

EUROPEN Press Release

EUROPEN co-signs the Circular Plastics Alliance Declaration with shared goal to increase the uptake of recycled plastics in Europe

Brussels, 20 September 2019 - EUROPEN – the European Organization for Packaging and the Environment- is pleased to sign today the Declaration of the Circular Plastics Alliance (CPA) at the European Commission's high-level event with Vice-President Frans Timmermans and Commissioner Elżbieta Bieńkowska, and gathering representatives of industry and public authorities.

With this signature, EUROPEN and its members are signalling their commitment to play their part in the achievement of the CPA's stated objective, i.e. to reach the ambitious target of 10 million tons of recycled plastics in Europe by 2025, finding their ways into products and packaging in Europe.

EUROPEN's Managing Director, Virginia Janssens, says: *"The CPA's cross-industry value chain collaboration is engrained in EUROPEN's DNA and reflects its diverse membership. Only together and working towards the same goals at the same pace will we be able to achieve the collective tasks set out in the Declaration. We therefore also welcome the participation of public authorities and NGOs towards this shared objective. We welcome this voluntary approach to find workable, yet ambitious solutions to increase the uptake of recycled plastics. Several EUROPEN members have already taken part in the voluntary pledging exercise on recycled plastic content in packaging that preceded the CPA and have developed ambitious corporate commitments on recycled content and other environmental improvements."*

Hans van Bochove of Coca-Cola European Partners and EUROPEN Chairman adds: *"There are still several regulatory and market barriers which hinder the completion of a circular plastics market. To overcome such barriers, we have identified 10 key framework conditions which are essential to increase the uptake of recycled content in plastic packaging. We will strive to ensure that these conditions, such as a proper functioning market for secondary raw materials of quality and at competitive prices and advancing the EU approval process of the pending EFSA authorisations for the use of recycled content in food contact materials, are included in the working programme of the CPA".* Mr van Bochove concludes: *"EUROPEN is ready for the next phase of the CPA and looks forward to a successful outcome with the combined efforts of all concerned stakeholders."*

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Notes for the editor:

About EUROPEN

EUROPEN - the European Organization for Packaging and the Environment – represents the packaging supply chain (raw material suppliers, packaging producers and brand owners) for all packaging materials (plastics, metal, glass, paper/board) in Europe, and therefore offers a broad and balanced cross-sectoral and cross-material supply chain perspective. This overarching view is important to inform packaging policies in a proportionate and comprehensive manner. Our involvement in the CPA is a continuation of EUROPEN's and especially our corporate members' contribution to the objectives of the Circular Economy Package and the Plastics Strategy. www.europen-packaging.eu

ANNEX

EUROPEN's 10 key framework conditions for increasing the uptake of recycled content in plastic packaging:

1. Continuity of the EU Internal Market: The legal basis of the Packaging & Packaging Waste Directive (PPWD) is currently Article 114. Nevertheless, numerous provisions in the revised PPWD and Waste Framework Directive (WFD) provide opportunities for Member States initiatives that can potentially impact or otherwise restrict packaging design on a national level. Any erosion of the EU Internal Market that results in divergent/disparate packaging measures across the EU will likely divert resources (financial & human capital) from the pledged activities and adversely impact the potential for investments in sustainable innovations (including in packaging design, packaging materials and recycling/sorting technologies). Another potential negative impact on the Internal Market could be the divergent implementation of the Single-Use Plastics Directive. Ensuring the harmonised implementation, would help safeguarding the EU Internal Market.

2. Availability of Secondary Raw Materials (SRMs) at Competitive Prices: Plastic recyclate prices fluctuate according to market conditions and currently enjoys a price premium over virgin resin. Greater demand for recyclate driven by the collective pledges (or mandated recycled content) may magnify this discrepancy if the market fails to properly respond to this increased demand. There may come a point where this discrepancy is so great as to become punitive in terms of costs & margins. Pledges are therefore dependent upon the existence of functional markets for SRMs by 2025 (with appropriate infrastructure available for sorting and reprocessing where they are needed to ensure sufficient scale).

