



## DG ENVIRONMENT

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**Director-General DG ENV**

### **Meeting with UNESDA – Soft Drinks Europe**

**February 09, 2021 9:00-10:00**

### **BRIEFING NOTE**

#### **Scene setter / Context:**

*This is an “introductory” meeting with UNESDA, which is an EU industry association representing 11 corporate members and 23 national associations of the European soft drinks industry.*

*UNESDA would like to present itself and its actions and express support for the Commission circular economy agenda. In addition, UNESDA will raise the following points for a high-level discussion:*

- *Presenting our **UNESDA vision on circularity** and the importance of **long term certainty and predictability** of EU rules (SUP, packaging);*
- ***protecting a well-functioning EU single market***
- ***Creating closed-loop for beverage containers recycling***
- ***Packaging and Packaging Waste Directive (PPWD) review***

*The intention is not to go into details, but to remain at high-level.*

#### **Participants:**

*UNESDA Presidency / PepsiCo Europe EU Affairs*

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DG ENV / B3

### **General Lines to take**

- **The European Green Deal puts the transition to a circular economy at the heart of Europe’s ambition** to achieve other key objectives, such as the climate neutrality by 2050 and halting the biodiversity loss.
- But the Green Deal is also and above all **our strategy for sustainable growth**.
- The transition to a circular economy is an opportunity to transform and strengthen our economy and generate competitive advantages for Europe, stimulate innovation, and create jobs.

- Many initiatives and strategies that are based on the Green Deal, such as the Circular economy Action Plan and the Chemicals Strategy, require **not only innovation in technologies but also a transformative change in our business and consumption models**.
- **I welcome UNESDA's Circular Packaging Vision 2030 strategy** and many front-running commitments and initiatives made by its members (Coca Cola, Pepsi-co) in making the beverage bottles sector truly circular.
- I understand your concerns regarding the need for legal certainty, consistency and long-term vision, which are needed to accelerate investments in collection, recycling and recycled content.
- We share these concerns and many of your positions and opinions and we can now discuss them in more detail.

### **CEAP**

- Circular economy is an essential part of this transformation of our industry and our consumption models and sets an extremely ambitious regulatory agenda for the years to come.
- It's key initiative is the **Sustainable Products Initiative**, which will ensure that all our products are increasingly more:
  - **durable, reusable and repairable;**
  - 2) do not contain **hazardous chemicals in products**
  - are increasingly **energy and resource efficient;** and
  - **are recyclable** and contain **recycled content**, while ensuring their performance and safety.
- The new **Circular Economy Action Plan** mandates the Commission to come forward with measures and targets for the **mandatory recycled plastic content, including in packaging, to** stimulate the market of recycled materials and reduce resource use.

### **Packaging review - substance**

- Packaging plays a vital role in our economy by ensuring proper protection and handling of products, starting with food. A large proportion of packaging is made of plastics, which has proven to be one of the best packaging materials due to its lightweight and high barrier properties.
- However, the increasing use and inappropriate waste treatment of packaging, in particular plastic packaging, result in significant environmental challenge, which we cannot ignore.
- We acknowledge that there are many factors determining **what packaging is sustainable**, which are not only related to the packaging end-of waste. But we have not yet decided on the need to define sustainable packaging in addition to defining the recyclable packaging.
- It is also pointless having packaging that is technically recyclable but could have been avoided altogether, or if it could be re-used. We need to look at the waste prevention a bit more systemically and not just from the light-weighting of packaging point of view.
- The Commission is currently reviewing the **Packaging and Packaging Waste Directive** with the aim of coming up with a legal proposal that would link the design of all packaging with its end-of-life and that would achieve – as a minimum - decoupling of the growth of packaging waste from the economic growth.

- As you know, our core objectives is to ensure that by 2030, all packaging in the EU is either **reusable and/or recyclable in an economically viable manner**.
- Our **definition of recyclable packaging**, which we will establish for the first time, will be **technology-neutral**.
- In this context, we will reinforce the **essential requirements for packaging**, which regulate which packaging can or cannot be placed on the EU market, so that they are better aligned with the circular economy and waste hierarchy.
- In short, and in line with the vision of the Ellen MacArthur Foundation, we aim to **eliminate the packaging** that we do not need, **frame and stimulate the innovation**, so that all packaging that we do need is **reusable, recyclable or compostable**, and ensure that the packaging that we use **keeps circulating** in the economy for as long as possible.
- **In this context, mandatory recycled content targets for packaging** are being considered for materials, in particular plastics, **where recycling is currently not economically viable** and the market needs to be stimulated.

