

EUROPEN's recommendation for a growth- and innovation-oriented Circular Economy

June 2020

Packaging is an integral and essential part of the product supply chain, from the production to the consumption stage. The packaging supply chain, represented by EUROPEN, plays a central role in contributing to a resource efficient and circular economy by optimising resource use, minimising product (and food) waste and protecting products all along the value chains. Our members are continuously innovating to deliver on their sustainability commitments, while preserving the integrity and safety of the products for citizens and businesses.

By putting the accent on the combined goal of increasing sustainability and economic growth, the new Circular Economy Action Plan (CEAP 2.0) sets the basis for an innovation-driven policy agenda, which must encourage both ambitious and economically viable solutions to scale up the circularity of the EU economy.

To enable the packaging supply-chain making bigger leaps towards a more circular economy, any new packaging-related policies and regulations must be guided by the following general principles:

- Preserve the **integrity of the Internal Market**, to strengthen the implementation of packaging and packaging waste targets across the EU and avoid competitive distortions that risk undermining those same targets.
- Protect the **functionality of packaging** ensuring its intended use is fulfilled, thus preserving product integrity and safety, and reduce product waste.
- Embrace a **life-cycle approach to circularity**, where climate and environmental performance is assessed throughout the entire life cycle of packaging and product.
- Support **innovation and investments** in circularity through the deployment of incentive schemes and financing tools that are adequately funded, better streamlined and more easily accessible.

1. Building a strong foundation for a streamlined and climate-neutral circular economy



The Packaging and Packaging Waste Directive (PPWD) provides a longstanding and successful legislative framework for the packaging supply chain, enabling continuous innovation and environmental improvements as well as sustainable growth and jobs. The PPWD has been a key driver of the steady increase in packaging recycling and recovery rates since its adoption in 1994 and contributes to a continuous decoupling of the amount of packaging placed on the EU market from economic growth.

The 2015 Circular Economy Action Plan (CEAP 1.0), and the resulting 2018 Circular Economy Package (CEP), were the first major steps by EU legislators to transform the EU industry into a more circular economy with ambitious new requirements that impacted the entire packaging value chain. Some of their measures are yet to be implemented by the Member States, hence we echo the Commission's call for proper and timely implementation of the CEP and the Single Use Plastics Directive (SUP). This is needed to ensure the achievement of their environmental targets as well as to safeguard the Internal Market. We also support the Commission's commitment to cooperate closely with stakeholders in key value chains to identify and address barriers to the expansion of markets for climate-neutral, circular products. In this regard, we welcome the recognition of circularity as a key enabler for climate neutrality and we call on the Commission to ensure a better link between climate and circular economy policies.

The high and rigorous EU food and product safety standards are a priority for our members. Any action from our sector to continue moving towards a circular economy must not be at the expense of health and product safety, particular attention should be paid to food and medicines safety and quality.

In light of the set of new measures that have been announced as part of the CEAP 2.0, we call on the Commission to ensure that these are streamlined and proportionate as well as supported by evidence-based and solid impact assessments, inclusive of the economic, environmental and social aspects.

EUROPEN policy recommendations:

- Monitor the effective transposition and implementation of previous EU packaging-related legislation (i.e. Packaging and Packaging Waste Directive, Waste Framework Directive and Single-Use Plastics Directive) to guarantee both the achievement of the environmental targets and the integrity of the Internal Market, before adding new measures.
- Ensure policy coherence with already established measures on packaging and measures of the CEAP 1.0, which are yet to be implemented.
- Base all future measures on packaging on a solid legal and regulatory baseline, to prevent undermining the integrity of the Internal Market, and on robust evidence-based impact assessments to avoid negative impacts on the climate, on food and product safety and on waste prevention.
- New policy and regulatory measures must be driven by the recognition of circularity as a key enabler for climate neutrality and thus better link climate and circular economy policies.

2. Supporting innovation in packaging design while preserving its functionality

EUROPEN members are committed to continuously improving the environmental performance of their packaging and packaged products, while preserving their functionality, through investments in innovation in packaging design. The Essential Requirements and the increased uptake of recycled content in packaging are two cornerstones for further innovation in packaging design.



