

Resources & Waste Strategy Project Meeting

16 April 2019, 10:30 – 15:15

EY, 1 More London Riverside, London SE1 2AF For the attention of BPF members and invites guests only

Attendance

		Highland Springs
		Papier-Mettler
		Ultimate Group
		Plastics Europe
		Nampak
		Bericap
		Coveris
		RPC Group
		Schoeller Allibert
		Walki
		Sealed Air
		Ineos
		Papier-Mettler
		KM Packaging
		Cromwell Polythene
		Silgan Closures
		Plastics Europe
		Plastipak
		RPC
		Klockner Pentaplast
		Aegg
		Sharpak
		Mainetti
		Innovia
		Philip Tyler Polymers
		Coveris
		Palagan
		Innovia
		Coveris
		Mainetti
		Gaia Packaging
		Coveris

The Plastics & Flexible Packaging Group (PFPG) Management Committee shall not enter into any discussion, activity or conduct that may infringe, on its part or on the part of its members, any applicable competition law.

1 Welcome and apologies

- BT welcomed everyone.

2 ERM –Key Issues & Policy Objectives on EPR & Project Findings Overview

- Open loop vs closed loop discussion:
 - Why do government have a preference of closed loop recycling? There is a value for closed loop recycling where possible, but real value requires both closed and open loop. For some applications closed loop is not possible for example in some food grade applications, due to legislation. We cannot treat plastics as a single material. Closed loop is also technology specific and new technology is required to ensure full benefit.
 - Vote on favouring closed loop vs open loop:
 - Closed loop – 5 respondents
 - Open loop – 12 respondents
 - Definitions of open and closed loop recycling are required by industry.
 - Some materials i.e. paper cannot go into closed loop.
- Shared responsibility vs single point of compliance:
 - Many EU schemes have the point of responsibility levied where products are placed on the market.
 - There are pros and cons of both – Shared responsibility is complex but provides a seat at the table to have influence.
 - Majority in meeting favour single point of compliance.
- Consensus view was that all plastics should be collected under the reformed EPR.
- The survey results alongside a consensus during the meeting suggested that EPR should not include costs for litter clean up, fly tipping and residual waste management.

3 WRAP - UKPP Recycled Content Findings

- Overview of a recent study that WRAP commissioned to quantify the level of recycled content in consumer facing packaging. The report displays estimations in the year 2022 and 2025. This showed considerable shortfall in reaching the Treasury threshold by April 2022 due to technical and capacity constraints. An example of this is a new recycling operation even to be built on brown field site can take up to 30 months to get necessary planning approvals.

4 EY – Key Issues & Policy Objectives on Plastics Packaging Tax & Project Findings Overview

- Timescale – It would take a minimum of 2.5 years for any new plant in the UK to be build. There is not enough investment to be able to source recycled content by the designated timeframe of April 2022.
- Work carried out by wrap and the survey by EY support the industry position that tax objectives cannot be met in time due to a variety of reasons.

- Absence of collections of some formats e.g. films which will not be rectified until consistent collection of all plastics is implemented. This affects 17% of all plastic packaging.
- Absence of regulatory approval to use recycled content which is required for over 70% of all plastic packaging in use (currently approval only exists for 40% of the above 70%).
- Absence of sufficient capacity to meet requirements where recycled content can be used.
- As a result, 45% of the market will not be able to meet the requirement of 30% recycled content for matters outside their control and that have nothing to do with available capacity or price.
- Lack of Supply of recycled content – This lack of supply will force UK businesses to source from overseas and import recycled content. Therefore, they will not meet the policy objective in full to develop necessary UK recycling infrastructure and assumes enough UK supply.
- Exemption for Imported pre-filled packaging - This current exemption equates to 600,000 tonnes of packaging outside the scope of the tax plus a further 200,000 tonnes unobligated. This exemption encourages packer/fillers to divert operations overseas, potentially very damaging to the UK industry.
- Hypothecation – This can support recycling infrastructure and be invested back in the system to achieve the desired objectives. Industry support this.
- Response to tax should include:
 - The reason recycled content is not used is not just down to price and availability.
 - Issue with timing due to above needs later implementation to allow 45% of the market that can't incorporate recycled content.
 - Possibly commencing with a lower r/c threshold or differentiated threshold for reasons above.
 - Exemptions.
 - Address red line areas e.g. importation of pre-filled packaging to be exempt.
 - Hypothecation.
 - Move application of tax to retail level to address pre-filled packaging and to allow averaging. Present system of applying tax at a component level will also disadvantage certain companies e.g. certain smaller companies with narrow process, product profile and material focus.

5 Key Actions requiring further input from members.

- Case Studies – It is vital to receive case studies to demonstrate evidence in the consultation and to Treasury about the unintended consequences of the plastic packaging tax. Members must urgently submit case studies which will remain anonymous and not attributed to specific companies.
E.g. these unintended consequences include:
 1. Up gauging to use alternative materials
 2. Introduction of more complex structures to allow introduction of recycled content.

3. Switching to structures that are more difficult to recycle.
 4. In summary any examples that increase the amount of overall waste or result in the use of more difficult to recycle formats simply to meet the requirement of tax.
- Other key inputs required by consultants before next meeting with Treasury includes:
 - 1 Price point at which a switch in material choice occurs i.e. away from plastic e.g. percentage increase on current price examples would be helpful.
 - 2 Examples of products where regardless of price they are still likely to remain packaged in plastics.
 - 3 The case for specific product applications for exemptions based on above.
 - 4 Any examples of packer filler or packaging manufacturing companies moving operations out of UK and reasons for doing so any cost related examples would be ideal.
 - 5 Evidence and examples of recycled content increasing to 2022 based on factors unrelated to plastic tax.