Circular Economy Package

New European Packaging Legislation

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Circular Economy Package

- The Circular Economy Package is crucial starting point for a successful transition to a circular economy, in which the value of products, materials, and resources is maintained in the economy for as long as possible.

- It includes two important revised Directives, which must be implemented by all Member States by July 2020.
  - the Waste Framework Directive (WFD)
  - the Packaging and Packaging Waste Directive (PPWD)

Two Updated Directives

WFD

Waste Framework Directive

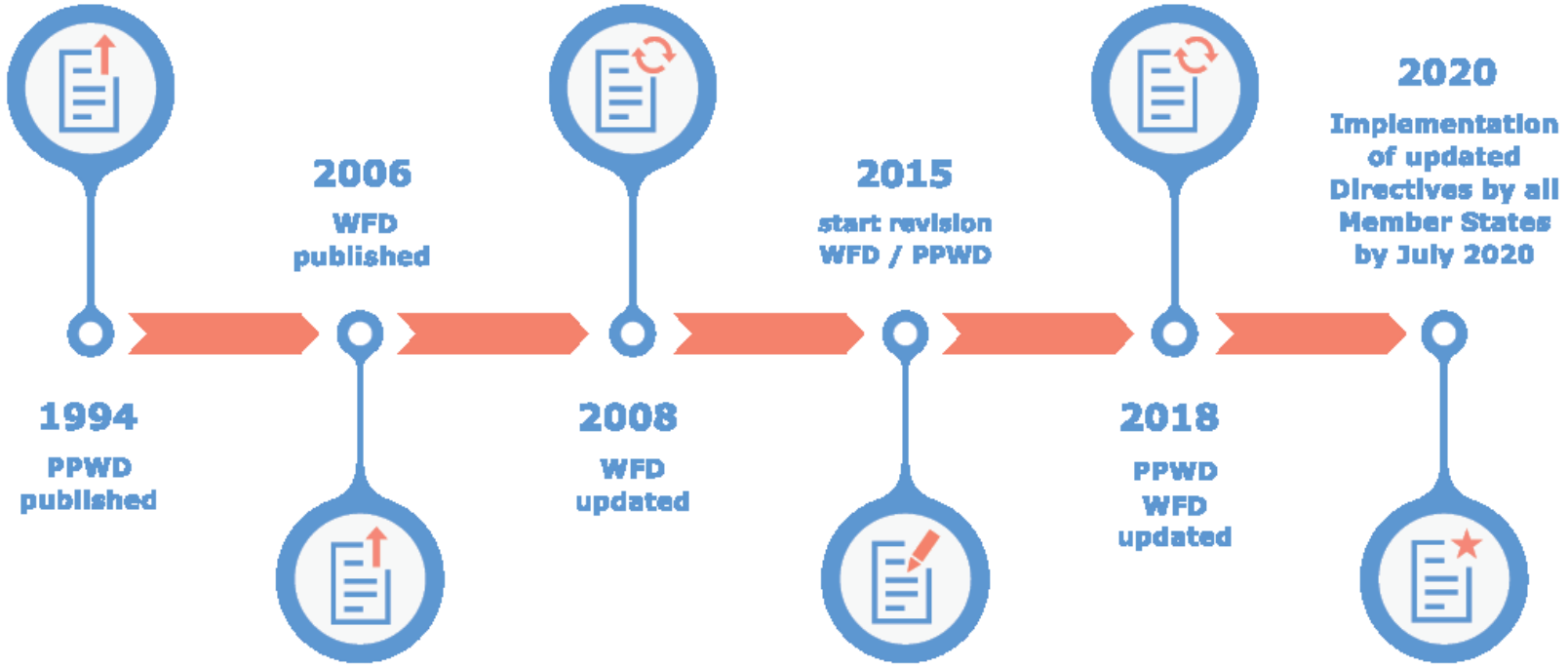
The WFD is the overarching legislation related to waste management in the EU. It sets the basic concepts and definitions, such as definitions of waste, recycling, recovery. It lays down some basic principles such as the "polluter pays principle" and the "extended producer responsibility".

PPWD

Packaging and Packaging Waste Directive

The PPWD introduces measures concerning the management of packaging and packaging waste. It has the dual objective of reducing the impact of packaging waste onto the environment, while also ensuring the functioning of the internal market of packaging and packaged products.

