UNESDA – Soft Drinks Europe

Position Paper on the Proposal for a Packaging and Packaging Waste Regulation (PPWR)

Improving the collection of beverage packaging across the EU

- **Key ask 1: Maintain the obligation for Member States to set up a Deposit and Return System (DRS) for beverage packaging, with a potential exemption for certain Member States under well-defined conditions (Art. 44)**

DRS has a key role to play in achieving high collection and high-quality recycling of beverage packaging. UNESDA therefore welcomes the Commission’s proposal for mandatory DRS across Europe, with the exception of Member States where a collection rate of minimum 90% is attained via other means.

Given current collection performances across the EU, many EU Member States are unlikely to achieve the 90% collection target from the Single-Use Plastics Directive (SUPD) as well as the recycled content targets from both the SUPD and the PPWR. Well-designed DRS are one of the most efficient options for meeting those targets and create a recycling system guaranteeing the material can be recycled in new beverage containers.

- **We ask you to reject any amendment aiming at making DRS voluntary instead of mandatory (while maintaining potential exemptions), or reducing the collection rate needed to be granted an exemption (to anything less than 90%).**

- **Key ask 2: Complete and correct the list of minimum requirements for well-designed DRS (Annex X)**

  - The system shall be led by the industry financing and participating in the system, in a not-for-profit structure.

  - The revenues coming from the sales of the collected materials and unredeemed deposits shall stay in the system to cover both setup and operational costs. This is key to ensure that the cost of DRS to consumers stays as low as possible and that DRS revenues are not allocated to other initiatives, to the detriment of the functioning of the DRS itself.

- **We support ENVI Amendments 2665 and 2671.**

  - Awareness raising campaigns shall be foreseen in the costs of the system. However, each DRS operator should be free to adapt the amount spent based on local needs and depending on the maturity of the DRS.

- **We support ENVI Amendment 204.**

  - Beverage producers financing the DRS as part of their producer obligation to collect their packaging waste shall have a priority access to the feedstock for recycling issued from the packaging they put on the market and that was collected via the system. Such mechanism would avoid downcycling of PET bottles or aluminium beverage cans into non-food applications, and encourage all sectors to invest in their own circularity rather than to free-ride on the beverage circular system.

- **We support ENVI Amendments 2657, 2666, and 2669.**
Supporting the increased use of recycled content in beverage packaging

➢ **Key ask 1: Create a priority access right to the feedstocks for recycling derived from food contact packaging (Art. 6, 7, 43 and Annex X)**

A pre-condition to the introduction of recycled content in packaging is the creation of a well-functioning market for secondary raw materials that 1. provides the sectors covered by recycled content targets a fair access to sufficient recycled materials to be able to meet those targets; and 2. enables closed-loop recycling, whenever this makes sense from an environmental and technical perspective. This can be achieved through a mechanism of priority access to some specific feedstock for recycling (such as the one derived from food contact packaging). Without such a priority access, undesirable downcycling of food contact packaging will continue and our industry will not be able to achieve its recycled content targets.

➢ **We support the principles defended by Article 6.7(a) adopted by the ITRE Committee, ENVI Amendments 175 and 1334 but would suggest some adaptations.**

➢ **Key ask 2: Place recycled content targets on “plastic packaging” and calculate those as an average per manufacturer per Member State (Art. 7)**

The PPWR should not set recycled content targets on the “plastic part” of packaging but rather on all “plastic packaging”, defined as packaging which is wholly or predominantly made of plastic. Indeed, some non-plastic packaging include, for technological purposes, small amounts of plastics. Those small amounts of plastics count for a minimal percentage of the total packaging and do not jeopardise the recyclability of the packaging. It is also technologically not possible to produce recycled coatings for food contact materials at the moment.

The PPWR should also remain consistent and not distance itself from the approach adopted for beverage packaging in the Single-Use Plastics Directive (SUPD) where recycled content is calculated on average within the territory of a Member State. Placing a recycled content obligation on each unit (as proposed by the Commission) or each plant and format (as proposed by the ENVI Rapporteur) has significant implications:

- **No better environmental impact** – a target on each packaging unit or each plant and format does not lead to a better environmental impact: the same amount of recycled plastic will be used.
- **Negative impact on affordability** – manufacturers have to ensure that affordable products are available on the market. Recycled PET is currently more expensive than virgin PET, therefore those approaches would lead to a general increase in prices of all products and impact affordability.
- **Supply constraints** – the market for recycled PET is very tight, creating serious access issues. Those approaches will amplify supply constraints as manufacturers won’t have the possibility to adapt the amount of recycled content used at a certain point in time to the evolving offer for recycled content.
- **Availability issues** – calculating recycled content on average protects the circular economy from external unpredictable geopolitical events that may impact the value chains and considerably reduce the availability of recycled PET. Other approaches will impede manufacturers from placing their products in the market.
- **Industrial and economic constraints** – those approaches would reduce the flexibility to integrate more recycled content in some formats or production lines, and the potential for manufacturing optimization.

