

# European Packaging Regulation Guide

## PPWR, EPR and Plastic Tax

April 2023



Climate change is a pressing, global issue. To protect the planet of the future, governments are now introducing new regulations to help create a more circular economy. And it's not just regulators driving the push to a more circular economy. Consumers also care more than ever before and are increasingly making decisions based on a brand's sustainability credentials.

To help businesses navigate this complex landscape, Amcor is helping brands understand the key aspects of the Packaging and Packaging Waste Regulation (PPWR), Extended Producer Responsibility (EPR) changes and plastic tax.

This guide outlines the latest planned changes so your brand can turn this shifting regulatory landscape into an opportunity.

### The cost of packaging is evolving

The legislative landscape in Europe is complex and varies from country to country. But the regulation is aiming, in part, to reduce plastic pollution by establishing the basis for a circular economy.

These new regulations affect a wide range of areas and supporting mechanisms, including design for recyclability target dates, mandatory use of recycled material, plastic taxes and eco-modulated EPR fees. As a result, there are implications on the total cost of packaging.



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## Packaging and Packaging Waste Regulation

On 30 November 2022, the European Commission published a draft legislation, called the Packaging and Packaging Waste Regulation (PPWR), changing EU rules on packaging and packaging waste.

This information is currently a draft and subject to change. The proposal is now being discussed by the EU co-legislators. It is not expected to become final until some time in 2024.

### The key targets outlined in the proposal are:

<b>Design for recycling:</b>	All packaging must be designed to be recyclable (e.g. recycle-ready) by 2030 (2035 for healthcare packaging)
<b>Recyclable in practice:</b>	All packaging must be recyclable in practice and at scale by 2035 (including healthcare packaging)
<b>EPR:</b>	EPR systems are mandatory for all EU countries by 2025. By 2030, EPR eco-modulation must be based on recyclability performance and post-consumer recycled (PCR) content. Some countries have already implemented a form of eco-modulation now.
<b>Recycled content:</b>	Mandatory PCR content targets as of 2030
<b>Compostability:</b>	A small list of specific packaging applications will need to be compostable, including tea bags, very lightweight carrier bags, sticky labels for fruits & vegetables, tea/coffee single-serve units.

## Eco-modulation: Changing the face of EPR

The way EPR fees are calculated for EU members will evolve to incentivize recyclable packaging over non-recyclable packaging and the inclusion of PCR content. This new structure is called “eco-modulation”, meaning EPR fees will be different based on the recyclability performance and PCR content of the packaging. Each Member State must design its own system, so how it is implemented (such as fees and categories) will vary country by country. Eco-modulated EPR based on recyclability performance and PCR content must be in place by 2030.

While we await the full implementation, several countries have already started to implement some form of eco-modulation. This means in some countries, recycle-ready flexible packs already have lower EPR fees (see groups C and D below). Some countries, such as France, are also already taking recycled material into account in their EPR fees today.

EPR FEE DIFFERENTIATION	COUNTRIES
<b>A) Material differentiation only:</b>	Austria Bulgaria Bosnia and Herzegovina Croatia Estonia Germany Greece UK
<b>B) Recycle-ready rigids vs other plastics:</b>	Czech Republic Slovenia Spain The Netherlands
<b>C) Recycle-ready flexible PE vs other flexibles:</b>	Belgium France Ireland Sweden
<b>D) Recycle-ready flexibles PE and PP vs other flexibles:</b>	Italy



## The introduction of plastic taxes

The EU has established a packaging levy to all member states. The contribution due by each member state is based on the quantity of non-recycled plastic packaging. Member states are free to choose how they recoup this levy cost in their country, meaning plans and rules vary by country.

A plastic tax has already been fully implemented in the UK (in April 2022) and Spain (in January 2023). In both Spain and UK, recycled content is exempt from the tax. In Spain the pro-rated weight of PCR content is exempt. In the UK the pack is fully exempt from plastic tax if PCR or Post Industrial Recycled (PIR) content exceeds 30%.

	SPAIN	UK
<b>Go live date</b>	Jan 2023	April 2022
<b>Exemptions for recycled content</b>	Pro-rated weight of recycled content	Full exemption if recycled content >30%
<b>Types of recycled content exempt</b>	PCR only	PIR and PCR
<b>Chemically recycled content accepted</b>	✓	✗ *
<b>Mechanically recycled content accepted</b>	✓	✓
<b>Recycled content certification required</b>	✓	✗

\* Currently the UK Plastic Tax does not recognize the mass balance approach for exemption, therefore most chemical recycled content for flexible packaging is not eligible towards UK tax exemption.

Across the rest of Europe, other countries have either announced their plans to implement, are discussing potential plans, are looking at other possible mechanisms, or have no plans to introduce a plastic tax.

<b>Plastic tax implemented:</b>	UK Spain
<b>Implementation of tax announced:</b>	Italy
<b>Discussing a plastic tax:</b>	Austria Germany Slovenia The Netherlands
<b>Other mechanisms towards the value chain suggested (e.g. include in EPR):</b>	Belgium Germany Poland Portugal
<b>No plans to introduce a plastic tax:</b>	Finland France Ireland Luxembourg Slovakia



## How to turn these legislative changes into an opportunity

We recognize the implementation of these changes is complicated, but there are steps you can take to navigate this complexity with solutions that can reduce tax/EPR cost, meet mandatory target dates, and reduce CO2 emissions, while also meeting consumer expectations.