3. Availability of SRMs of Appropriate Quality (as established by 'end-of-waste' criteria): Effective 'end-of-waste' criteria are a prerequisite to functioning markets for SRM. They are essential to provide the necessary reassurance to manufacturers, regulators and consumers in respect of recyclate use. This applies to health & safety considerations and also functionalities related to performance (i.e., strength etc.). 'End-of-waste' criteria also need to accommodate different uses/applications and this implies multiple criteria that exist in a hierarchy rather than a single set of criteria for any given material.

4. Functioning EU Approval Process for Use of Recycled Plastic in Food Contact Materials: EFSA has issued 140 positive scientific opinions on the safety of processes to recycle plastic for use in food contact materials. To date, the European Commission has not officially authorised any processes. Authorization would ensure harmonization across the EU and remove any legal uncertainty in trading SRMs in food contact applications. It would also allow 'pull' in terms of demand from the food and drinks sector.

5. Consistency with existing and ongoing packaging related measures: Any future legislative measure needs to be aligned with already existing legislation at EU and national level. This includes, a.o.:(1) the implementation of Extended Producer Responsibility (EPR) minimum requirements, (2) the ongoing guidance on EPR fee modulation and (3) the implementation of collection and sorting requirements and the ongoing review of the so-called Essential Requirements (i.e. design requirements) for packaging, as well as (4) the secondary legislative measures of the Single-Use Plastics Directive.

6. Full Transposition and Application of the 'Net Cost' Principle for Packaging EPR Schemes across all Member States: Article 8a of the revised WFD outlines the Minimum Requirements for EPR schemes. These requirements include the 'net-cost' principle (i.e., taking into account revenues from recovered materials when ascribing costs to the obligated industry). This ensures that industry is responsible for the operational costs of collection (net of receipts from sales of secondary raw materials). Given the projected increase in costs of packaging EPR compliance in the future decade, the full application of the 'net-cost' principle will help ensure that industry has sufficient financial resources available to address obligations and pledges in respect of packaging.

7. Definition of 'Recycling' should be technology-neutral: The availability and acceptability of chemical recycling as a complementary technology to mechanical recycling, will be particularly important as a solution for difficult to (mechanically) recycle packaging formats materials.

8. Private and public financial support: Meeting the ambitious goals set out in the CPA Declaration will require a major effort and funding from all parts of the plastic value chain, including public authorities. Private investments will be needed in innovative (packaging) design, as well as in collection, sorting and recycling technologies and related infrastructures. Public funding for R&D and other commitments will also be needed to achieve our common goals. For instance, R&D financial incentives that support close to market technologies for both materials and treatment technologies (such as chemical recycling) will be a key framework condition. Any funding necessary for the attainment of the commitments should be decided in a fair and proportionate way

9. No Plastic Packaging Waste based Own Resource Levy ('Plastics Tax'): The Multi-annual Financial Framework (MFF) for 2021 to 2027 contains a proposal for a levy of €800 per tonne on non-recycled plastic to be collected at member state level (capped at €1,000 per tonne). This is at a level approximately double that of current resin prices. There is also no guarantee of 'hypothecation' of this levy to support plastic recycling infrastructure or other plastic related uses. As such it represents a very significant diversion of industry resources away from the challenges of ensuring a Circular Economy in plastics. The Commission estimates the yield from the call at €7 billion per annum. This is more than twice the total fees payable by industry in the EU for packaging EPR (approx. €3 billion per annum). A diversion of this magnitude will seriously compromise the ability of industry as a whole to act on existing innovation programmes, let alone any new pledges.

10. Continuation of EU28 baseline calculations: Calculations currently include the UK as a member of the EU28. Brexit will impact the projections for tonnages etc. for 2025 if it is not taken into account in the calculations. The UK will either need to be taken out of current EU28 calculations or included in scope in 2025 (i.e. EU27 + UK) to allow for meaningful comparisons.