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Discussion points on mandatory extended producer responsibility (EPR) schemes and eco-modulated fees for packaging

KEY MESSAGES

Europe's glass, steel and aluminium industries for packaging fully support the European Commission's ongoing work to develop secondary legislation on introducing the concept of eco-modulated fees for the collection, sorting and recycling of packaging waste based on circularity.

We as the permanent materials coalition support the European Commission in particular:

- ✓ To draft a roadmap to ensure the introduction of mandatory EPR for packaging by 2024;
- ✓ To introduce the concept of recyclability in the eco-modulated EPR-fees;
- ✓ To introduce the concept of permanent materials in the eco-modulated EPR-fees;

Permanent materials can be recycled repeatedly with no loss of their main intrinsic properties and the packaging made from these materials are easy collectable and sortable for high-quality recycling.

In order to keep glass, steel and aluminium packaging materials in the circular economy loop, we support eco-modulation of fees to be paid by obliged industry that do reflect the recyclability of the packaging and packaging material, considering:

- The actual recycling capability of the packaging;
- The potential to be recycled over and over again without loss of main intrinsic properties (multiple recycling);
- The current and future recycling rates of each packaging material;
- The operational (such as sorting and collection for recycling) costs and revenues of the packaging material avoiding cross-material subsidies;
- The most optimal collection and sorting infrastructure for each packaging material, guaranteeing high quality material input for the recycling operation.

1. Legal framework for multiple recycling and eco-modulated fees

Multiple and high-quality recycling are aimed at in the WFD (recital 20 and article 8) and in the PPWD (several recitals and articles 6, 7 and 9). In our view, there are two means for obtaining higher and real recycling rates for packaging:

- Introduce, within the waste hierarchy, a recycling hierarchy with a distinction between multiple recycling and non-multiple recycling (*cf.* the coalition's paper "Discussion points on the review of the Essential Requirement for Packaging (PPWD)", June 2019);
- Introduce incentives for packaging materials which are respecting this new recycling hierarchy and making a connection to real recycling.

Making the distinction between multiple and non-multiple recyclable packaging material will enable EU Member States and extended producer responsibility schemes to factor in this distinction in the eco-modulation of the extended producer responsibility fees.

In the WFD (recital (27) and article 8), the concept of modulated financial contributions (or fees) is introduced to further support design for recycling. The end-of-life recycling approach, aiming for high packaging recycling rates, focuses on optimizing product recovery and material recyclability and therefore allows design for recycling. The fees are to be applied by the EPR schemes towards its members, the producers of the (packed) products. The modulation of fees needs to take into account the packaging durability, reparability, re-usability and recyclability.

2. Real recycling of packaging waste

The aluminium, glass and steel sectors are top-performers for recycling packaging materials. With respective recycling rates of 75%, 76% and 80.5% in 2017¹, our industries have worked closely with European, national and even local authorities, extended producer responsibility schemes, waste management operators and last but not least, customers, brands and other societal groups, to invest in collection and sorting systems that underpin the recycling infrastructure.

However, in our view, real recycling of packaging waste is only possible under the following conditions, being that the packaging waste should:

- Be collected separately in an easy to dispose for consumer and cost-efficient way;
- Be sorted into economically valuable material streams;
- Be fit for industrial recycling processes, preferably inside Europe and/or in third countries respecting broadly equivalent European environment, health and safety standards²;
- Become a secondary raw material substituting primary raw material in the production of new products, while considering the specifics of each material recycling value chain;
- Be recyclable over and over again with no loss of the main intrinsic properties.

¹ For aluminium beverage cans, glass containers and steel packaging, figures calculated according to WFD 2008/98/EC

² Waste Shipment Regulation, COM 1013/2006, article 49

3. Key principles for EPR and eco-modulated fees

The introduction of and the guidance for Extended Producer Responsibility (EPR) in the Waste Framework Directive (WFD) and the mandatory introduction of EPR schemes for packaging in the Packaging and Packaging Waste Directive (PPWD), should respond to the following main principles:

- a) Ensure that packaging fully contributes to the EU Circular Economy policy by applying the essential requirements for packaging and more in particular principles of eco-design and by respecting the waste management hierarchy;
- b) Meet the recently updated and more ambitious European recycling rates for each packaging material;
- c) Contribute to the related targets of reducing food waste;
- d) Contribute to phasing out of landfilling³;
- e) Collect, sort and recycle used packaging in a cost-efficient way per material, considering the specifics for each EU Member State, while guaranteeing a maximum degree of transparency and a fair distribution of the related costs between all stakeholders involved;
- f) EPR fees to be paid by the obliged industries⁴ should be defined in relation to the principles a), b) and c), d) and e).

4. Policy recommendations

In order to **facilitate that our materials stay in the circular economy loop**, we support eco-modulation of fees to be paid by obliged industry that do reflect the recyclability of the packaging and packaging material, taking into account:

- The actual recycling capability of the packaging;
- The potential to be recycled over and over again without any loss of the main intrinsic material properties;
- The current and future recycling rates of each packaging material;
- The real collection and sorting and costs of each packaging material, avoiding cross-subsidies between materials, as well as their economic value after being prepared for recycling;
- The existence of a well-functioning material recycling value-chains, respecting the fact that used packaging can be recycled back into valuable materials and new products, including packaging.
- The most optimal collection and sorting infrastructure for each packaging material, guaranteeing high quality material input for the recycling operations.

³ Landfill Directive 2018/852

⁴ Obligated industries are the producers of packed products, putting their products on the market for final consumption.

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