

April 2023

PACKAGING AND PACKAGING WASTE REGULATION (PPWR) proposal COM(2022)0677 position PAPER steel for packaging sector

APEAL, representing the steel for packaging sector, fully supports Commission's objective that all packaging on the EU market be reusable or recyclable in an economically viable way by 2030, as stipulated by the Green Deal and the Circular Economy Action Plan (CEAP) 2.0.

Our sector **welcomes the general approach** taken by the Commission but believes that more is to be done to fully close the circular loop. Therefore, our sector has prepared a set of recommendations and amendments to improve the draft Packaging and Packaging Waste Regulation.

Executive Summary

1. Criteria for recyclable packaging:

The current Commission proposal is a step in the right direction. However, to fully close the circular loop the steel for packaging sector recommends:

- a) Stricter qualitative criteria to label packaging as 'recyclable'.
- b) The introduction of packaging recyclability performance classes or 'grades' for each packaging unit put on the market is timely and necessary. Non-recyclable packaging should be gradually phased out. Best performers should be rewarded via eco-modulation of EPR fees and by a higher recyclability performance grade.
- c) Packaging should be 'recycled at scale' by 2030 covering at least 90% of the Union's population and applied in 2/3rd of the Member States

2. Recycled content:

The steel for packaging sector supports the current Commission proposal that recycled content targets should only apply to materials with a low demand and uptake of recyclates.

3. Prevention of packaging waste:

Waste reduction targets should be set for each of the specific materials contained in packaging waste: plastic, wood, ferrous metals, aluminium and paper/cardboard.

4. Transport packaging:

Steel pails, drums, canisters and kegs are sales packaging and not transport packaging. Consequently, they should not be subject to the re-use targets set for transport packaging.

5. Legal instrument and legal base:

APEAL supports the choice for a Regulation and a full 'internal market legal base' for the Packaging and Packaging Waste Regulation (article 114 TFEU).

6. Phase out landfilling of packaging waste:

The steel for packaging sector believes that the review of the PPWR should be complemented by a review of the Landfill Directive 99/31/EC, aiming at accelerating the phase-out of landfill of packaging waste.

1. Criteria for recyclable packaging (article 3, 6 and Table 2 Annex II):

Packaging put on the market should be designed for recycling. Packaging plays an essential role in protecting and preserving resources such as food and reducing waste. But the value of this role can be obscured by the impact of poor recyclability and ineffective recycling.

- a) Article 6, paragraph 2 subparagraph 1 - point d: APEAL believes that Packaging shall be considered recyclable when it (a) it is designed for recycling, (b) it is effectively and efficiently separately collected c) it is sorted into defined waste streams without affecting the recyclability of other waste streams and (d) it can be recycled **multiple times** so that the resulting secondary raw materials **retains its main material properties** and is of sufficient quality to substitute the primary raw materials.

Packaging materials should not be downcycled or recycled just once. They should have the ability to be recycled multiple times and stay in a permanent material loop. Products that are produced from such materials and are properly collected and processed at their end of life, become the raw material for new and endless production loops.

This is in line with the European Parliament resolution of 10 February 2021 on the New Circular Economy Action Plan (2020/2077(INI)), paragraph 39: *“...stresses the need to increase the availability and quality of recyclates, focusing on the ability of a material to retain its inherent properties after recycling, and its ability to replace primary raw materials in future applications; in this context underlines the need to stimulate both increased recyclability in product design and measures such as effective separate collection...”*

- b) Article 3, point 32 and article 6, paragraph 2 subparagraph 1 - point d: the current PPWR proposal defines ‘recycled at scale’ as follows: *“means that the packaging needs to be collected, sorted and recycled through installed state-of- the-art infrastructure and processes, covering at least **75 %** of the Union’s population by **01.01.2035**”*.