Timeline



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Fundamental shift in legislation

- No longer focus on renewables or resource efficiency.
- Reducing the weight of packaging is no longer considered as packaging waste prevention if the lightweight packaging types are not recycled.

The new legislation calls for :

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What does this mean?

- Energy recovery from incineration of non-recycled materials is no longer accepted to be counted towards recycling rates.

- Multi-layer packaging that is not effectively recycled will be discouraged, e.g. by the modulation of EPR fees.

- In terms of design, the updated legislation further calls for a revision of Essential Requirements.

- Mono-material packaging, like metal, is perfectly placed to meet the new requirements.

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Reporting real recycling

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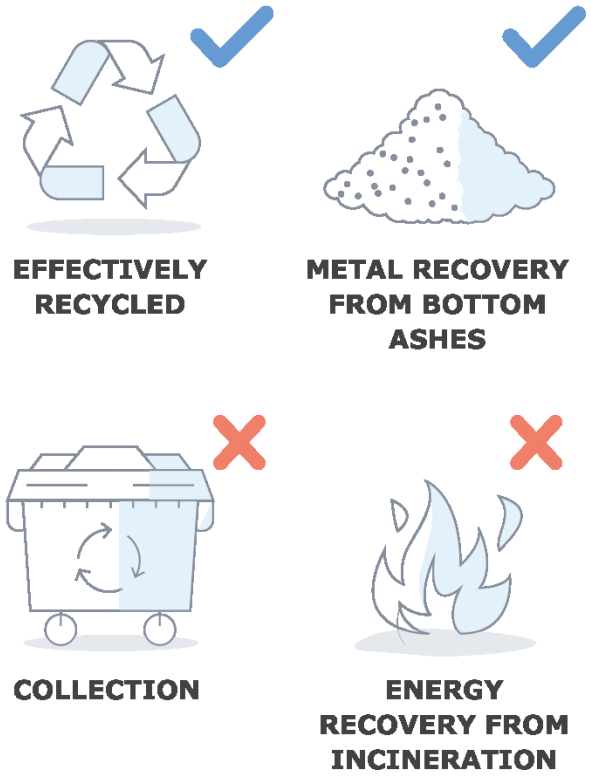
- Only packaging waste that is effectively recycled can be reported as recycled.
- Only what is not lost during incineration and will be subsequently recycled, i.e. ferrous metals and aluminium recovered from bottom ashes, will still be included in the respective recycling rates.

