

Call for EU Action: SMEs in the beverage industry call for a fairer access to recycled PET

13 September 2022

In the EU, recycled PET is becoming almost as rare and expensive as white truffles or gold. The reason is everybody wants qualitative recycled PET from beverage bottles, and the demand significantly exceeds the offer.

Business is business, but not all businesses are the same. Only some:

- have to meet mandatory recycled content and collection targets;
- have to comply with strict food-grade safety requirements for their packaging;
- make considerable investments in the recyclability, collection, and recycling of their packaging; and
- can recycle their packaging several times in a closed-loop.

This is the case for beverage producers. Despite those legislative requirements and their investment in bottle-to-bottle circularity, many companies in the soft drinks sector have limited or no access to the recycled PET issued from their own packaging.

Lucia Morvai, Director of External Affairs and Communications at Správca zálohového systému, the Slovak Deposit Return System (DRS) Administrator, testifies: *“We have some reasonable concerns regarding the risk faced by some producers not to be able to meet the obligations arising from the EU Single-Use Plastics Directive, especially when it comes to access the sufficient amount and quality of recycled material needed to produce new drink containers made with recycled PET.”*

Small to medium-sized enterprises (SMEs) are particularly at risk. Most of them cannot afford the very high prices of recycled material. Recycled PET price premium over virgin PET is continuously reaching new records. In Europe, rPET is reported at a 30%-plus premium over virgin¹.

The Portuguese SME Água de Monchique confirms that the current rPET price is already way too high and *“when more producers will start incorporating rPET to meet the 2025 and 2030 targets, the access to rPET will be even more limited and the situation may get worse”*, they add.

The rPET price is currently defined by what the highest bidder is ready to pay, with companies from the food, the textile and the automotive sectors (among others) competing against each other. While this situation may please the recyclers, it cannot be seen as fair that many businesses with recycled content targets cannot access the necessary material to comply with their legal obligations, or that the current pricing favors downcycling over closed-loop recycling.

Petra Medved Djurašinović, Secretary General of the Slovenian Beverages Association, explains: *“In Slovenia, over 100 companies operate in the beverage industry, employing over 1,200 workers. These are mainly SMEs and many of them are currently facing a severe crisis due to the rising prices of recycled material and its general unavailability. In this context, and to support our sector’s efforts to create a closed loop for beverage bottles, a mechanism that grants a better access to recycled material is crucial”*.

The need for action is also supported by Bert Harwig, SHEQ Manager at United Soft Drinks, a Dutch beverage SME: *“The demand for high quality recycled PET is growing by the day, which means it*

¹ [The Year Ahead in Resin Pricing \(plasticstoday.com\)](https://plasticstoday.com)

becomes increasingly difficult to get the right amount of rPET. To stay competitive with larger companies, for an SME like us, it is very important that basic rules about the buying of recycled PET from our packaging are set. It means we should have the first right to buy back the amount of recycled PET in proportion to what we put on the market”.

This problem of access could easily be solved by the introduction of a priority access mechanism or right of first refusal in the upcoming revision of the EU Packaging and Packaging Waste Directive (PPWD). Every producer (from the smallest to the biggest one) would then have the option to buy the recycled material issued from the recyclable packaging it put on the EU market (after adjustment for collection and recycling rates).

Such a system would:

- place all beverage producers, including SMEs, in a position to meet their mandatory recycled content targets;
- considerably reduce the downcycling of PET bottles by promoting bottle-to-bottle recycling; and
- incentivise all sectors, including those outside the beverage industry, to invest in the recyclability and collection of their products.

