UPM EXPECTATIONS ON PACKAGING AND PACKAGING WASTE DIRECTIVE REVIEW

Sustainable and recyclable packaging enables consumption beyond fossils

UPM is one of the leading producers of sustainable packaging materials in the EU.

Our renewable raw materials - pulp, wood-based naphtha and renewable MEG – are used to produce recyclable fibre-based packaging and renewable plastics.

Food and a myriad of consumer goods are packed safely in UPM's flexible paper packaging materials. We also create high-performing labelling materials for branding and promotion as well as informational labels and labels with functionality.

The amount of packaging waste globally is growing alarmingly fast. The European Union has recognised this problem in the European Green Deal and Circular Economy Action Plan. The European Commission intends to propose a review for the Packaging and Packaging Waste Directive ("PPWD") in 2022.

We strongly believe in renewable circularity as the foundation for a sustainable packaging sector in the future. Our key expectations for the PPWD review are:

1. Recycling should have an equal position in legislation with reuse.
2. Mandatory reuse targets should not be proposed in the PPWD review for climate, resource-efficiency, hygiene, and waste prevention reasons.
3. Innovation potential of sustainable packaging must not be hindered by dictating technical solutions in regulation.
4. Renewable virgin material should have an equal footing with recycled content in PPWD.
5. Food contact materials must be excluded from mandatory recycled content requirements and rules need to be developed to ensure the food safety of recycled materials.
6. Packaging waste collection systems and labelling should be harmonised in the EU.

Recycling must have an equal position in legislation with reuse

The Commission aims to make all packaging reusable or recyclable by 2030. UPM agrees with this approach with the condition that **recyclability should be valued as much as reuse in the PPWD review**. Fibre-based packaging is short-lived by its nature but has overwhelmingly higher rates of recycling compared to other packaging materials. In 2019, 82% of paper and cardboard packaging was recycled in EU. Replacing single-use fibre-based packaging with reusable packaging is not necessary as fibre-based packaging is effectively recycled already today. In addition, the recyclability of fibre-based packaging is being developed even further in initiatives like 4evergreen.

The recycling of plastic will also develop fast. Within plastic packaging, recycling and reuse options need to be rightfully evaluated in the light of their environmental impacts. The best locally fitting solution between recyclable material and reuse should be decided on national level. ([1])

However, not all packaging can be recycled. **Compostability must be an alternative for food packaging materials that contain food or drink residues and cannot be processed at recycling facilities.** In the preparatory discussions of PPWD, use of compostable packaging has been proposed to be limited only to specific applications where non-compostable packaging would contaminate the biowaste stream. The use of compostable fibre-based packaging should not be limited unnecessarily as even 100% compostable fibre-based packaging can be fully recycled if there are no food or drink residues. In addition, there is a need to develop a standard for the biodegradability and compostability of fibre-based products to ensure a level playing field for all compostable materials.

When defining recyclable packaging, UPM asks the Commission to carefully consider where to set the threshold of non-recyclable material in packaging and whether the threshold is really needed. In the legislative preparatory process, the following definition has been discussed:

"At least 95% of the functional unit of packaging shall be recyclable [...], with the remaining minor components compatible with the relevant recycling process and not hindering the recyclability of the main components".

We want to emphasize that the share of remaining minor components can be higher than 5% and this does not hinder the recyclability of the main component. Already labelling may account for more than 5% of the weight of the package. If the aforementioned definition is approved, labelling could lead the whole package to be considered non-recyclable even though recycling streams can deal with the labels and still recycle the main package.

Costs of packaging recycling are covered by collecting Extended Producer Responsibility (EPR) fees if recycling is not commercially viable. In general, harmonisation of EPR fee modulation criteria would simplify the operating environment in packaging value-chain. However, **EPR fees heavily affect the choice of packaging materials and if the fee modulation criteria are set incorrectly, there is a great risk of market distortions**. Promotion of reusable packaging must not be done by introducing high EPR fees for sustainable packaging materials that are already recycled to a high degree. We also want to point out that combustion of recycling residue should be possible also in the future as otherwise this residue ends up in landfills.

