



DG ENVIRONMENT

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Private Dinner with UNESDA (soft-drink industry)

**(Stanhope Hotel, Rue du Commerce 9, Brussels
4 March, 19:30)**

BRIEFING NOTE

Scene setter / Context:

You are attending a private dinner at the invitation of UNESDA Soft Drinks Europe, representing 11 corporate members and 23 national associations of the European soft drinks industry. It will be an unofficial, off the record setting, however they will likely take the occasion to ask many questions. A list of expected participants is included in the background of this briefing.

On the same day, UNESDA will have presented to HoC Marius Vaščega their views on the CE Action Plan (their position paper is attached to this briefing) and their Sustainability Strategy, aimed at making plastic packaging more sustainable: commitments around increased uptake of recycled content, investments into recycling schemes and processes, etc. They also highlight the potential of “enhanced recycling”, the need for a supportive framework and concerns over recent legislative developments on single use plastics in France. They will have discussed with the HoC the new CEAP and the Commission’s expectations towards the industry. The content of this briefing is in line with the HoCs briefing.

Name of main contact person:

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ENV/B.1

Lines to take

- The **transition to a circular economy is an opportunity to transform and strengthen our economy**, stimulate innovation, protect the environment by using limited resources more efficiently, create jobs and generate competitive advantages for Europe in a world that is undergoing profound changes.
- Welcome UNESDA's sustainability strategy. As regards "**expectations**", as a general rule they should strive to design their packaging to be easily recyclable and re-design it where this is not currently the case. A switch to reuse systems should be envisaged where this makes sense from an environmental perspective.
- Encourage them to take all necessary steps to achieve the **targets set in the SUP with regard to attached caps, recycled content and achieving the collection rates for beverage containers**.
- Invite them to engage constructively in upcoming stakeholder consultations towards revising the Packaging and Packaging Waste Directive as well as in the context of the **Circular Plastics Alliance (CPA)** in the context of which they pledged they would take up recycled content.
- You could usefully ask them what would be, in their view, the key elements of a **supportive framework at an EU level for their investments in closed loops**.

[European Green Deal and CEAP 2.0]

- The **European Green Deal puts the transition towards a circular economy at the heart of Europe's ambition** to achieve transforming Europe into a climate neutral continent by 2050 and halting biodiversity loss, while reinforcing EU competitiveness.
- In this vein, **in March 2020 the Commission will adopt a new circular economy action plan (CEAP), together with an industrial strategy**.
- We will make **the regulatory framework fit for a circular future** and maximise new opportunities from the transition.
- The **new CEAP will look at the whole lifecycle of products**, fostering sustainable resource use and tackle sectors of high circularity potential such as packaging, textiles, construction and electronics.
- It will in particular **promote an ambitious product policy that will incentivise consumers and producers to use more sustainable business models** that will increase durability, reuse, remanufacturing and recycling of products (**as opposed to short-lived products**).
- The **European Green Deal acknowledged the importance of reliable, comparable and verifiable information** in making more sustainable decisions and **reducing** the risk of **greenwashing**. The new **Action Plan** will **empower consumers** through an initiative on tackling misleading green claims by using a standard **methodology** like the Environmental Footprint methods **developed by the Commission**.

- We will also ensure the **swift implementation of the 2018 EU Plastics Strategy** and will take follow-up measures:
 - **implementing measures** on **single use plastics (SUP)**;
 - **requirements** to ensure that **all plastic packaging** in the EU market is reusable or recyclable in an economically viable manner by 2030;
 - **requirements on recycled content** and waste reduction measures taking into account the activities of the Circular Plastics Alliance;
 - a **policy framework** regarding **biodegradable and bio-based plastics**;
 - address microplastics.
- We also **intend**:
 - **further measures on waste prevention, and possibly targets.**
 - **to propose to harmonise separate waste collection systems and to assess the feasibility of introducing EU wide labelling** that facilitates the correct separation of packaging waste at source.

[Revision of Essential Requirements for packaging]

- **Packaging will be one of the product groups to be addressed as a matter of priority in the CEAP** in light of its environmental impact and the potential to reduce it.
- The Commission will work towards a **proposal in 2021** to:
 - reinforce the **Packaging and Packaging Waste Directive's 'Essential Requirements'** to ensure that **all packaging on the EU market is reusable or recyclable in an economically viable way by 2030.**
 - take **further measures to reduce (over) packaging and packaging waste**, including through setting targets and other waste prevention measures.
- The reinforced requirements will be complemented with the **eco-modulation of the fees producers pay to the Extended Producer Responsibility (EPR) schemes** for the end of life management of their product.
Guidelines will be adopted before the summer in support of the implementation of the minimum requirements for EPR included in the Waste Framework Directive. These will cover the eco-modulation of fees, so to adjust the contribution paid by the producers to the true costs of the end-of-life management of their products, which provides incentives to design their products in a more sustainable and circular way. It will also deal with other aspects including costs coverage, equal treatment and free-riding.
- In addition, if agreed in the context of the EU budget the Commission will work to support effectively implementing the **own resource contribution from Member States** based on the amount of non-recycled plastic packaging waste.