**Here is our step-by-step guide to making your packaging sustainability journey easier:**

### STEP 1: Understand your current packaging's carbon footprint impact



Packaging choices directly affect the sustainability impact of your product and brand. But understanding, and quantifying, the impacts of your packaging can be difficult.

A Life-Cycle Assessment (LCA) provides a holistic view on your packaging's environmental performance, and offers data driven guidance that can be used in decision making on potential changes to packaging.

We can support you by conducting a specific LCA of your packaging with our Carbon Trust certified Advanced Sustainability Stewardship Evaluation Tool (ASSET™), which will provide a complete and fact-based comparison of different packaging options.

See how you could improve the environmental performance of your packaging by trying our [ASSET™ demo tool today](#).





## STEP 2: Move to recycle-ready packaging

Recycle-ready packaging is increasingly expected by consumers and is a necessity to increase circularity and meet evolving packaging regulations. In 2018, we pledged to develop all our packaging to be recyclable or reusable by 2025. We're well on our way to achieving this, and with 83% of our portfolio already recycle-ready, it is now easier than ever to choose solutions that help reduce the financial impact of eco-modulated EPR on your business and meet the upcoming mandatory regulations.

### AmLite HeatFlex® Recycle-Ready

is an innovative, world-first, recycle-ready packaging for retort and high heat applications, developed even when the industry thought it would be impossible. It can be used in a number of categories, including baby nutrition, wet pet food and ready meals.



For a portfolio of more sustainable choices for your products with no compromise on performance, our AmPrima® Recycle-Ready Solutions in mono-PP and mono-PE have applications in home and personal care, snacks and confectionery, coffee and dairy. For true circularity, AmPrima™ can also include PCR content.



[Contact us](#) to know more about our full recycle-ready packaging portfolio.

## STEP 3: Understand if paper-based solutions meet your product and market needs

Paper-based alternatives can be a great solution for some products. Not only does paper mitigate plastic taxes but it is also widely recyclable, and meets consumers' preference for a natural look and feel. We can help you understand if paper-based solutions are a good fit for your product needs.

Our AmFiber™ technology delivers a number of paper-based solutions for products such as confectionery, meat, and dairy.



### AmFiber™ Performance Paper

is a recycle-ready, high-barrier paper solution for confectionery products, spices and culinary.



AmFiber™ Packpyrus Paper Base Web is a thermoformable paper fiber tray for [meat](#) and [cheese](#). Find out more in our blog post [here](#).



AmFiber™ Matrix Recycle-Ready Breathable Wrap is a paraffin-free wrap for soft cheese.

## STEP 4: Use recycled material

By 2030 the PPWR indicates there will be targets for the use of PCR in all packaging. And as early as 2025, some countries will include PCR as part of eco-modulated EPR fee calculations. Today, packaging with PCR content also reduces plastic tax in Spain and the UK.

We have a number of options available with PCR content, further reducing the pressure on virgin resources and contributing to a more circular economy.

### MECHANICALLY RECYCLED PCR:

Mechanical recycling of plastics involves sorting items, then shredding and eliminating impurities to deliver clean shredded material which can be melted and extruded into resin pellets to make new products. The quality of this PCR is ideal for use in non-food applications such as home care and secondary wrappers.



### HIGH QUALITY / HIGH PERFORMING PCR:

For use in sensitive personal care applications. For example, high performing PCR can be used in [AmPrima® PE Plus Recycle-Ready solutions](#) for flow wraps for wipes.



### CHEMICALLY RECYCLED PCR:

Chemical, or advanced, recycling breaks down plastic material into its original building blocks, resulting in resin pellets that have the same purity and properties as virgin plastic resins. Used for food packaging, this new technology is scaling up.



Amcor recently secured a [supply of advanced recycled material](#), suitable for food and healthcare packaging. [Get in touch](#) to understand how we can support you.



## STEP 5: Look at additional options - lightweighting

Lightweighting is a process of optimizing packaging so that it still fulfils the required function but with the least amount of material needed. This could include moving from a heavier bottle and container to recycle-ready PE pouch or decreasing the layers in a flexible pack while still maintaining the needed barrier.

Lightweighted packaging is another great way to reduce the impact on virgin resources and reduce plastic tax. It is also expected that the PPWR will encourage member states to incentivise lightweighting to meet waste prevention targets.

## STEP 6: Consider bio-based materials to further reduce carbon footprint

Unlike traditional PE that is produced from fossil-fuels, bio-based PE is produced from renewable resources such as plants – typically, sugar cane. Switching is an easy move for brands because it can be used in any situation where traditional PE is currently used.

Using bio-based resources contributes to a lower carbon footprint compared to traditional PE.

Find out more about how our bio-based alternatives helped one coffee brand reduce their packaging's carbon footprint by 45% [here](#).

### CELEBRATE YOUR CARBON REDUCTION ACHIEVEMENTS!

To help you independently communicate the reduced carbon footprint of your packaging to consumers, Amcor can help you secure a 'Reducing CO2 Packaging' label from the Carbon Trust. Your packaging can apply for the label with a 20% or more carbon footprint reduction.

Find out more about on-pack labeling [here](#).



To speak to one of our packaging experts about sustainability options, [contact us](#) and a member of our team will be in touch.