- Collection ≠ recycling
- Energy recovery from incineration ≠ recycling



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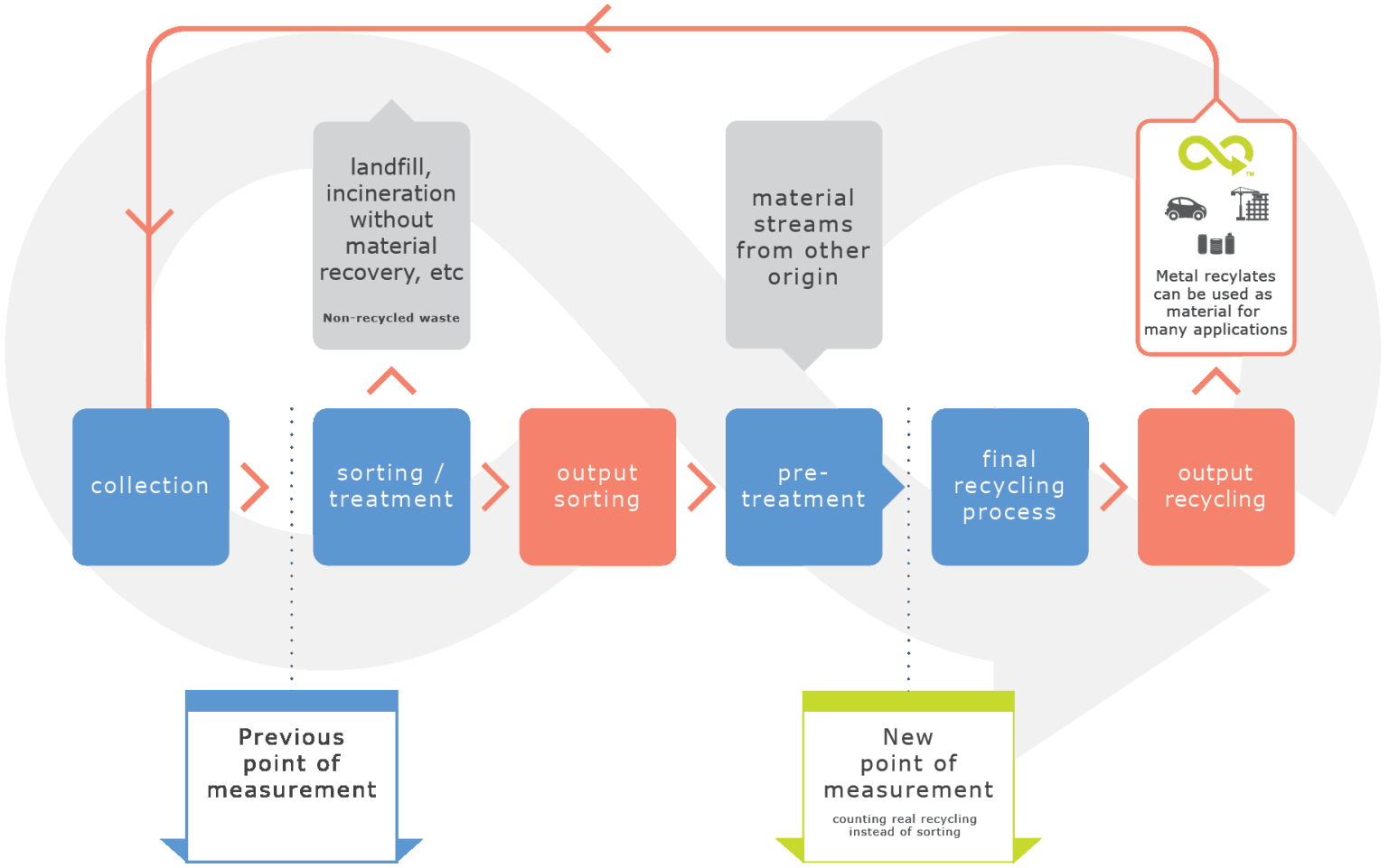
- All Member States will measure recycling in the same way and at the same point, i.e. when packaging waste enters the recycling operation.

- All packaging materials recycling rates will be reset. For metal packaging, the impact is minimal.



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Increase recycling rates

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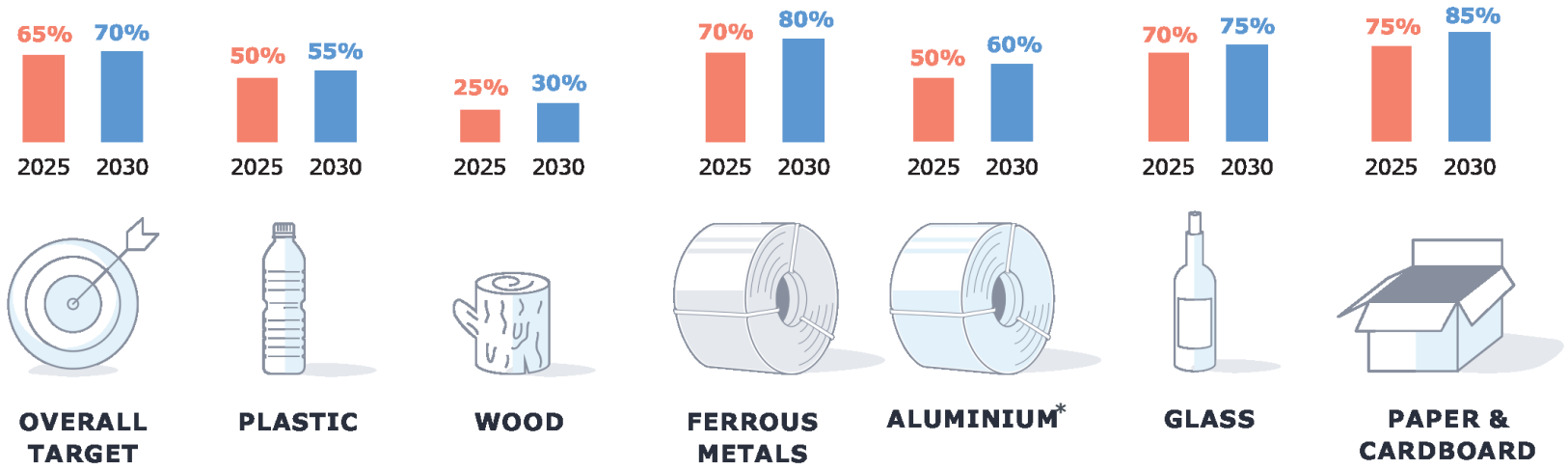