[Single Use Plastics Directive]

- Under the **Single Use Plastics (SUP) Directive**, consulting with Member States and stakeholders, the Commission is working to put in place the necessary implementing acts and guidance to support a harmonised implementation of the Directive across the EU. Your contribution to this process is much appreciated.
- There is **no plan to re-open the Directive** before the evaluation foreseen by July 2027.
- The implementing acts and guidance will include **the calculation of separate collection**, measuring consumption reduction, marking of certain SUP items. First, we will adopt **guidelines on the SUP items** covered by the Directive and later guidelines on **Extended Producer Responsibility for litter clean-up**.
- The Directive also sets ambitious **targets for the separate collection of bottles and for recycled content**.
- We are **glad to see that the sector is taking the lead on recycled content** since, even before the mandatory recycled content obligation for beverage bottles defined in the SUP Directive, the **beverage industry has already set their own voluntary targets**.
- We are **also aware of the important role that UNESDA is playing in the Circular Plastics Alliance**.

[Attached (“tethered”) caps (in SUP context)]

- I know that you had some concerns in particular concerning the requirements on **attached caps**. The Directive gives more time for industry to adapt as originally required and we are pleased to see that the sector is collaborating in a very positive way in the preparation of the standard on attached caps.
- **We believe that it is important that a standard is indeed worked out and approved quickly** to allow industry to adapt in time to the new requirements on attached caps.
- It was **unfortunate that European Committee of Standardization (CEN) rejected the standardisation request** in spite of the permanent dialogue the Commission always had with industry and CEN.
- **A revised version of the request, that, in our view, accommodates the major concerns of CEN, will be shared with CEN shortly** We are confident to have a mandate ready and approved by CEN in the third quarter of 2020.

[Recycling – including chemical recycling]

- The European Commission is also revising the **food contact legislation** in order to expedite the procedures to approve recycling of plastics that can be used for food contact, while preserving the necessary requirements for food safety.
- **As regards chemical recycling we are looking also at the complementary roles that chemical and mechanical recycling** can play in closing the circle for plastics.
- **Chemical recycling could play an important role in increasing the recycled content in plastic products**, while maintaining their quality. However, issues such as high energy requirements need to be closely observed.
- **It could in particular help** reach the target of placing 10 million tons of recycled plastics on the EU market every year.

[Biodegradable packaging]

- Generally, the **Commission will continue to take a careful approach towards biodegradability and composability packaging.**
- We are currently working on a **policy framework for bio-based plastics and plastics with biodegradable properties and expect to adopt it next year.**
- The Commission's work aims at **determining the criteria to identify the applications that can be beneficial to the environment and how such products should be labelled** to avoid consumer confusions as regards their disposal.

[French Circular Economy law -provisions relating to single use plastics]

- With regard to the French law on single use plastics: **we are looking at this matter and having discussions with the French authorities.**
- In order to implement the legislation the French authorities informed us that the **will have to adopt various decrees and implementing acts which will be notified to the Commission** as technical measures before their adoption.

Defensives points/Q&A

Biobased plastics

1. What is the Commission's take on new innovative materials such as bio-based plastics? Should we invest in those alternatives?

- Bioplastics can help us reduce our dependency on fossil fuels, but again, the sustainability claims of these plastics need to be verified. In the EU Plastics Strategy, the Commission committed itself to understand better their life-cycle impacts, including CO2 emissions and land use impacts. Consequently, the JRC is preparing a Life Cycle Assessment of alternative feedstock i.e. 1) biomass, 2) recycled plastics, compared to conventional plastics, with input from industry (results Q4 2020).
- Based on the above, the Commission will develop a **policy framework** for bio-based and biodegradable plastics which, as regards biobased plastics, will focus on **sourcing and use of bio-based plastics**, based on assessment where the use of bio-based feedstock results in genuine environmental benefits, going beyond reduction in using fossil resources.

