



The Packaging Federation
1 Warwick Row
London
SW1E 5ER

Telephone 020 7808 7217
Mobile 07932 697151

Email dicksearle@packagingfedn.co.uk
www.packagingfedn.co.uk

Review of Waste Policies
Defra
Area 6C, Ergon House
Horseferry Road
London
SW1P 2AL

5th October 2010

Dear Adam,

**Defra Waste Policy Review for England: Call for Evidence.
Response from The Packaging Federation**

In response to this call for evidence, the following submission is made on behalf of The Packaging Federation, a not-for-profit organisation representing the UK Packaging Manufacturing Industry. As a manufacturing sector we have approximately 85,000 employees with a turnover in excess of £10 Billion. As you may know, the industry is divided into a number of sectors covering a variety of packaging materials and each of these is represented by sector Trade Associations who will be responding separately to this call for evidence. Indeed, a necessary part of the remit for our organisation is that we should not be seen to be taking a position that appears to favour one sector of our industry over another. Accordingly, our comments are necessarily more general in nature and provide a “backcloth” to the individual material submissions which will deal in more detail on material specific issues.

This response to the Call for Evidence seeks to reflect the issues posed in the Defra document and the “running order” of these. Whilst we believe that any review of waste policy should be very much broader than consideration of packaging alone (given that packaging is actually a small part of waste), we have focussed our comments on the issues surrounding packaging.

Our comments are detailed below:

- Despite the fact that packaging waste only accounts for 3% of total landfill and 20% of household waste, packaging receives a massively disproportionate amount of attention from politicians, media and consumers. This has inevitably led to widespread misconceptions about the environmental impact of packaging and for many packaging is seen as one of the greatest environmental issues. Indeed, a number of recent surveys have shown that many consumers regard “excessive packaging” to be more of an issue than global warming! The reality is wholly different as we shall show.

Packaging only exists where a product exists. It is, along with modern distribution systems, a delivery system for products – consumers don’t buy packaging they buy products. As a result, the demand for packaging is set by consumer demand for products and these products have, on average, very much higher (more than ten times) environmental impact than the packaging that is used to contain and protect them. In these days of consumer affluence and working households, convenience is everything. Customers expect the widest range of products to be available 24/7, in perfect condition and ready to use or consume. Many households no longer have the skills or the desire to spend time preparing meals and this demand is increasing with single person households at one third of all households and continuing to grow. Food preparation is no longer a time consuming exercise and urban/city living is made possible as space in towns is no longer

dedicated to food production. Indeed, there would be no way that current population levels could be supplied with food, goods and services without the role that packaging plays. And yet, most consumers look at used packaging with little thought for the role that it's played in getting goods safely from producer to point of sale and the role it continues to play in preserving products until they are used. So, in consumers' eyes, packaging is defined by its status at end of life rather than by the essential role that it plays in enabling their lifestyles.

The truth is that by any measure, the environmental impact of the damage that packaging prevents is far higher than that of packaging used and packaging's net overall environmental impact is negative. Nevertheless, the supply chains that use packaging have been, for many years, on a journey to minimise the use of packaging – not just driven by environmental concerns but also the hard commercial reality of reducing costs – and this commercial reality alone will continue to drive the “optimisation” of packaging. The result is that the scale of “excessive packaging” is, in reality, very small – the scale of lack of understanding of packaging and the job that it does is, regrettably much, much larger. It's a much publicised fact that households throw out uneaten massive quantities of the food that they buy - less appreciated by them is the fact that this waste has over ten times the environmental impact of packaging waste arising at households. Any review of waste policy must recognise that the current obsession with packaging and packaging waste is diverting attention away from a waste stream, food waste which is a much greater environmental issue. Indeed, there is a real danger that consumer pressure for further packaging reduction could easily lead to further increases in food wastage.

- The role of waste management in conserving resources is crucial. For too long, waste management has been about disposing of waste rather than the conservation of materials. There is a clear need now for the waste management infrastructure to be designed (under **National** guidelines) to maximise material recovery and its resource efficient utilisation rather than the pursuit of targets for disposal of waste.