### **Packaging review - process**

- So far, we organised **3 stakeholder workshops** and more there will be more in April towards the end of the Impact Assessment Support Study. In addition, stakeholders are being contacted by the consultant working on the study via targeted interviews and questionnaires. Your position papers are being taken into account and are most welcome. The **Open public consultation** concluded on 6 **January with almost 500 inputs and more than 70 separate position papers**.
- **Also, Member States** have been consulted on topical issues, such as mandatory GPP criteria for packaging and packaging waste prevention measures, and will continue to be closely associated with our work.
- When doing so, we are taking into account and aligning with the work under other CEAP initiatives (SPI, Consumer empowerment, Green Claims...), the Chemicals Strategy for Sustainability and the Food Contact Materials Legislation review.
- In addition to our regularity work, we are also monitoring **the transposition of the PPWD**, as amended in 2018, into the MS's legislations, which has met with considerable delays. In October, the Commission had to launch 23 infringement procedures for late transposition of this Directive.
- This current transposition activity related both to the amended PPWD and the Single Use Plastics Directive (which needs to be transposed by 3 July 2021) is related also to a considerable work of our services to assess a number of notifications of national technical measures under the **TRIS Directive (2015/1535)**.
- The Commission has issued detailed opinions for some of the notified measures regarding the implementation of the SUP and Packaging Directives (e.g. HU, FR, SK), or has issued comments (ES, UK).
- Furthermore, the jurisprudence of the Court of Justice establishes that non-notified measures can be challenged before national jurisdictions to make the non-notified legislation non-enforceable.
- In these procedures, we welcome **timely and well-reasoned** industry positions as they are an important source of information to assess potential barriers to the internal market.

- The Commission fully supports industry and shares its concerns related to the protection of the internal market. For this reason, we intend to keep the internal market legal basis for the revision of the PPWD.
- The Commission also monitors Member States performance in meeting the **packaging recycling targets**, which were substantially increased in 2018 and will be measured according to more harmonized and stricter calculation rules.
- We have already started working on the so-called **Early Warning Report**, which will be published at the end of 2022, so, 3 years ahead of the Member States' obligation to meet the new targets, and will cover packaging and municipal waste. The report will identify the MS at risk of not reaching the new targets and give recommendations to help them.
- As an additional incentive, the Commission has proposed an **own resource for the EU budget**, which is based on the amount of non-recycled plastic packaging waste generated in each Member State.
- This is now part of the agreed EU budget.
- This contribution will apply [retroactively] as of the beginning of this year (1st January 2021), as soon the decision on the financing of the budget is ratified by the Member States.

### **Recycled content and chemical recycling**

- When considering alternatives to packaging made of virgin plastics, what matters is 1) sustainable management of all natural resources and primary raw materials; and 2) a **single market for high quality secondary raw materials** to reduce pressure on natural resources.
- **Recycled materials are currently the best alternative feedstock we have** from the environmental point of view. In addition, they decrease our dependency on imported nature resourced and increase Europe's resilience.
- With the **Single Use Plastics (SUP) Directive**, the EU has for the first time set **mandatory targets for the use of recycled plastics** in products, namely 25% for PET single-use beverage bottles by 2025, and 30% for all plastic single-use beverage bottles by 2030.
- Early indications (e.g. price increase for food grade recycled PET even during the COVID crisis) show that the recycled content targets for PET had already a **positive effect on the price of recycled PET** on the markets in these difficult times.
- In order to ensure the **uptake of secondary raw materials** like recycled plastics, we must ensure that they are **always safe**. This means ensuring that substances of concern in products and recycled plastics are minimised.
- In this regard, more recent technologies such as **chemical recycling** could play a role in complementing mechanical recycling of plastics but only if they ensure an overall positive environmental, energy efficiency and climate performance, from a full life cycle perspective.
- In the case of chemical recycling, **full transparency must be ensured** regarding the share of plastic waste that **actually finds its way into new products** versus what is used for creating energy to run the processes or for creating products that at the end replace fuel.
- **Generally**, the importance of **downstream measures to improve not only the quantities but also the qualities achieved through separate collection, sorting and recycling of**

plastics cannot be stressed enough to be able to keep them as recycled content within the economic cycle.

### **Implementation of SUP-directive**

- Member States shall take the necessary measures to ensure the separate collection for recycling:
  - by 2025 a 77 weight-% of beverage bottles placed on the market in a given year by weight
  - by 2029 a 77 weight-% of beverage bottles placed on the market in a given year by weight
- The Commission is currently working on the **adoption of SUP-guidelines for the second quarter of 2021**.
- The **SUP directive is a lex specialis; it should prevail** when an issue, regulated in the SUPD, is **not covered by or is covered differently than under** the Packaging and Packaging Waste Directive or the Waste Framework Directive.
- The Commission is putting big effort in ensuring that Member-states notify their technical regulations in accordance with the single-market rules.