**UPM CASE:
UPM BUILD A FIRST-OF-ITS-KIND BIOREFINERY TO PRODUCE RENEWABLE GLYCOLS THAT CAN REPLACE FOSSIL PLASTICS IN PACKAGING.**

Mandatory reuse targets would not solve climate and waste problems

Mandatory reuse targets should not be proposed in the PPWD review. Reusable packaging systems often have increased environmental and economic impacts due to the extra logistics involved, sanitisation and additional costs for food service systems. Increasing reusable packaging has its role to play in reducing packaging waste generation in limited applications. However, several practical problems and questions about the real environmental impact need to be solved before reuse can be a more general solution.

All packaging items should be recyclable, including those that can be reused. Currently, there are no widely available systems and infrastructure for keeping reusable packaging in the consumption loop. Reuse systems are very local and may make sense only in big cities where there are enough consumers willing to change their consumption habits. There is a real risk that reusable items are disposed of as single-use items and end up littering our nature if the infrastructure is not in place.

Reusable packaging does not automatically bring climate or energy efficiency benefits compared to single-use packaging. Reusable packaging is very often more resource intensive i.e., heavier, thicker and made of fossil-based materials. In addition, reusable packaging requires significant amounts of energy and water for cleaning. From life-cycle analysis perspective, fibre-based single-use items can be more climate-friendly and resource-efficient than reusable packaging. ([2],[3],[4])

Innovation potential of sustainable packaging must not be hindered by dictating technical solutions in regulation

Upcoming recycling targets and rules must not limit possibilities to innovate in sustainable packaging or compromise the primary purposes of the packaging to protect goods and inform consumers. If the packaging is recycled, legislation should not dictate default technical solutions. Design for recycling (DfR) guidelines should not set any stricter requirements than is necessary to ensure the recyclability of the packaging. Possible DfR guidelines should be based on the different guidelines already existing or being developed from across the packaging value chain, like e.g. in 4evergreen.

Both overpackaging and underpackaging must be prevented as they both could lead to detrimental environmental impacts through damaged products and additional waste streams. Circular packaging designed to be "fit for purpose" eliminates both overpackaging and underpackaging. It also allows packaging to remain fully functional depending on the needs to the packaged product, ultimately minimising void space and helping to prevent product damage and waste.

Renewable virgin material should have an equal footing with recycled content in PPWD

The Commission aims to ensure that new packaging contains a certain amount of recycled content. UPM strongly supports recovering more recycled material from packaging. However, we see certain limits for using recycled content that the Commission should consider when preparing its PPWD review proposal.

PPWD should recognise sustainable renewable virgin materials as an equal alternative to recycled content both in fibre-based packaging and plastics. Like recycled content, also renewable wood-based raw material decreases the need to use fossil materials. In practice, none of the material streams are closed loops as some material is always lost or contaminated and this lost material stream needs to be replenished with virgin material. Therefore, PPWD should not limit the possibility to insert renewable virgin material to replace material losses in the packaging materials loop.

Choice about where to use recycled content in new packaging should remain on individual brand level. Technical possibilities to use recycled content in packaging vary greatly between end-use cases and geographies. There simply isn't enough recycled material available in some European markets (like Nordics) to comply with possible recycled content requirements. Therefore, mandatory recycled content requirements are only appropriate for product groups for which there is insufficient demand for recycled materials.

In food packaging, there are safety-related limits that dictate whether using recycled content is possible. **We call the Commission to exclude food contact materials from mandatory recycled content requirements and to develop rules to ensure the food safety of recycled materials.** Recycled content can contain impurities (e.g. mineral oils and ink residues) which cannot be in contact with food.

Packaging waste collection systems and labelling should be harmonised in the EU

UPM urges the Commission to **propose measures in PPWD to drive the convergence of collection systems**. Currently, the greatest barrier to increasing paper and board recycling rates is the divergence among collection systems for paper and board at source. In the future, paper and board should be collected separately from residual waste as well as from other recyclables such as plastic, metal or glass. Separate collection of paper ensures that fibres are fed back into the paper recycling loop and enhances the quality of fibres.

UPM supports harmonising labelling of packaging to ensure better collection for recycling and reduce internal market barriers. Consumer sorting instructions have so far been voluntary for brands and packaging manufacturers to use. However, some countries have legislated mandatory consumer sorting instructions, like Triman logo in France and text about sorting in Italy. **Harmonising consumer sorting pictograms at the EU level should be a part of PPWD review so that only one pictogram could be used everywhere in Europe.**

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