Resource efficiency is a global issue and it is difficult to see how the vision needed for an effective resource efficiency culture can be generated at local levels. There is an absolute need for National Guidance and Leadership for a “Zero Waste” goal based on effective resource efficiency. The Packaging Federation strongly supports the case for such National Guidance – local choices can and should be made in the implementation of a National Framework for Resource Efficiency but “localism” will never deliver an effective resource efficiency outcome. Indeed, it has to be said that such a National Framework should apply to the whole of the UK – given that most material markets and supply chains are globally based, there are no “English markets” for materials – neither are there such “local markets” in Scotland, Wales or N. Ireland.

For many years, packaging (apparently quite divorced from its role in delivering and protecting products) has been seen as an environmental problem. With the increasing emphasis on the importance of resource efficiency, it is now even more vital that packaging should be seen as a resource efficiency **solution** (protecting far more resources than it uses) whilst packaging at end of life should be treated as a valuable resource for further use – either to reduce use of virgin materials or, if that is not feasible, as a valuable source of energy - leaving only the most contaminated residuals to go to landfill. In this context, the UK Packaging Manufacturing Industry should rightly be seen as an important part of the “Green Economy” – playing a vital role in the protection of resources. The Industry is very fragmented and there are thousands of small local businesses providing valuable local employment – the persistent vilification of the products and services that they provide is harming an industry that represents 3% of manufacturing employment in the UK. We look forward to a focus on the “Green Economy” that acknowledges the important role that our industry fulfils.

- At present there are limitations on the business waste that can be collected by Local Authorities arising from measurement and targeting regimes imposed on LA's. As a result, collections from a range of SME's, pubs & clubs etc. only take place on a piecemeal basis and considerable quantities of recyclable materials appear, as a result, to be going direct to landfill. It would make very good business and environmental sense for such streams to be dealt with (on an appropriate commercial basis) by LA's.
- It is an absolute requirement that packaging is fit for purpose and this has to override any consideration of packaging being designed for recycling or "end of life". Accordingly, there will always be a proportion of packaging using combinations of materials or which is too contaminated by the product it contained for there to be any realistic recycling options at end of life. The application of product policy guidance will always create the danger of products being designed for disposal rather than their primary purpose and we are strongly opposed to any such policy. Recent calls for packaging to be designed for recyclability demonstrate a fundamental lack of understanding of packaging's primary role – a role in which product protection and preservation must be paramount. The UK Packaging Manufacturing Industry is highly innovative and a world leader in packaging design. Recyclability of packaging will always be one of its goals but never at the expense of its primary function of product protection.

As stated earlier, the demand for packaging is driven by consumer demand for the widest range of products to be available 365 days per year. There may be a role for product policy in co-ordinating choice editing to limit the availability of goods but this would require massive changes in current consumer purchasing patterns and expectations.

- We are strongly in favour of voluntary Responsibility Deals rather than legislative enforcement and target setting. The optimisation of packaging within its supply chains is an ongoing process which has been driven by both commercial and environmental considerations. The real value in such arrangements is the ability of competing organisations (particularly Retailers and Brands) to work co-operatively without infringing Competition Law. However, the use of such deals carries the constant danger that progress made will be used for competitive comparisons and the use of "Greenwash". In the case of packaging, this leads to environmental "profiles" for packaging that are wholly disproportionate to their real impact – or, indeed, their real benefit. Defra has recently re-launched its Green Claims Code Guidance and we would like to see a much closer adherence to the principles expressed within it. Misleading consumers as to what is really important is no way to enhance consumer understanding of resource efficiency principles.

Notwithstanding our support for voluntary responsibility deals, packaging and packaging at end of life ("packaging waste") is already the subject of EU legislation with the EU Packaging & Packaging Waste Directive. In the UK, the system for driving compliance is a producer responsibility scheme – popularly known as the "PRN System". This regime of compliance utilising the market driven PRN system in the UK differs from the "administrative style" schemes most widely used in Europe. The UK system was designed to meet EU Packaging and Packaging Waste Directive targets. It was never designed to maximise recycling and yet it has enabled, along with massive efforts from all involved in the extended supply chain, achievement of recycling rates above the European average. However, utilising the current system to drive rates even higher is an unknown situation. Our industry has a real concern about the potential cost impact upon it. We operate in a highly competitive and adversarial supply chain in which we are, regrettably, the weakest link. If PRN prices are driven high by targets for which the infrastructure is not in place, there is a real danger that a disproportionate share of the costs (and far higher than the "official" 9%) will fall on our industry. This could, at least for some material sectors, have a highly damaging effect on packaging companies – and the employment they provide.