Chemical recycling

2. What is the Commission opinion on chemical recycling? Will it support it?

- The Commission notes with interest the new developments on this field. Chemical recycling shows promising signs for the future in some sectors, while environmental impacts need to be fully assessed.
- However, its current level of development makes difficult to consider it as an alternative to mechanical recycling, but it could constitute a good complement in some areas.
- We shall be clear as to what counts as 'recycling'. Under the Waste Framework Directive, transforming waste into fuels is energy recovery, not recycling. We do not expect any change on this.
- Transforming waste into products, materials and substances such as chemicals, plastics or lubricants is recycling.
- We are confident that open and transparent collaboration will be the best way to progress towards capturing the benefits of chemical recycling without compromising on overall environmental impacts. We would welcome reliable data on industrial-scale chemical recycling processes that would feed into a comprehensive environmental assessment such as Life Cycle Assessment.
- A crucial issue to take into consideration is the energy consumption. A life-cycle approach needs to be followed in order to consider all the possible benefits and risks of this new approach, including climate concerns.
- Finally, the results of pilot projects still need to be expanded to have a representative picture of the possibilities of this technology.
- The Commission will continue supporting innovation through its research programmes, including Horizon 2020 and the upcoming Horizon Europe, including life-cycle analysis.

Packaging

3. What measures will the Commission take to support that all packaging placed on the EU market can be either reused or recycled?

- The Commission is currently reviewing of the Packaging and Packaging Waste Directive's (PPWD) requirements packaging has to meet in order to be allowed on the EU market ("Essential Requirements"). The broad, abstract nature of the current requirements makes them difficult to enforce.
- The recently revised PPWD tasks the Commission with reinforcing these requirements with a view to improving design for re-use and promoting high quality recycling, as well as strengthening their enforcement. In addition, the European Green Deal commits the Commission to developing requirements to ensure that all packaging in the EU market is reusable or recyclable in an economically viable manner by 2030. As announced in the European Green Deal the ongoing work towards a legislative proposal to be adopted by the Commission in 2021 will also cover measures to tackle over-packaging and prevent packaging waste generation, including targets.
- A first scoping study carried out with broad stakeholder involvement has been carried out (to be published soon) and followed by an impact assessment support study - put in the broader context of the new CEAP. A roadmap for this initiative will be published in the coming weeks.

4. What kind of key measures do you plan to propose in the new Circular Economy Action Plan? Will the CEAP 2.0 further promote reuse?

- We will be looking at a wide range of measures.
- We intend to further address waste prevention and promoting product design towards more durable, reusable products, as opposed to single-use or short-lived products.
- Building on the first Circular Economy Action Plan, we need to go further in tapping the potential of the life-cycle approach.
- We will need to address the production phase, e.g. through new eco-design approaches and a more active promotion of reuse and repair.

Single Use Plastics

5. Why the requirements for Tethered caps?

- Beverage bottles and their caps and lids are the most found item on our beaches. And caps and lids are found twice more than the bottles. If the caps are attached, it almost eliminates the possibility to litter them. Tethered caps are a smart and innovative solution – it is an eco-design measure.
- The final agreement, following the industry request, does not distinguish between still and carbonated drinks and gives additional time for industry to comply (5 years after the entry into force of the Directive);

6. Will the Commission support the introduction of the Deposit Refund Schemes (DRS)?

- In general, we are not prescriptive in the solutions MS find to achieve high recycling rates and circular systems.

- DRS have proved highly effective in some MS, with over 90% return of plastic bottles and reduced litter but there also other approaches that allow to reach high collection rates.
- In relation to beverage bottles made of plastic, it is worth noting that the Directive on the reduction of the impact of certain plastic products on the environment (SUP Directive), sets out in its Article 9 that Member States shall take the necessary measures to collect separately for recycling 77% of beverage bottles made from plastic by 2025 and 90% by 2029. In order to achieve that objective, Member States may inter alia establish deposit-refund schemes, or establish separate collection targets for relevant extended producer responsibility schemes.
- Many EU MS are currently considering or are in the process of introducing DRS in order to implement this directive, which is explicitly mentioned as an option under the Directive, next to, for instance, separate collection targets for relevant extended producer responsibility schemes.
- The Commission has acknowledged in its European Strategy for Plastics in a Circular Economy that deposit systems can boost recycling levels and help reduce littering, and have helped several countries achieve high collection rates for beverage containers. However, other systems can also achieve high collection rates.
- DRS are instrumental also for promoting the reuse, which contribute to waste prevention objective and should, as such, be prioritised over waste management operations, in line with the principles and objectives of the circular economy.
- While the Commission is currently not developing concrete proposals for harmonising the DRS systems across the EU, further examination of the issue would be required in the context of measures to promote reuse and in view of the possible barriers to trade related to national DRS labelling requirements. In the meantime, the Commission welcomes and supports cooperation between the Member States in order to enhance the interoperability of different national deposit systems.

