



PET EUROPE
PRODUCERS' ASSOCIATION



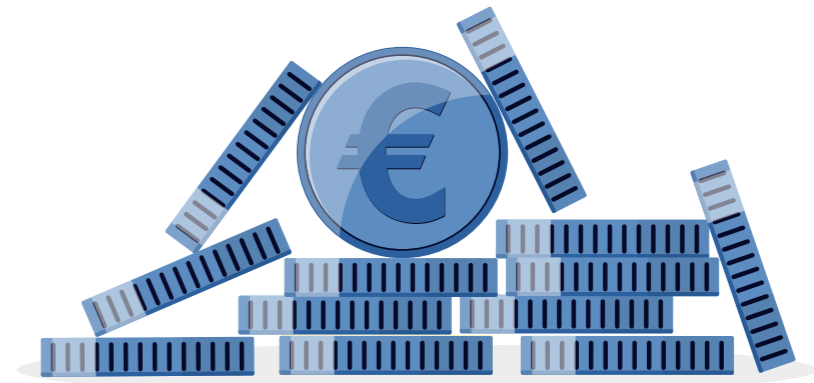
A Policy Paper of
PET EUROPE
Producers' Association

Fiscal measures and plastic packaging waste

2022
Executive Summary

Better design of plastic products, higher plastic waste recycling rates, more and better quality recyclates will help boost the market for recycled plastics. We are committed to working with Government to deliver these ambitious goals.

2019 Plastics generated



350 Billion Euro of Revenue



1.5 Million People Directly Employed

A blunt measure would put these jobs at risk

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CHAIRMAN'S FOREWORD

PET EUROPE - Producer's Association is a non-profit trade association based in Brussels, Belgium, representing PET resin producers. We provide this policy document to inform national discussions on fiscal measures on plastic packaging waste.

A unique type of fully recyclable polymer - Polyethylene Terephthalate or PET - is commonly used as plastic bottle packaging. PET bottles are commonly collected and the most recycled plastic packaging in Europe, with many EU states collecting over 90%.

Waste is a societal concern with multi-factorial issues and no single solution. The European Strategy for Plastics in a Circular Economy will transform the way plastic products are designed, used, produced and recycled in the EU. **Better design of plastic products, higher plastic waste recycling rates, more and better quality recyclates will help boost the market for recycled plastics. We are committed to working with Government to deliver these ambitious goals.** The PET industry has demonstrated our commitment through investment in the production of fully recyclable packaging and increasing recycled content. We remain in fundamental disagreement with the principle of additional fiscal measures with negative environmental impacts. Fiscal measures that incentivise alternatives to PET packaging will have a negative impact, due to the significantly lower carbon footprint PET enjoys over alternative packaging materials.

There are more efficient ways of achieving the recycling and anti-littering objectives:

- 1 Focus on total waste, not just 1% - enforce the laws we have
- 2 Implement the many game changing measures already contained in the SUP Directive
- 3 Improving product design

If fiscal measures such as the so-called "plastic tax" are introduced, it should:

- incentivise European recycled content to improve the economics of recycling and collection,
- not fracture the EU internal market, including sufficient lead-in time to comply,
- include a sunset clause linked to collection targets, to incentivise collection,
- maintain quality verification of post-consumer plastics, recycled polymers and articles with recycled content to be used in food contact applications imported into the EU.

The Non-recycled Plastics Packaging Waste Contribution (NRPPWC) marks a watershed behaviour-centric fiscal policy, in addition to existing packaging waste legislation. We are fully committed to further consultation and engagement on how we can help to further reduce Europe's waste.

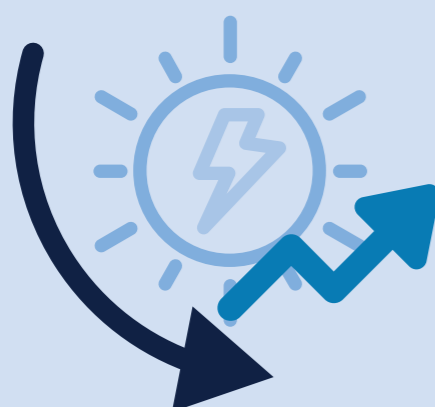
Antonello Ciotti, Chairman, PET EUROPE - 2022

REPLACING PLASTICS PACKAGING WITH ALTERNATIVES would on average:



INCREASE
WEIGHT
3.6
TIMES

INCREASE
CO₂
EMISSIONS
2.7%



INCREASE
ENERGY
2.2
TIMES

Source: Imperial College London

EXECUTIVE SUMMARY

PET packaging is the best performing polymer, in terms of waste collection and recycling. The current collection rate for post-consumer PET containers in the EU is around 63%. Significant improvements have been made in recycling processes for PET. With the ever-increasing quality of collected materials, recycled PET demand will dramatically increase as a percentage of the total European PET demand by 2030.

The PET industry is committed to playing its part to increase recycling rates even further, but it should also be recognised that all actors across the value chain have their responsibility regarding the complex issue of waste.

While fiscal measures on plastic packaging seem to have gained traction, the facts clearly show that such policy measures are poorly targeted, inefficient and inequitable:

- When compared to alternative packaging materials; environmental analysis shows that PET and plastics packaging save greenhouse gas emissions, reduce energy consumption and waste generation;
- Economic analysis shows that a tax would significantly impact producers and put jobs at risk. People with low incomes, as well as charities, would be hit harder by such measures;
- The fiscal measures on plastic packaging would come at a high administrative cost for governments, while the expected effects are limited, as it would not incentivise increased waste collection;
- Singling out plastics versus other types of packaging is unfair, and can lead to State Aid issues;
- A fiscal measure on plastic packaging would mean that the same packaging is taxed three times in various EU countries;
- Implementing such measures at a Member State level could constitute a Technical Barrier to Trade.