The Impact Assessment carried out by the Commission does not clarify what the rationale is behind the 75% threshold. This could mean that the objective is met if just the 8 largest Member States, in terms of population, ‘recycle at scale’. APEAL believes that the definition of ‘recycled at scale’ should be reviewed. In order to ensure that the Regulation is effectively implemented at EU-level, the threshold should be increased to **90%** of the Union population and **at least 2/3 of the Member States**.

Article 6 – paragraph 3: Moreover, our sector believes that **all** criteria listed in Article 6, paragraph 2 subparagraph 1 i.e. (a), (b), (c), (d) and (e) determining what is ‘recyclable packaging’ are to be met by 01.01.2030. This is in line with the European Commission’s self-proclaimed ambition to ensure that all packaging placed on the EU market shall be reusable or recyclable in an economically viable way by 2030. If a packaging is not ‘recycled at scale’ by 2030 it should not be considered as ‘recyclable’.

- c) Article 6 – paragraph 3 and Table 2 of Annex II: APEAL fully supports the introduction of a set of so-called ‘packaging recyclability performance grades’. To ensure a level-playing field, these performances grades should apply to all packaging types and materials put on the market. The introduction of a performance grading system is timely and indispensable to ensure the transition to a true EU circular economy. Depending on its recyclability, packaging should be awarded a grade ranging from A to E, whereby the A-grade is the best-performer and E the worst. When labelled as E, the packaging format would have to be phased out by 1 January 2030.

Packaging recyclability performance grade	Score of compliance with Design for Recycling (DfR) criteria of a unit of packaging ^(*)
A	≥95%
B	≥90%
C	≥80%
D	≥70%
E	<70%

(*) in terms of weight of the unit of packaging

APEAL suggests introducing an explanatory text for each of the performance grades comparable to what has been suggested in the PPWR Impact Assessment:

- **For grade A** the packaging should be able to be recycled multiples times and is fully compatible with the design for recycling criteria. The generated secondary raw material is of comparable quality to feed a closed material loop scheme.
- **For grade B**, the packaging may have some minor recyclability issues that slightly affect the quality of the generated secondary raw material. However, the majority of the generated secondary raw material from this packaging can still potentially feed a closed material loop.
- **For grades C, D and E** the wording can be found in the annex with the suggested amendments.

APEAL furthermore supports the Commission’s proposal that the so-called Extended Producer (EPR) fees, being the financial contributions to be paid by producers to comply with their extended producer responsibility obligations, should be modulated on the basis of the recyclability performance grade. This principle is called the eco-modulation of EPR fees. Packaging under grade A should be incentivised and have the lowest EPR-fees, whereas packaging under grade E should be penalised and have the highest EPR-fees.

2. Recycled content should apply to packaging with a low uptake of recyclates (article 7):

Article 7: APEAL supports the current Commission proposal that recycled content targets should only apply to materials with a low demand and uptake of recyclates. Steel packaging put on the market is being collected, sorted and recycled, at a very high recycling rate, reaching 85,5% in 2020. It is used to substitute the use of primary raw material in a wide range of steel products, including, but not limited to, packaging.

Disrupting a well-established and a well-functioning material-based circular loop by setting a recycled content target for steel packaging would not only be economically problematic but would also result in a higher environmental footprint. Concretely this would mean that steel packaging scrap would have to be separated from other steel scrap and transported to just one of a limited number of plants producing steel packaging (10 plants in 7 MS) while there is stable demand for scrap throughout the EU from steel plants that are geographically closer to the sorting facilities (proximity principle). Unnecessary logistics is to be avoided in order to achieve a truly circular economy.

3. Prevention of packaging waste (article 38):

Waste reduction targets should be set for each of the specific materials contained in packaging waste: plastic, wood, ferrous metals, aluminium and paper/cardboard. According to the PPWR Impact Assessment, the overall packaging waste generated for steel remains stable in a business-as-usual scenario while for other materials the projection for 2030 and 2040 indicate a substantial growth. Having material-specific targets ensures a level-playing field and prevents substitution to lighter materials with lower recycling performances.