The Essential Requirements

Since the revised PPWD was published in 2018, the Commission has been working on reinforcing the Essential Requirements (ER) for packaging, a set of minimum requirements outlining criteria for packaging to be placed on the EU market. To support the vision that all packaging should be designed to be reusable or recyclable in an economically viable way by 2030, the Commission in the CEAP 2.0 suggests that the ER should be further reinforced and that other measures should be considered with a focus on (1) setting waste prevention targets, (2) considering restrictions of the use of packaging material for certain application and promoting no-packaging systems, and (3) reducing the complexity of packaging materials, including the numbers of materials used. At the same time, we wish to highlight that the ER must fit a wide range of packaging formats and functionalities. In this context, the many functions of packaging should not be overlooked: each packaging application must continue to be designed holistically with the product in mind, so as to optimise its environmental performance from conception to end-of-life, while maintaining its functionality (i.e. protecting food and medicinal products and deliver products safely to consumers).

The optimal design of packaging consists in finding the right compromise between a high level of performance to fulfil all the packaging's functions and its composition and recyclability. This often leads to mixes of materials or layers that protect the product from humidity, light, or external pressures during transport. Reducing the complexity of certain packaging applications can be beneficial when taking into account the functionalities of packaging and the life-cycle of the packaged product - including but not limited to all relevant end-of-life aspects. Hence design measures should remain industry-led, framed by enabling EU legislation.

EUROPEN members are continuously investing in sustainable design driven by continuous improvement and growing consumer awareness. Attempting to accelerate change by prescribing packaging design requirements

risks putting a brake on medium- and long-term investments and innovation into recycling in Europe that were triggered by the 2015 CEAP.

Recycled content in packaging

As part of their sustainability efforts, EUROPEN members are committed to further drive the uptake of recycled content in packaging where packaging's functionality, hygiene, product integrity and health safety for consumers are guaranteed. This should be driven by favouring a voluntary approach. Prior to consider the possible introduction of mandatory requirements for recycled content in packaging, EUROPEN notes that essential framework conditions need to be in place, notably: (1) continuity of the EU Internal Market, (2) full transposition and application of the 'Net Cost' principle¹ for packaging Extended Producer Responsibility schemes across all Member States, (3) functioning EU approval process for use of recycled plastic in Food Contact Materials, (4) availability of Secondary Raw Materials at competitive prices and of appropriate quality (as established by 'end-of-waste' criteria) ensuring consumer and product safety.

Furthermore, the overall benefits and drawbacks of the uptake of recycled content in packaging should always be preceded by a solid impact assessment and evaluated from a life-cycle perspective, based on a case-by-case approach.

Packaging functionality is particularly important to bear in mind in this context, especially for sensitive applications such as packaging in contact with food and beverages. The safety of food products and consumers is the first priority for the packaging supply chain and it is also what drives the search of the best solutions for the further uptake of recycled content. The initiative by the Commission to establish rules for the safe recycling of used packaging into food contact materials is an important step to support this effort. EUROPEN members will actively engage with the Commission and other stakeholders to find the best solutions and innovative technologies.

Moreover, EUROPEN believes it will be important to ensure a fair transition for industry players to meet the recycled content targets set in the SUP Directive and to examine whether there is a steady supply of recyclates available for use in the wide range of packaging formats. It would be counterproductive to mandate technical requirements on recycled content without an impact assessment, proving that there is enough supply of recycled material in sufficient quality, suitable for use and at competitive prices.

Recyclates' prices fluctuate according to market conditions. For certain packaging materials the price for secondary raw materials far exceeds that of virgin raw materials, sometimes resulting in punitive pricing. Greater demand for recyclates, driven by mandated recycled content targets, may increase this discrepancy. Furthermore, companies depend upon the existence of functional markets for Secondary Raw Materials (SRM) and appropriate infrastructure for sorting and reprocessing to ensure sufficient scale. The development of effective 'end-of-waste' criteria is a prerequisite for a genuine internal market for SRM. EUROPEN therefore welcomes the proposal of the Commission to assess the scope to further develop EU-wide end-of-waste criteria for certain waste streams.

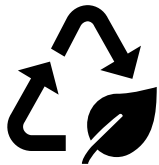
When referring to recycled content in plastics, the CEAP 2.0 rightly stresses the need of taking into account the ongoing work of the Circular Plastics Alliance (CPA). The CPA is an initiative launched in December 2018 by the European Commission supported by the industry to help plastics value chains, including packaging, boost the EU market for recycled plastics to 10 million tonnes by 2025. EUROPEN is proud to chair the CPA packaging working group to facilitate a neutral debate among stakeholders and is invested in securing the success of this voluntary approach to the uptake of recycled content in packaging, including by overcoming current technical barriers.

