHING SCALE

Collection and recovery of substantial volumes is the only way to test what systems requires under mandatory EPR.

Volume is what exposes the real constraints: operator capacity, documentation burden, price behaviour and the cost of recovering each material properly. MAREA is therefore preparing to welcome further participants and industries during the voluntary phase, and interested parties are invited to contact the Secretariat for information on joining.

STAY CONNECTED

REACHING OUT

Unlocking Circularity is MAREA's quarterly newsletter and serves as a communication bridge between the Malaysian Recycling Alliance and its members, partners and stakeholders.

Distributed via email, the newsletter offers updates on EPR developments, project highlights, industry trends and collaborative opportunities.

In addition to the newsletter, MAREA actively shares news, insights and announcements on our official website, LinkedIn and other digital platforms to keep our network informed and engaged.

CONNECT WITH US

EMAIL

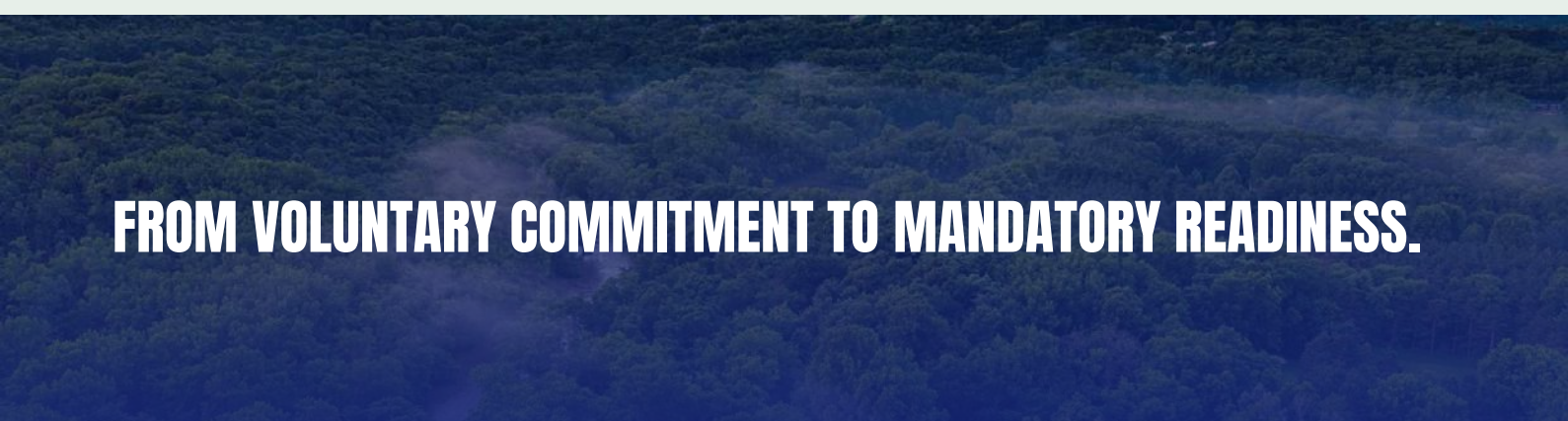
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FROM VOLUNTARY COMMITMENT TO MANDATORY READINESS.



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