- Recycling targets are set for overall packaging waste and for the various packaging materials individually by 2025 and by 2030.
- The targets are requirements for individual Member States and NOT European averages.
- The metals value chain will continue to target higher recycling rates. Metal packaging is made to be recycled, again and again, and its secondary raw materials market functions well.

*The new target will include rigid, semi-rigid, and flexible aluminium (where aluminium is the predominant material), which will impact the recycling rates officially reported by Member States.

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Design for circularity

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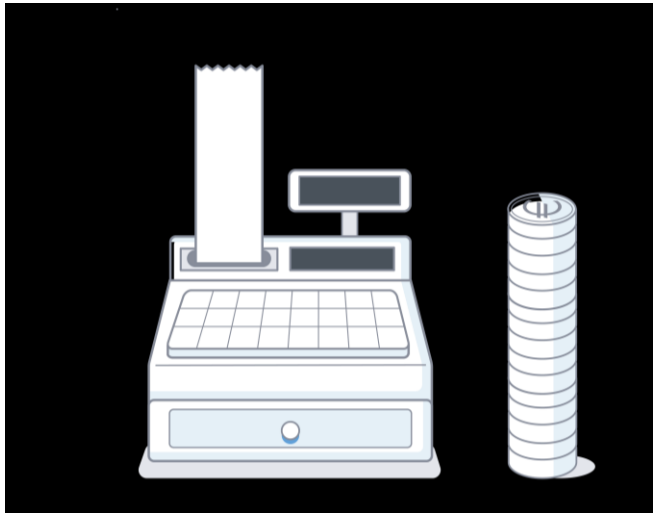
1. Eco-modulation of EPR fees

- EPR fees will be modulated based on real end-of-life costs to promote packaging that is ease to recycle.

- Fee modulation will re-shuffle costs among materials:
  - Products and packaging materials that are difficult to recycle / not recycled will bear a significant cost burden.
  - Metal packaging is simply separated from other waste and the infrastructure to do so is already widely in place, a favorable position.

- European Commission will publish guidelines on the modulation of fees in 2019.



Not recyclable / Difficult to recycle

Recyclable. Reusable. Repairable.

2. Plastics Strategy and related development

- On top of the revised EU packaging legislation, the first-ever European wide Strategy on Plastics introduces various policy and legislative initiatives to reduce the negative impacts of plastic waste on land and sea life.

- Legislators focus on making the plastics industry circular with all the consequential costs and operational challenges this will present throughout the supply chain. They are calling for:
  - All plastic packaging to be recyclable by 2030
  - The creation of a market for recycled plastics and the uptake of recycled plastics
  - Reduced use of most littered single use plastic products and their impact
  - Financial accountability for non-recyclable packaging materials and products,
    the cost related to litter clean-up etc.

- These measures are work in progress but progressing fast.