Soft drinks producers across Europe strongly support this proposal. Jean Thibault Geerts, Corporate Innovation, CSR & IT Director for the French intermediate-sized enterprise Laiterie de Saint Denis de l’Hôtel (LSDH), comments: *“LSDH believes that every beverage producer (from multinationals to SMEs) should have an equal access to recycled material, considering the recycled content targets and the food-contact safety requirements imposed on our sector. Equal access means that the distribution of recycled material should be made in due proportion to the quantities placed on the market by a given producer. Thanks to such a mechanism, all producers (SMEs included) will be able to secure the possibility to buy the recycled material issued from the quantity of recyclable material they put on the market, and therefore to meet the EU and national recycled content targets.”*

The Super Bock Group, a Portuguese beverage company, adds: *“We are convinced that such a mechanism would allow a better circularity of our packaging, with clear benefits for the environment. We are aware of the appetite of several non-food industries for the recycled material coming from beverage bottles, but the right way is to ensure the reuse of this recycled material in new beverage packaging cycles, thus avoiding downcycling”.*

Anna-Karin Fondberg, Managing Director at Sveriges Bryggerier/ The Swedish Brewers, explains how such a system is benefiting beverage producers in Sweden, a country dominated by several national beverage SMEs: *“We have put in place several years ago, via our DRS, a system of priority access to the recycled content issued from our sector’s packaging. Thanks to this system, all beverage producers contributing to the DRS can buy a share of recycled content proportionate to the recyclable packaging they put on the market. This helps reducing the amount of food-grade material being sold to companies which are not participating in the collection of the material, and which will use our material for lower quality applications, therefore breaking our loop. Without this system, many of the numerous SMEs operating in our sector would not be in a position to access the recycled material they need to meet the EU recycled content targets by 2025 and 2030.”*

Sweden is not the only country which did not wait for actions to be taken at the EU level. Several countries already understood that promoting closed-loop recycling is the condition sine quo non for an effective circular economy.

Slovakia is one of them. Lucia Morvai explains: *“In the founding documents of the Slovak DRS we committed ourselves to support closed-loop recycling and to create the conditions that will secure priority access to recycled material to all producers registered in the Slovak DRS. Each producer, local or not, big or small, has the same opportunity to use its right of first refusal to access a share of material (collected and sorted), based on the quantity and quality it put on the Slovak market. We do believe that this system will allow producers to close the loop of beverage packaging and significantly contribute to reach ambitious recycled content targets, avoid downcycling and support the principles of a circular economy”.*

This system has been warmly welcomed by local producers. Milan Pasmik, Chairman of the Board at McCarter a.s., a Slovak company producing premium soft drinks and juices, testifies: *“As a local company, with less than 150 employees, we always need to be one step ahead. It involves using new technologies and innovations that support closed-loop recycling. Naturally, we had some reasonable concerns related to the access to a sufficient amount of recycled materials necessary to meet the obligations arising from the SUP Directive. However, in the new Slovak DRS system, we do have guarantees, both in the founding documents of the DRS system administrator and also in a contract with the administrator, that every producer of containers (or their importer) who is registered in the deposit return scheme and who places deposit containers on the Slovak market has the option to use its right of first refusal on the amount and quality of the material it placed on the market. We do believe that it is an important step towards securing the necessary amount and quality of materials needed to fulfil not just our legal requirements but also our voluntary commitments to close the loop of our packaging”.*

In light of the above testimonials and best practices, UNESDA and its members call on the European Commission to act to solve the issue of access to recycled material in the EU by introducing a priority right mechanism or right of first refusal in the revised PPWD.



Zbornica kmetijskih in živilskih podjetij



Združenje industrije pijač



LSDH



SUPER BOCK GROUP



SVERIGES BRYGGERIER



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About UNESDA Soft Drinks Europe

Established in 1958, UNESDA Soft Drinks Europe is the Brussels-based trade association representing the non-alcoholic beverages sector. Its membership comprises of 10 companies and 23 national associations from across Europe. UNESDA members are involved in the production and/or distribution of a wide variety of non-alcoholic beverages including still drinks, carbonates, fruit drinks, energy drinks, iced teas and sports drinks.

UNESDA's policy priorities are sustainability (e.g. beverage packaging, collection, recycling), responsibility (e.g. sugar reduction, school policies, marketing practices towards children and labelling) and competitiveness (e.g. taxation, market access).

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