➢ **We support Amendment 6 adopted by the ITRE Committee or ENVI Amendments 633 to 639 regarding the definition of “plastic packaging”.**

➢ **We support ENVI Amendments 1096 and 1158 regarding the scope of the recycled content targets (average per manufacturer per Member State) or, alternatively, Amendments 24 and 28 adopted by the ITRE Committee. Please note however that the ITRE Amendments distance themselves from the SUPD approach and may therefore complicate the reporting.**

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1 As an example, to comply with the EU legislation, the beverage industry can only use recycled feedstock that is sourced from at least 95% of beverage packaging. Using materials from other sources would not be compliant. However, today, the vast majority of its feedstock for recycling goes to other applications.
Ensuring the complementarity of reusable and recycling solutions

➢ Key ask 1: Do not increase the reuse and refill targets (Art. 26) without further impact assessment

Reusable packaging has a role to play in reducing packaging and packaging waste in Europe and increasing reuse and refill is part of UNESDA’s commitments to improve soft drinks packaging circularity. However, little is still known about the real impact of scaling-up reusable systems in different EU countries. Furthermore, the Commission’s impact assessment of the proposed targets lacked the granularity needed to properly assess the actual impact of reusable packaging in different Member States, different sectors and different distribution channels.

Legislation should always be developed on the basis of clear and granular data to assess the costs and benefits of the measures being proposed. We are therefore concerned by proposals for increasing the reuse and refill targets for 2030 and 2040 without further impact assessment to justify them.

We recognize that reuse can have environmental benefits for certain packaging. However, there is insufficient national data on the exact conditions under which reuse can bring those benefits. Proceeding step by step and providing enough flexibility to manufacturers to invest where and when it makes the most sense is paramount.

In the absence of a new and better impact assessment justifying increased targets, there is no guarantee that the proposed measures will have the desired benefits and it could even undermine efforts to reduce energy and water consumption. Companies may be forced to invest in setting up reuse systems in geographies or channels where existing well-functioning, fully recyclable and circular single-use systems actually make more sense from an environmental and economic perspective.

☞ We ask you to reject any amendment aiming at increasing the 2030 and 2040 reuse and refill targets for non-alcoholic beverages above the levels indicated in the Commission’s proposal.

➢ Key ask 2: Maintain systems enabling refill in the reuse and refill targets (Art. 26)

The reuse and refill targets should be attainable via the full scope of available reusable and refill solutions.

A too narrow scope would considerably limit the flexibility of economic operators to invest in the most relevant mix of reusable and refill options in each country and would direct all investments towards only one system: the traditional returnable refillable packaging. This does not make sense from neither an environmental, economic nor a consumer perspective.

It is key to maintain “systems enabling refill” in the proposal because:
• A narrow definition hinders innovation in the field of package-less solutions and is not future-proof.
• Offering convenient and attractive solutions to consumers is key to change purchasing patterns in the long term. Some consumers used to bringing back their packaging to a reverse vending machine will be attracted by the traditional returnable bottles, but others will likely prefer to refill their own containers directly from a system for refill at home or in their office.
• A traditional returnable bottle may not always, and under all conditions, be the best solution from an environmental perspective.
• Forcing economic operators to focus all their investments in reuse on traditional returnable bottles also represents an unnecessary financial burden.
• Systems enabling refill have a great potential in terms of packaging reduction. They can dispense a high volume of beverages without any, or with a very limited amount of packaging.
In addition, to allow for the full coverage of all reusable and refill solutions in the legislation, two amendments to the Commission’s proposal are also necessary:

- The definition of refill in article 3 needs to be amended to clarify that it also covers “refill at-home” solutions.
- The calculation method detailed in article 27 needs to offer the possibility to base the calculation on the volume of the product made available through reusable packaging or systems enabling refill (in hectoliters or in “equivalent units”).

➢ **We ask you to reject any amendment aiming at removing systems enabling refill from the reuse and refill targets.**
➢ **We support ENVI Amendments 662, 664 and 665 in relation to the refill definition.**
➢ **We support ENVI Amendments 158, 160, 2167, 2168, 2170, 2171, 2172, 2173, 2175 in relation to the calculation of the reuse and refill targets.**

➢ **Key ask 3: Create well-designed exemptions to ensure reusable packaging is only introduced where and when it makes the most sense (Art 26)**

As recognized by the report adopted in the ITRE Committee, as reusable and refillable solutions won’t bring positive environmental benefits in all situations and for all packaging, it is important to provide a form of exemption if certain environmental/waste management criteria are met. This is in order to avoid unintended adverse effects of the targets on existing well-functioning circular systems and to avoid perversely incentivizing format shifts away from fully circular packaging. This is key to ensure the complementarity of reusable, refillable and recycling systems, to protect the effectiveness of existing measures and align the targets with economic realities. A study by PwC commissioned by UNESDA assessed the cost for introducing 10% reusable PET bottles in the soft drinks industry in Europe at over 16 billion euro!

However, when designing such an exemption, some critical elements need to be taken into consideration:

- It is important to maintain some flexibility regarding the exemptions to reflect the diversity of the market. For some companies, using few different types of packaging, it may make more sense to use an LCA to justify a derogation. Others, on the contrary, do not necessarily have the resources. It is therefore important to have a derogation that can also be obtained “de facto” if certain specific criteria, such as collection and recycled content rates, are met. It would also prevent some of the companies using the same packaging from obtaining a derogation and others not.

- Currently there is no real harmonized LCA methodology to compare single-use packaging and reusable packaging. We believe that this should be overcome in order to create a “level playing field” in the evaluation of the environmental criteria of both formats.

- It is also important to establish criteria related to both the packaging itself and the country where it is placed on the market. The aim is to avoid a derogation for perfectly circular packaging but that is poorly collected, or vice versa, for less sustainable packaging but that is collected at a high level.

- Finally, it is key to ensure that the exemption and related criteria cover all packaging materials (for example, any criteria related to recycled content should go beyond the scope of the obliged materials under article 7).

➢ **We support the principles defended by ITRE Amendments 73 and 74 as well as ENVI Amendments 2091, 2101, 2126, 2149, 2151 and 2159 but would like to suggest some adaptations to reflect the above considerations.**