To be noted: a 2011 study for the European Commission on ‘Options and Feasibility of a European Refund System for Metal Beverage Cans’ concluded that the cost of an EU-wide DRS were disproportionally high and exceed the environmental benefits when compared to other options such as bilateral agreements, requirement that all existing and future DRS be interoperable and/or requirement for DRS to form a single system. However, the study’s underlying assumption, in addition to being based on a limited segment of beverage containers, and the scale of the issue to be addressed might have changed since 2010/2011, in particular as regards the PET bottles.

7. The percentage of recycled content is too high, in particular for small producers.

- The final agreement on the Plastics Directive foresees that 25% of recycled content will need to be included in PET beverage bottles. This obligation reflects a pledge made by most of the companies in the food and drink sector.
- It will become applicable by 2025 and leaves time for all businesses to adapt their production processes.

8. How will the Commission ensure that the SUP Directive will be transposed and implemented in the same way across EU Member States?

- The Commission is in close consultation with the MS to support them in the process of transposing and implementing the new rules.

- To support a harmonised interpretation of the scope and definitions, the Commission is developing Guidelines on single use plastics, including interpretation of the term 'single use', definition of plastic and distinction of the different product categories.
- In addition, the Commission will be developing a number of implementing acts, which should provide for harmonised criteria and methods.

9. Are you going to propose an EU tax on plastics?

- Like any measure, a lot of careful thinking went into the so-called "Plastics Tax".
- When the Commission came out with a Plastic Strategy, all institutions agreed the most effective solution was instead a ban on selected single-use products made of plastic for which alternatives exist on the market such as for example cotton bud sticks, cutlery, plates, straws, stirrers, sticks for balloons.
- In the context of the MFF 2021-2027, the Commission made proposals to better align the EU budget to the transition towards a circular economy.
- In particular, we proposed a Plastic-based Own Resource. It is not a tax, but a levy. It would be directly proportional to the quantity of non-recycled plastic packaging waste generated in each Member State. It would provide an incentive to reduce plastic waste.
- It remains small compared to other Own Resources categories, however, it could mobilise about 4% of the revenues for the EU budget.
- I hope the Parliament and the Council will consider this in their final negotiations on the MFF, which as you know are ongoing and difficult.

10. EPR schemes are not the right instrument to tackle clean-up measures. Consumers are equally responsible and should share the financial burden.

- Currently local authorities – with their very limited budgets – pay for out of home collection and treatment and clean-up of litter. This is not in line with the polluter pays principle and that is why we have proposed EPR obligations.
- EPR schemes are established for various products in the EU and they work. It is the right instrument to regulate obligations of producers - be it for collection, recycling, clean-up of litter or awareness raising.
- The producers are instrumental in improving the way waste is collected, in particular, on-the-go consumption waste. Also, the producers can pass on those costs to their consumers.

11. The bans should allow for substitution by biodegradable versions of the concerned products.

- The Commission strongly disagrees, the Directive tackles plastic items that are litter prone and harmful for the environment. There are no commercially available plastics that are properly biodegradable in the marine environment nor the related standards.
- For this reason biodegradable plastics are considered to be plastic under the Directive and the issue of biodegradability will only be addressed at the time of evaluating the Directive (in 6 years).
- Additionally, biodegradable plastics confuse consumers who do not know anymore where to throw away which plastic and might be tempted to litter biodegradable plastics. To reduce marine litter, let us first look for sustainable alternatives and promote reusable items not containing plastic.

Background

UNESDA Soft Drinks Europe

Established in 1958, UNESDA represents the European soft drinks industry. Its members produce drinks including squashes, still drinks, carbonates, powders, fruit drinks, iced teas, iced coffees, syrups, energy drinks and sports drinks. Based in Brussels, UNESDA members include both corporations and national associations from across the EU and beyond. UNESDA is a signatory to the EU Transparency.

Participants to the dinner

The following guests will participate:

- [REDACTED], CEO The CocaCola Company Western Europe
- [REDACTED], CEO CocaCola Hellenic Bottling Company
- [REDACTED] CCO PepsiCo Europe
- [REDACTED], CCO Refresco
- [REDACTED], Executive Board Member, Red Bull
- [REDACTED] Director General, French Soft Drinks Association (member of the Unesda ExCom representing all national associations)
- [REDACTED] Senior Director Public Policy, The CocaCola Company
- [REDACTED] Head of EU Affairs, PepsiCo Europe
- [REDACTED] Director Sustainability, Suntory Beverage and Food Europe
- [REDACTED], Director General, Unesda – Soft Drinks Europe