- We are opposed to the concept of financially incentivising consumers to recycle. Whilst this might be funded on a highly localised basis, such funding by retailers etc. is highly unlikely to be available on a National basis as there is unlikely to be sufficient commercial advantage for such a widespread scheme to be financially viable. We strongly believe that consumers should be encouraged to recycle as part of “enlightened self-interest” as current lifestyles are not remotely sustainable unless resource efficiency is observed. Consumers must not be treated as “innocent dupes”. **Their** demand for products drives all supply chains and they must be educated to engage with resource efficiency as a way of life. In any event, the economics of incentivising individuals to recycle by valuable considerations will only work if dramatically more value is extracted from the “waste supply chain”. The value of recycled materials is defined by international markets and cannot be artificially inflated other than by taxation.

The maximised environmental and economic value and recovery of recyclates requires a massive improvement in recyclate quality and the whole realm of collection and recovery/recycling systems. In parallel with this, the whole role of waste management companies and the true nature of their contracts with local authorities need to be made far more transparent. The importance of this issue (encompassing as it does a far greater quantum of funds) is much greater than the transparency of the PRN system.

The essence of any strategy for “Zero Waste” is the achievement of very high levels of recycling which would probably place the UK in the top quartile in Europe. And yet, we have a collection and recycling infrastructure that is arguably bottom quartile and an absence of any meaningful National Recycling Strategy or National Resource Efficiency Strategy – and no apparent political will to date for such strategies to be implemented.

The Packaging Supply Chain has made continuing and substantial progress in encouraging and supporting the recycling and recovery of packaging waste and will continue to do so. At a time of substantially increasing raw material and energy costs, packaging waste is a potentially valuable resource that should be recovered and re-used as a raw material for further packaging manufacture or, if that is not possible, virgin material substitution. In those circumstances where it does not make environmental or economic sense to do so (particularly for contaminated or mixed waste), packaging waste could and should be used as a valuable material in the production of energy. A sensible mix of improved recycling performance and developed strategies for energy from residual packaging waste should go a long way to achieving the best possible environmental outcome. The assumption that ever increasing rates of recycling of some types of packaging materials are automatically the “right environmental solution” is deeply flawed and does not stand up to rigorous scientific scrutiny. The point at which the true environmental impact of collection and recycling processes outweigh the environmental benefit of reclaiming the material will vary substantially with different materials but when this point is reached the targets should not be set higher – least of all to satisfy political, media or consumer aspirations. The environment only recognises impacts which can be measured scientifically and it must be this science based assessment that underpins the identification of “maximum targets” otherwise the net result could easily be a profound environmental disbenefit.

As stated above, the drive to increase recycling rates and improve resource efficiency outcomes is already leading to significant issues with the quality of materials available for recycling. The pursuit of even higher rates of recycling is more likely to exacerbate this problem, particularly in the short to medium term. This will inevitably increase the reliance on exporting materials for certain sectors (but there are worrying signs that this poorer quality material could soon be unacceptable even in these markets) and this may well impact the viability of existing UK based reprocessors. This quality problem raises the whole issue of what drives recycling in the UK. Many recycled materials are priced on an international basis and the process is, in the main, commercially driven. However the push for ever higher rates is creating issues of costs of

collection and processing that cannot be covered by normal commercial margins and therefore substantial “subsidies” are required to drive the system. In many European countries, systems have been set up which have, in effect, passed the cost of this on to the consumer but this is not the situation in the UK. Local Authorities are already looking to the Packaging Supply Chain to fund the extra costs of meeting higher targets. If resource efficiency and environment “drivers” are to be used to justify maximising recycling then there will be an attendant high financial cost of achieving this once the “tipping point” of commercial viability is passed. Our industry wishes to see that any such additional “cost of operating” is apportioned fairly between the whole extended supply chain and the consumers whose demand for products drives the demand for packaging. Most certainly, the UK Packaging Manufacturing Industry is not in a position to disproportionately fund any additional costs – any requirement to do so would have serious consequences for the viability of many companies in our industry who are operating on paper thin margins at a time of substantial increases in input costs.