¹ EPR schemes should bear the operational costs related to the separate collection and treatment of end-of-life products minus the revenues from recycled material sales.

EUROPEN policy recommendations:

- Safeguard the holistic character of the Essential Requirements (ER) in their legislative revision, ensuring that they remain relevant for all packaging types and formats.
- Design the ER with the packaging functionalities in mind, including: products' protection; increasing shelf-life; contributing to waste reduction; facilitating transport, handling and distribution; promoting the packaged product and providing information and convenience to consumers.
- Maintain industry-led eco-design measures and conduct proper socio-economic and environmental impact assessments of the potential restrictions of use of some packaging materials for certain applications as well as of recycled content requirements.
- Accelerate the approval mechanism for Food Contact Materials through EFSA and the Commission.
- Favour a voluntary approach to the uptake of recycled content and guarantee that the necessary framework conditions are in place before considering introducing any mandatory requirements for recycled content in packaging.
- Promote measures to secure a steady supply of Secondary Raw Materials at competitive prices and of appropriate quality ensuring consumer and product safety.
- Await the progress and results of the Circular Plastics Alliance on recycled content.
- Respect deadline for targets set for some packaging producers under the SUP Directive for the mandatory recycled content uptake and examine the results before issuing new requirements.

3. Working towards less waste, more value and empowering consumers



EUROPEN supports the statement from the Commission that, where waste cannot be avoided, its economic value must be recovered and its impact on the environment and on climate change avoided or minimised. We also share the view that the transition towards a fully circular economy should result in high quality, functional and safe products. As a key part of the supply chain, packaging can play a positive role in a circular economy by optimising resource use, minimising product (and food) waste and protecting products all along the value chains.

EUROPEN welcomes the inclusion of consumers in the scope of the CEAP 2.0. By recognising them as enabling stakeholders, it sets the basis to effectively empower citizens and businesses to directly engage in the transition to a more circular economy.

Food waste prevention

Preventing avoidable product losses and food waste at all stages of the supply chain is a key priority for the EUROPEN members and an important part of delivering a circular economy. According to available estimates², 20% of the food produced in the EU is currently lost or wasted. Food waste represents a missed opportunity to feed the growing world population, a major waste of resources and a major source of greenhouse gas emissions accounting for 6% of total EU GHGs emissions³. Wasting food also means wasting efforts put into improving the sustainability of food production. We therefore welcome the inclusion of food waste prevention targets as part of the Farm to Fork Strategy proposed by the Commission.

Packaging effectively contributes to food waste prevention, for example, by protecting the product and matching the format needs of consumers. Packaging helps to preserve contents and preventing waste at all stages of the value chain, including the transportation, distribution, storage and consumption stage. Appropriate packaging can significantly prolong shelf-life thus further reducing food waste. By protecting the product, packaging also prevents

² EU Fusions 2016.

³ Poore, J., & Nemecek, T. (2018), Reducing food's environmental impacts through producers and consumers. *Science*, 360(6392), 987-992.

waste of the energy, fertilizer, raw materials and water that went into growing or making goods, and the energy used to transport the goods from the producer to the retailer and from the retailer to the business and household.

Waste hierarchy and packaging optimisation

EUROPEN observes that data used to justify measures to further reduce packaging waste are currently derived from Member States' records of packaging placed on the market. These figures set the baseline against which progress towards achieving packaging recovery and recycling targets are measured, in line with rules on calculating recovery and recycling rates. The figure mentioned in the CEAP 2.0⁴ of 173 kg of packaging placed on the market yearly per inhabitant includes packaging that is reused, recycled and recovered. It does not reflect the amount of used packaging that is sent to final disposal (i.e. incinerated or landfilled). Used packaging that meets end-of-waste criteria, and that is legally classified for the purposes of transport as a product, is also captured in this figure and interpreted as packaging "waste". In order to further reduce packaging waste, EUROPEN calls on the Commission to assess the amounts of packaging waste going to final disposal as the baseline and to project the decreasing trend in this waste on the basis of the EU meeting the recycling targets set for 2025 and 2030.

Waste prevention, reuse and recycling all contribute to circular economy objectives, but there is a need for coherence with the overall aim of lowering negative environmental impacts. Reusable packaging has proven its value under specific conditions, based on accurate and holistic sustainability assessments, when proven safe for consumers, and with respect for the functioning of the Internal Market. In this regard, EUROPEN highlights the voluntary move of some of our members to reusable packaging and bulk systems for certain products where environmentally beneficial. EUROPEN also maintains that any mandated measure on packaging waste prevention or reuse/refill would need a thorough impact assessment to determine where reuse makes sense from a socio-economic and environmental perspective.