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In summary…

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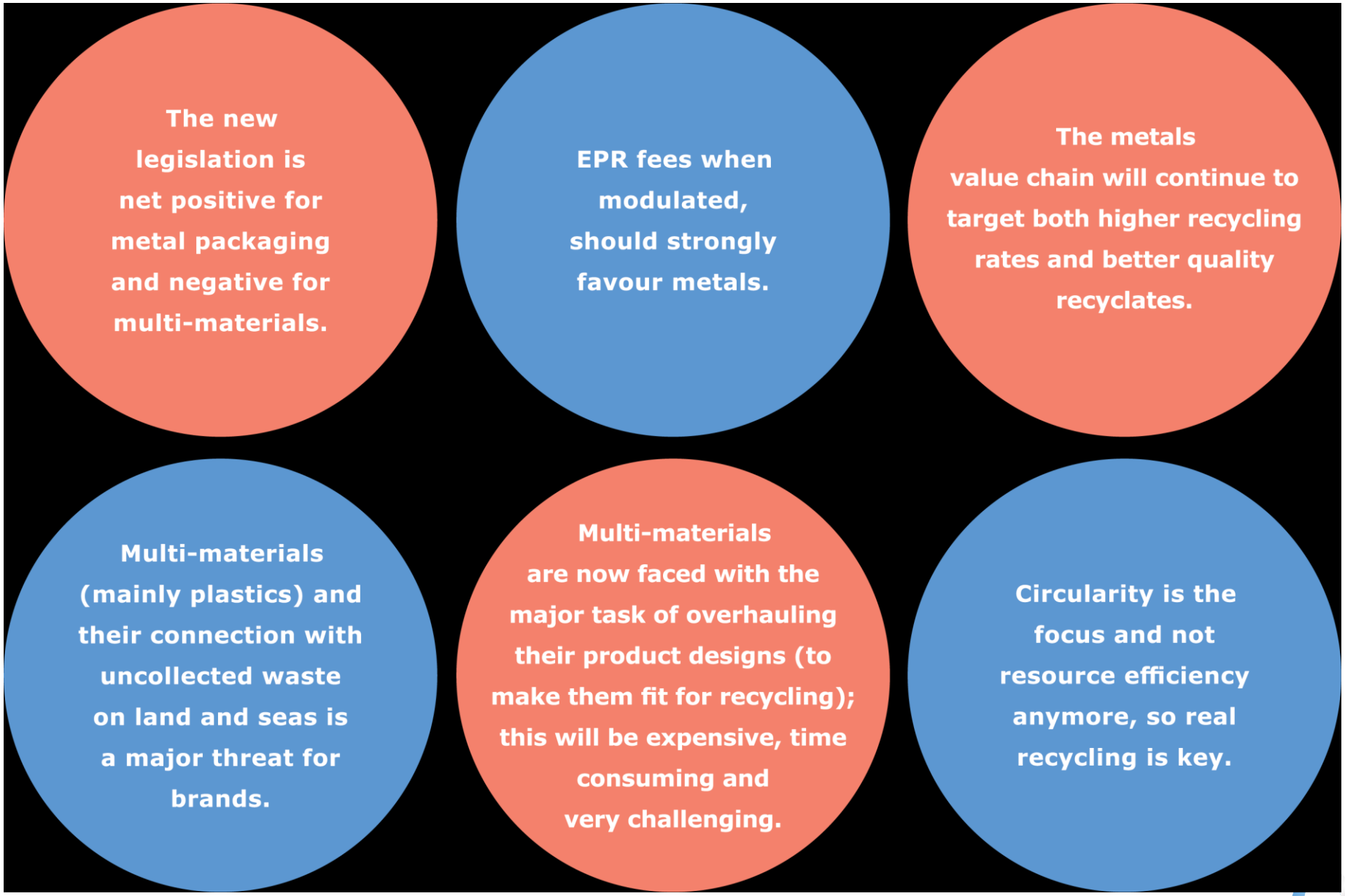
- The legislation encourages an entire rethink on the use of packaging materials that are not recycled or very difficult to recycle.

- Packaging strategies will need to be reassessed to be acceptable for the market going forward.

- Metal packaging is designed for circularity: it is a mono-material packaging that recycles infinitely. It is simply separated from other waste either with a magnet or eddy current separator; the infrastructure to do this is currently widely in place.

- The combination of increased, recycling only targets and the changed measurement point will prove a challenge for multi- and polymer materials. They will require complex and new processes to achieve the legislative recycling targets.


The new legislation is net positive for metal packaging and negative for multi-materials.
EPR fees when modulated, should strongly favour metals.
The metals value chain will continue to target both higher recycling rates and better quality recyclates.
Multi-materials (mainly plastics) and their connection with uncollected waste on land and seas is a major threat for brands.
Multi-materials are now faced with the major task of overhauling their product designs (to make them fit for recycling); this will be expensive, time consuming and very challenging.
Circularity is the focus and not resource efficiency anymore, so real recycling is key.