4. Reuse and refill targets in relation to transport packaging (article 26)

Article 26, (7), (12) and (13): APEAL believes that pails, drums, canisters and kegs are sales packaging and should not be subject to re-use and refill targets. Referring to recital (10), sales packaging corresponds to primary packaging and transport packaging to tertiary packaging. Under article 3 'Definitions', is stated:

(2) 'sales packaging' means packaging conceived so as to constitute a sales unit consisting of products and packaging to the final user or consumer at the point of sale;

(4) 'transport packaging' means packaging conceived so as to facilitate handling and transport of a number of sales units or grouped packages, including e-commerce packaging but excluding road, rail, ship and air containers, in order to prevent physical handling and transport damage;

5. Legal Instrument and legal base

APEAL supports the choice for a Regulation as legal instrument with an 'internal market legal base' (article 114 TFEU). The adoption of a Regulation, as the legal instrument, in the context of article 114 TFEU, is supported by abundant EU case law and it is appropriate for attaining the objectives pursued thereby. Safeguarding the PPWR's Internal Market legal base (Art.114 TFEU) and its dual objectives, i.e., an internal market for packaging & packaged goods, as well as environmental protection is key to achieving the goals of the Circular Economy Action Plan. This internal market legal base is a safeguard against protectionist measures, market distortions and fragmentation that have a direct effect on the functioning of the internal market and thus increases the potential for harmonisation across Member States.

6. The review of the Packaging and Packaging Waste legislation should be complemented by a review of the Landfill Directive 99/31/EC

Recital 26 a (new): APEAL believes that the Packaging and Packaging Waste Regulation should be complemented by a review of the Landfill Directive 99/31/EC, aiming at accelerating the phase-out of landfill of packaging waste. The long-term goal of the EU is to transition to a circular economy that avoids generating waste and that uses unavoidable waste as a resource wherever possible. Still today it is estimated that 19% of the packaging waste is landfilled.

7. Indicative list of packaging materials, types and categories (annex II, table 1)

APEAL believes, that the packaging types and formats under the category numbers 5 and 6 (steel), need to be adjusted, clarifying which packaging types and formats fall under which category number.

About steel for packaging

Steel for packaging is primarily used in food packaging with vegetables, tomatoes, soups, ready-meals, pet-foods and aerosols comprising the major market segments, where its intrinsic properties of providing 100 % protection against light, air and contaminants which results in naturally long shelf life of fillings while locking in the freshness of food and maintaining its nutritional value. As a result, canned food can be stored for several years without compromising the safety of the contents. Steel for packaging is also the most recycled primary packaging material in Europe. On average 85,5% and in many Member States the recycling rate is considerably higher than 90%.

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About APEAL

APEAL – the Association of European Producers of Steel for Packaging – is an industry association that represents the six European producers of Steel for Packaging: Acciaierie d’Italia, ArcelorMittal, Liberty Steel Group, Tata Steel Packaging, thyssenkrupp Rasselstein, and U.S. Steel Košice.

In total, the six companies that comprise the APEAL member companies employ 200,000 people in Europe, with an estimated 15,000 working directly in steel for packaging activities. The main sites for steel for packaging are located in France, Germany, Belgium, Slovakia, Spain, Italy, the Netherlands and the UK. This is supplemented by the approximately 70,000 employees, in 300 factories, in 23 European countries across the EU that are reliant on the constant and stable supply of high technical quality, as well as consumer safe, steel for packaging material supplied by APEAL members to its value chain.

About the European Steel Association (EUROFER)

EUROFER AISBL is located in Brussels and was founded in 1976. It represents the entirety of steel production in the European Union. EUROFER members are steel companies and national steel federations throughout the EU. The major steel companies and national steel federations in the United Kingdom and Turkey are associate members.