Taxation is a blunt instrument and is an inappropriate model to effectively deal with the challenge of waste management. It is unlikely to have a positive impact upon waste collection (a *condicio sine qua non* for recycling) and highly likely to have a detrimental impact on the economy. The PET value chain creates thousands of jobs across Europe. In 2019, plastics generated around 350 billion euros of revenue and provided direct employment to over 1.5 million people across the EU-28. Implementing a blunt measure, such as a fiscal measure on plastic packaging, would put these jobs at serious risk, as the governments in Italy and the UK have realised.

It is our position that no policy measure should be implemented without proper impact assessment. Without a consistent demonstration of cost-effectiveness and efficiency, the implementation of a Member State fiscal measure to support the NRPPWC is a liability for the economy.

To quote the Plastic Soup Foundation: the NRPPWC 'misses the point entirely' as it is not harmonised across the EU. The Foundation states that such a tax will not tackle Europe's contribution to the World's 'plastic soup'¹, and also highlights the risk that tax payers will end up paying the NRPPWC. Finally, the Foundation criticises the fact that only plastic packaging is considered, when packaging makes up only 40% of total plastics production.

EXECUTIVE SUMMARY

We remain in fundamental disagreement with the principle of additional fiscal measures. **There are more efficient ways of achieving EU and Member State recycling and anti-littering objectives, rather than taxation.** First of all, governments should prioritise implementing requirements from the EU Single Use Plastics Directive (SUP Directive).

As a further step, rather than burdening business with extra costs that provide no net environmental benefit, we suggest **3 more efficient policy options**:

- 1. Focus on total waste, not just 1% - enforce the laws we have.** Plastics packaging waste is less than 1% of our total waste generated. When formulating policy measures regarding waste and recycling, a holistic approach to total waste by regulators is imperative. There is a clear opportunity lost in ignoring 99% of our total waste. DG Environment produces regular reports detailing the lack of proper enforcement of existing EU regulations on waste management and recycling by the Member States. We must enforce the laws we have.
- 2. Implement the many game changing measures already contained in the SUP Directive.** As foreseen in the EU's Single Use Plastics (SUP) Directive, Member States are required to ensure the separate collection for recycling of PET beverage bottles. By 2025, an amount of waste SUP products equal to 77% of the amount placed on the market is to be separately collected. By 2029, the target is 90% of the total amount of PET beverage bottles placed on the EU market. Achieving these targets as soon as possible will lead to the increased collection of waste PET bottles, and will accordingly lead to an increase in recycling feedstock for the PET recycling sector. As this is already an EU requirement, **accelerated implementation will be a very cost-efficient measure to increase recycling.**
- 3. Improving product design.** Product design and design for recycling are some of the key barriers that currently hinder recycling. Compatibility of materials, easy separation, and the use of additives, among other features, will play a role in determining the recyclability of a given product. **Product design requirements do not require expensive infrastructure**, and are therefore a cost-effective measure to improve recycling.

3 More Efficient Policy Options



EXECUTIVE SUMMARY

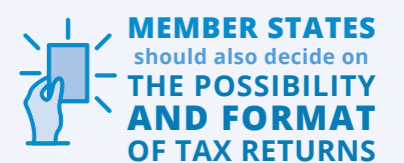
If Member States nonetheless decide to implement fiscal measures on plastic packaging, the following technical questions need to be considered, in order to ensure that the EU internal market and intra-EU trade is protected:

- The product to be taxed.** To remove potential uncertainty as to whether a certain product falls within the scope of the fiscal contribution or not, it is necessary that legislation and related guidance sets out clear definitions of terms such as 'non-recycled', 'recycled content', 'plastic packaging' and 'waste'. It is advised to use existing, commonly used and accepted supranational definitions, in order to minimise the regulatory burden.
- Tax exemptions for good practices.** One of the reasons to consider introducing fiscal measures on plastic packaging is a desired change of behaviour (namely increased recycling). Next to the taxation of undesirable activities, exemptions should be provided for good practices, such as high recycling rates. Tax policy can therefore be a 'carrot' as much as a 'stick'.
- The point at which the tax becomes liable.** A tax could be levied at many different parts of the plastics production, conversion, consumption and waste chain. Each of these has its benefits and disadvantages.
- The person liable to pay the tax.** In introducing a fiscal contribution, the person or business which is liable for calculating and remitting the tax must be defined. The administrative burden for impacted businesses in meeting their obligations under the fiscal measure would increase. Practically, in introducing a fiscal contribution, it would be necessary to consider the specific procedures that would need to be put in place for potentially affected businesses to clarify matters of doubt in respect of the tax, charge or levy.
 - Corrections and tax returns.** Member States should also decide on the possibility and format of tax returns.
 - Enforcement measures and penalty regime.** If a tax is imposed, effective enforcement measures must be implemented. Interpol is already seeing a sharp rise in plastic waste crime, even before introduction of the fiscal contribution.

IF TAX IS INTRODUCED

THE FOLLOWING needs to be addressed

PRODUCTS CLEARLY DEFINED





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The main obstacles to the recycling of plastics are collection and design for recycling.



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Solution should be focused on collection, sorting and treatment.

Contact us

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