- We do not believe that there is any advantage in Government seeking to mandate the use of recycled materials in packaging. The use of such materials in packaging has been common for decades in most material sectors. Issues of food contact (and associated legislation) are paramount when using some materials and it is impossible to see how external “input” could be of value. The use of packaging materials will always be driven by considerations of fitness for purpose, commercial viability and availability. In the latter case, the issues of recycle quality and availability mentioned earlier are far more of a constraint to greater recycle use than any lack of willingness to use such materials.

Of course, it is for Government to decide what stance it wants to take with its own procurement strategies but mandating recycled content for any range of products should not be necessary for any normally functioning supply chain.

- We have a great deal of sympathy for the dilemma in which many Local Authorities find themselves. The promises of previous Governments to allow the use of at least part of Landfill Tax for waste management infrastructure have not been fulfilled and LA’s find themselves asked to do more and more without available funding. Indeed there is now the curious belief that avoidance of future increased cost (increased landfill tax) provides a fund for future investment! The situation appears to be further exacerbated by the requirement to negotiate “risk free” waste management contracts which has, we understand, left many LA’s not receiving “value” from the materials collected. Against this background, we can well understand why LA’s are looking to supply chains to assist them financially. However, in the case of packaging materials, we believe that consumers are the key to future progress and their education and motivation is vital in this process. The environmental impact of packaging “waste” from households is directly a function of the quantity and type of goods that they buy. These same consumers are primarily the “customers” of LA’s who provide them with services. As we have covered earlier in this response, we do not believe that it is acceptable for consumers to be held harmless from the consequences of their own behaviour and its impact on product demand and subsequent resource efficiency. Both LA’s and supply chains should work co-operatively on educating consumers to act in their own interest and help to maximise resource efficiency by fully co-operating in the recycling of all relevant materials. Current consumer lifestyles are only “sustainable” if all consumers work to preserve them and they should take responsibility for their own actions. Those who are not prepared to do so should not be indulged at the expense of the majority of consumers who are. It cannot be right that the majority should be “incentivised” so that the minority escape being penalised. Consumer demand for goods and services is at the heart of waste management challenges and the responsibility that this engenders should be borne by us all as consumers.

In our conversations with LA’s we are very aware of their aspiration for more money to be forthcoming from the supply chain. Whilst we support their pursuit of transparency of the PRN system and waste management contracts, as an industry we are not in a position to provide

further funds to LA's. As we have argued above, we do not believe that consumers should be excluded from their obligations in a way that is not mirrored in most of Europe. At the same time, it is a fact that the supply chain already pays £Billions in Business Rates to LA's and receives very little in services in return. Certainly, the amount paid far exceeds any costs associated with handling packaging at end of life!

- We do not have an issue with the implementation of local services by local communities – always with the proviso that resource efficiency is a Global/National challenge and practices should conform to patterns that maximise best practice for resource efficient outcomes. Whilst the plethora of local schemes is often cited as creating consumer confusion, effective education and communication should enable satisfactory outcomes irrespective of the methodology. However, all of this will only be acceptable and practicable if it is driven by the desire to maximise quality and value for recyclable materials.
- Products at end of life including packaging should be recycled wherever this makes financial and environmental sense. Where this is not possible due to complex or contaminated materials, such materials should be used as a source of energy (by whatever relevant method). Only the remainder that cannot fulfil either function should go for disposal. This is the model that works effectively in most European economies and there is no good reason why it should not be followed in England. We utterly reject the suggestions from some quarters that material that can be used for energy generation should instead be sent to landfill. The UK is teetering on the brink of an energy supply crisis and to landfill materials with high calorific values is nonsense.

We do not believe that Anaerobic Digestion should be promoted at the cost of alternative technologies. All energy from waste technologies (including AD!) have their pros and cons and each should be considered on their individual merits. It is not for Government to pursue one particular technology unless they are confident that they have sufficient knowledge of all technologies to be sure that their choices are “sound”.

- Finally, we suggest that there should be much greater acceptance of waste management models that have been proven to be effective in other countries. We are frequently compared adversely with performances (for instance on recycling rates) in other European countries and then criticised if we suggest that their practices could usefully be followed in the UK. It really is about time that we stopped trying to reinvent the wheel and embraced best practice as successfully demonstrated elsewhere.

Adam, that completes our response to the call to evidence. If you need any clarification, please don't hesitate to call me on either of the numbers listed.

Best wishes,

Yours sincerely,

Dick Searle

Dick Searle CCMi
Chief Executive
The Packaging Federation