### **[Microplastics and bio-based, biodegradable and compostable plastics]**

- **Microplastics** are widespread in the environment and causing increasing concerns.
- We will make a start with **intentionally added microplastics**. All being well, the REACH restriction could be in place in the beginning of 2022.
- In addition to this, we will develop measures to reduce **unintentional release of microplastics from pellets, tyres and textiles** as well as methods for measuring such releases.
- Secondly, we will develop a policy framework on **bio-based, biodegradable and compostable plastics**.
- Whether using bio-based and biodegradable plastics can result in lower environmental impacts requires careful assessment.
- This work is ongoing and should be finalised most probably next year. When doing so, we will take account of all relevant input including the **recent opinion of the Group of Chief Scientific Advisors** recommending limiting the use of such plastics to specific applications only, where reduction, reuse and recycling are not feasible.
- In coordination with this work, we are looking at the issue of **compostable plastic packaging also in the context of the revision of the PPWD**. We intend to make sure that such materials are chosen only when this makes sense from the environmental point of view. For packaging, the current work shows that this is the case only for very few packaging applications and only if it is coupled with appropriate waste management infrastructure. But innovation is happening and perhaps a solution would be such biodegradable materials that are fully compatible with the recycling technologies.

### **Separate collection**

- The amendment of the Waste Framework Directive in 2018 gave a push to improving the separate collection ways, but the new CEAP goes a step further.

- The CEAP mandates the Commission to propose an EU-wide **harmonized model for the separate collection of waste and labelling to facilitate it**. Last year, we published Guidelines on the separate waste collection, but now we will go a step further. The work will start this year in **cooperation with JRC**.
- In this context we will look also at the need to establish more harmonized rules on the Deposit and Return Schemes. As you know, the Commission adopted [a Communication on Beverage packaging, deposit systems and free movement of goods<sup>1</sup>](#) in 2009 as well as commissioned a **study in 2011** on [Options and Feasibility of a European Refund System for Metal Beverage Cans<sup>2</sup>](#), which concluded that further harmonization of DRS was not necessary. Industry is therefore invited to share their **ideas on what exactly would need to be harmonized and why**.

### **EPR schemes**

- **The adoption of Commission guidelines on the general minimum requirements for extended producer responsibility schemes (EPR schemes) under the Waste Framework Directive is unfortunately delayed.**
- In autumn, Member States were consulted on the first draft and their contributions are now being integrated. This consultation was preceded by many other stakeholders' and MS consultations. The draft Guidelines will still need to go through **the inter-service consultation** before being published as a **Commission notice** during the **second half of 2021**.
- The Waste Framework Directive requires Member States to ensure an **eco-modulation of fees** for groups of similar products in case of collective EPR schemes. The Commission guidelines will give recommendations as to the criteria to modulate such fees. But to ensure further harmonization and achieve some of our policy objectives, we are **considering to later adopt an implementing act on the eco-modulation of EPR fees**. This could complement measures, which are being considered under the PPWD revision, to drive the necessary change towards fully reusable and recyclable packaging by 2030.
- **Commission guidelines on criteria on the costs of cleaning up of litter (Single Use Plastics Directive)**: we are finalising the work with our consultant on this issue with the intention to publish these guidelines **by end 2021**. We will in particular focus on what products are covered, what types of clean-up activities are covered and the areas for clean-up.

### **Concluding remarks**

- The **Recovery and Resilience Facility** will provide large-scale financial support to investments that can mitigate the economic and social impacts of the pandemic and make the EU economies more sustainable, resilient and better prepared for the challenges posed by the twin green and digital transitions.
- A lot remains to be done also by the Commission. We are determined to work together with all stakeholders in advancing to a circular economy, also for plastics and also for packaging.
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<sup>1</sup> [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.C\\_.2009.107.01.0001.01.ENG](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.C_.2009.107.01.0001.01.ENG)

<sup>2</sup> [https://ec.europa.eu/environment/waste/packaging/cans/pdf/Options%20and%20Feasibility%20of%20a%20European%20Refund%20System%20for%20Metal%20Beverage%20Cans\\_Final%20Report.pdf](https://ec.europa.eu/environment/waste/packaging/cans/pdf/Options%20and%20Feasibility%20of%20a%20European%20Refund%20System%20for%20Metal%20Beverage%20Cans_Final%20Report.pdf)

- We need industry to send us clear, timely and ambitious proposals for our legislative and policy work.

