# The Impact of the Circular Economy Package on the Packaging Industry

The Circular Economy Package (incl. legislative proposals for the Packaging & Packaging Waste Directive and the Waste Directive) was published on December 2, 2015. It is based on an economic and environmental rational, aiming to ensure sustainable economic growth. It covers, inter alia, the production, consumption and waste management phases aiming to ensure a working circular economy.

The metal packaging industry has been working intensively to ensure that the legislative package will be fair and balanced, and takes full account of the economic and environmental characteristics of our packaging.

<u>Key legislative developments:</u>

In the current proposal, the **measurement point and the definition of recycling have been changed**. While previously Member States were allowed to report recycling rates based on the output of sorting facilities, they are now required to report what is effectively recycled, meaning input to the final recycling process. Today, output of sorting can only be reported under very strict conditions. This may mean that the previously reported recycling rates for packaging materials can change due to material losses that occur between the sorting, the preparation for recycling, and the final recycling process as many packaging materials are diverted to incineration after the sorting process. In the new text, energy recovery from incinerated products can no longer be counted as recycling. However, Member States will be allowed to include metals recovered from bottom ashes of incinerators in the recycling statistics provided that the material meets certain quality requirements.
Certain packaging materials, such as plastics that the European Commission considers to be difficult to recycle, are being required to considerably improve their recycling rates, which may also be linked with increasing costs.

The metal packaging industry currently is well positioned for the Circular Economy. The recycling rates for metal packaging, for instance, are already at a stable high level in most European countries (73.6% in 2012). They are third-party endorsed and the losses due to the change in the measurement point of recycling are considered to be manageable when compared to other packaging materials. This assumption is based on the following facts: 1) metals can easily be recycled and this for multiple times; 2) there is a market demand for high-quality secondary raw materials (i.e. recycled metals); 3) metals do not get lost during incineration but can be recovered from the bottom ashes.
With the new legislation, separate recycling targets will be introduced for ferrous metals and aluminium (current targets: 75% in 2025, 85% in 2030).

Both aluminium and steel are currently relatively well placed to meet the new targets for more recycling. Our industry considers this to be positive for our members and their customers.

With regard to the functioning of the internal market, the European Commission also aims to create a **level-playing field for extended producer responsibility (EPR) schemes** by introducing minimum operating conditions. The end-of-life costs of products shall be incorporated in order to provide an incentive to consider the recyclability of a product when designing it. This ensures that costs are allocated in such a manner that the true costs for recycling and the value of secondary materials is reflected appropriately in EPR fees. Again, this requirement is beneficial towards metals.
The metal packaging industry advocates for the permanent material concept and multiple recycling. As metal recycles forever, metal packaging truly complies with Circular Economy thinking. Metal packaging can easily be recycled for multiple times without losing its inherent material properties, and therefore has rather low end-of-life costs than other packaging materials.

Conclusion

The metal packaging industry recommends that customers take into account the current legislative package when defining their future packaging strategies. Although the above points are still part of a legislative proposal, which still has to be adopted by the European Parliament and the Council of the European Union*, it is clear that recycling is considered to be key to the Circular Economy. This may also include a move from materials, which generate high levels of waste and low levels of high-quality secondary materials and therefore low value for a Circular Economy. Thus, the "take-make-dispose" pattern has been replaced by circular thinking, bringing benefits for both the economy and the environment.

** Final adoption is expected for end of 2016.*