Extended Producer Responsibility, separate collection and digital innovations

With 'reduction of the environmental impact of packaging' as one of its two objectives, the PPWD has been a key driver of the steady increase in packaging recycling and recovery rates since its adoption in 1994 and contributes to a continuous decoupling of the amount of packaging placed on the EU market from economic growth. In the context of the WFD and PPWD, Extended Producer Responsibility (EPR) is a policy tool that extends the producer's full or partial financial and/or operational responsibility for a product to the post-consumer state in order to meet national or EU recycling and recovery targets. EPR schemes that are set up at national level have been established to enable public authorities and producers/importers to meet obligations relating to the recycling and recovery of packaging waste.

With the 2018 revision of the WFD and the PPWD, EPR minimum requirements were introduced to help increase transparency, cost efficiency, accountability and enforcement of EPR obligations at national level. These will ultimately help Member States achieve the increased recycling targets for 2025 and 2030. EUROPEN calls on the Commission to follow-through on its commitment to enhance the implementation of these measures by the Member States.

Further, we welcome the consideration from the Commission to propose a harmonised separate waste collection and the highlighted consumer involvement in the development of this system. EUROPEN and its members will actively support this development with our expertise and consumers reach. Recyclability of packaging has a packaging-design notion but it also depends on the existing infrastructure; any recyclability targets should therefore be supported by minimum requirements on harmonised end-of-life infrastructures. Waste collection and sorting infrastructures need to support the effective implementation of the PPWD to ensure that all packaging waste has access to separate collection. In this context, we would also like to draw attention to a number of ongoing innovative

⁴ Circular Economy Action Plan 2.0 - The European Green Deal 2020, p. 11

developments that our members are undertaking in the field of separate collection and sorting, including “digital passports” and watermarking measures for their packaging that contribute significantly to more accurate sorting and high-quality recycling. Improved sorting can improve both the quality and quantity of recycled material on the market, which in turns result in more secondary raw material going back to the marketplace and bringing value instead of becoming waste.

Green Claims

In 2013, the European Commission started to develop, together with industry, an experimental methodology to measure and communicate the environmental performance of (packaged) products in an EU-wide harmonised way. The Product Environmental Footprint (PEF) calculation methodology will now be introduced as the method for companies to substantiate their environmental claims to avoid greenwashing. In the context of PEF, it is crucial that packaging is considered to be intrinsically linked to the (packaged) product and cannot be seen in isolation. An EU harmonised approach to PEF is needed to guarantee the free movement of packaging and packaged goods, thereby safeguarding the EU Internal Market while ensuring that continuous investments and innovation are supported to boost EU competitiveness.

Considering the current PEF state of play, EUROPEN supports a voluntary and flexible approach in its application. PEF is not yet sufficiently developed to be used for comparing one (packaged) product against another. Its methodology and databases still need further development. An overly prescriptive approach, such as the use of PEF as a comparative tool, could hinder innovation and a level playing field amongst (packaged) products. To avoid consumer confusion, we call for a transparent application of PEF and for extensive related awareness raising campaigns which would ensure consumer acceptance of the PEF label.

EUROPEN policy recommendations:

- Before examining measures to further reduce packaging waste, assess the amounts of packaging waste going to final disposal as the baseline, and project the decreasing trend in this waste on the basis of the EU meeting the recycling targets set for 2025 and 2030.
- Allow for sufficient time for a harmonised transposition of the SUP Directive and a proper assessment of the related environmental burden shift from the uptake of reuse, before adopting new measures regulating single-use packaging.
- Pursue the harmonisation of separate waste collection systems, in close cooperation with Member States and stakeholders, ensuring the existence of adequate infrastructures to support the implementation of the PPWD.
- Establish minimum requirements on harmonised end-of-life infrastructures for waste collection, sorting and recycling infrastructure across the EU and support innovative measures on digital passports and watermarking to further improve sorting and recycling of used packaging.
- In the context of PEF, it is crucial that packaging be considered as intrinsically linked to the (packaged) product and cannot be seen in isolation.
- Further development of PEF methods and databases is still needed before they can be implemented in a legislative framework.
- Need for transparent application of PEF and for extensive related awareness raising campaigns, which would ensure consumer acceptance.