### **Background information - UNESDA's April 2020 position on CEAP:**

In April 2020, UNESDA – Soft Drinks Europe published [Roadmap on New Circular Economy Action Plan](https://www.unesda.eu/wp-content/uploads/2020/04/UNESDA-position.pdf)<sup>3</sup>

UNESDA **supports the first Circular Economy Package and continues to support** the objectives of the new CEAP. It also **welcomes the European Green Deal** and its ambition of making Europe the world's first climate-neutral continent by 2050. It supports “decoupling of waste generation from economic growth”.

It agrees with the identified challenges; indeed, empowering consumers, boosting sustainable products policies, reducing waste generation, **creating a well-functioning secondary raw materials market** and speeding up the transition from a linear model to a circular one will all be key to create a circular economy. UNESDA believes that in the future, and using new technologies of recycling and DRS, it will be possible to have packaging that is progressively virgin plastic free and completely circular.

The transition has already started: **we will use 25% recycled content in packaging in the next five years**, and UNESDA's members are **committed to going significantly beyond** if the supply of food-grade quality rPET is secured accordingly. UNESDA pledged to **increase collection rates and to reuse packaging**, e.g. refillable bottles, where it makes environmental and economic sense. Collection rates for PET are already above 80% in a number of EU countries (Sweden, Belgium) and even above 90% in others (Denmark, Norway, Germany) and efforts are accelerating in other countries to achieving similar collection rates.

UNESDA considers that it is crucial to **first implement rules** that were just adopted – in particular the review of the Waste Framework Directive, the Packaging and Packaging Waste Directive and the Single-Use Plastics Directive – whilst ensuring there is **space for further innovation and solutions** to make business and consumers practices more sustainable.

Going further will require that a product that is easily recyclable, collected and recycled, must be considered as a full and legitimate part of that circular thinking. It supports all EU legislations ensuring that only safe and sustainable products can be put on the market and reaffirms the need to implement **science-based measures** including on **environmental claims and labels**, and **considering reuse, repair and recycling as different tools** that each contribute, when optimised, to achieving circularity of the EU economy. In this regard it calls for Commission's swift action on **authorising plastic mechanical recycling processes positively evaluated by EFSA** as well as on creating a supportive legal framework for alternative plastic recovery technologies like **enhanced recycling and feedstock recycling**. These alternative technologies are complementary to mechanical recycling processes and can boost the internal market for safe secondary raw materials.

UNESDA thinks that industry should only make beverage packaging out of foodgrade quality PET: EFSA recommends that the proportion of PET from non-food consumer applications is no more than 5%. Food-grade quality PET is of the highest quality and if it is taken for use in non-food applications, it means it will be downcycled. **UNESDA asks for the preservation of food-grade PET recyclates for food-grade applications**, and with a **preferred access for the industry that provides most of the highest quality recyclate**. Only then will it be possible to achieve the 25% rPET target and go further. Regulators must set the right legal framework so that PET bottles, e.g. in **DRS systems**, have to be recycled to beverage bottles as a priority.

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<sup>3</sup> <https://www.unesda.eu/wp-content/uploads/2020/04/UNESDA-position.pdf>

UNESDSA has been calling on the Commission to support setting up of DRS where no successful alternatives are in place.

UNESDA asks the Commission to avoid banning packaging, which is both recyclable and uses a high-level or recycled content and refrain from promoting one packaging against another, leading to unintended environmental and climate consequences. UNESDA believes that the Commission should define as sustainable “all packaging that is 100% recyclable, that is largely collected and recycled (e.g. at least 90% for PET), and that finds its way back into new packaging (e.g. a minimum 25% for plastic packaging). It supports defining common principles for collection schemes and would like the Commission to provide “preferred access to food-grade quality recyclates for the beverage industry”. It is in favour of EU approach to environmental information for products. It is also concerned about Commission’s intention to reduce packaging and packaging waste and to define (over)packaging.

Achieving a circular economy requires **a multi-stakeholder approach**, requiring the full mobilisation of industry, governments, consumers, academia and civil society. The **Commission should reference existing platforms such as the Circular Plastics Alliance** (“it is a model to replicate...”), which has been working towards boosting the uptake of recycled plastics. All parties should be involved in a proportionate way: contributing to strengthening **waste collection systems must be a collective effort** (not just industry’s), as well as **funding clean-up** costs for litter which should not fall solely on specific stakeholders.