

## European Pallet Association e.V. (EPAL)

### PPWR: Good progress but unclear prospects

#### Statement of EPAL on the European Council proposal of 18.12.2023 for the Packaging and Packaging Waste Regulation (PPWR)

Düsseldorf, 15 January 2024

**The proposal of the European Council of 18.12.2023 to amend the drafts of the European Commission and the European Parliament for the new regulation on packaging and packaging waste represents an important step forward for the wood packaging industry and for EPAL. However, many questions remain unanswered, and the new elections to the European Parliament in the summer of 2024 leave no time for adequate participation of the wood packaging industry.**

In November 2023, EPAL, together with many other companies and associations in the European wood packaging industry, criticised the draft of the European Parliament's Environment Committee (ENVI) for the new Proposal for a Regulation on packaging and packaging waste (PPWR). The focus of criticism was on the regulations on the recycling of packaging, which, together with the reuse of packaging, is one of the central topics of the PPWR.

Despite the criticism of EPAL and the European wood packaging industry, the European Parliament followed the problematic proposal of the ENVI Committee in the vote on 22.11.2023 that high-quality recycling should only be recognized if the recycled material can be used for the production of new and similar packaging (so-called closed-loop recycling). This is only possible to a limited extent for wooden packaging, because although wood chips can be used excellently for the production of chipboard for the furniture and construction industries, boards made of wood chips cannot replace the wooden boards of pallets or other wooden packaging for reasons of stability and safety.

This would have led to the incomprehensible result that wood, a material that is sustainable in every respect and so important for the field of transport logistics, would have been worse off than plastic. Single-use plastic packaging with only a short period of use would have been better off than EPAL wooden Euro pallets, which are used in logistics for many years before the wood chips obtained during recycling can be used as chipboard or as wood-chip blocks for pallets for many more years.



The European Council has obviously recognised this contradiction and, with its proposal of 18.12.2023, has now followed the recommendation of EPAL and the wood packaging industry and explicitly extends the use of the recycled material to other products and applications in which the quality of the recycled material is maintained (so-called open-loop recycling).

EPAL welcomes the European Council's decision in favour of open-loop recycling, which is the only correct decision in terms of sustainability and the viability of transport logistics.

However, in addition to the proposal of the European Council, the assessment of the quality of recycling should also take into account the previous reuse of the packaging and its general sustainability, determined e.g. by means of a Life Cycle Assessment (LCA), as it is currently to be standardised and improved by the CountEmissions EU initiative, among others.

The European Council's proposal also strengthens the ambitious re-use targets proposed by the European Commission. The European Parliament had significantly reduced these targets, thus calling into question the PPWR's objective of strengthening the reuse of packaging. It is therefore right that the European Council has not accepted the numerous exemptions proposed by the European Parliament. With many of these exemptions, the correct goal of "sustainability through reuse and recycling" would have been abandoned. Sustainability through reuse and recycling is one of the central principles of the EPAL open pallet pool, supplemented by the restriction to the natural and renewable material wood. EPAL therefore supports the European Council's position on strengthening the reuse of packaging.

At present, however, it is by no means certain whether the provisions on recycling and re-use of packaging amended by the European Council will also be upheld in the so-called trilogue negotiations between the Commission, Parliament and Council, which will begin in the coming days. In the course of 2023, so many different proposals have been published, discussed or deleted that it is currently impossible to predict which position will prevail in the end.

The European Council's proposal of 18.12.2023 also leaves many questions unanswered, thus opening up space for different interpretations. In particular, the proposal of the European Council also contains the provision in many places that detailed questions will only be decided after the adoption of the PPWR by the European Commission in supplementary provisions, the so-called delegated acts. This leads to legal uncertainty for several years and complicates the planning of the affected companies from the transport packaging and logistics industry.

Particularly problematic from EPAL's point of view: the new regulations on the reuse of packaging in pool systems are partially so abstract and imprecise that it is difficult to predict what consequences will be associated with them in practice. On the one hand, the PPWR is intended to strengthen the reuse of packaging, on the other hand, many new requirements are placed on pool systems, which reveal one thing above all:





THE OPEN PALLET POOL.

Due to the PPWR's focus on plastic and consumer packaging, many processes that have been successful in transport packaging logistics for decades, such as open pallet exchange, are insufficiently taken into account. Unfortunately, the representatives of the Commission, Parliament and Council have never tried to talk to EPAL and learn how the reuse and exchange of transport packaging in an open pool system such as the EPAL Euro pallet pool works in practice.

This is only a small part of the still unsolved and biggest problem of the PPWR which is the attempt at uniform regulation of transport packaging (B2B) and consumer packaging (B2C) as well as the uniform regulation of plastic packaging and packaging made of natural materials such as wood.

Even the proposal of the European Council of 18.12.2024, which is positive in important points, does not solve this fundamental problem, but only tries to limit the negative consequences by correcting them in detail.

Despite all the criticism of individual provisions of the proposals for the PPWR, EPAL remains committed to supporting the legislative initiative for a uniform and binding design of European packaging law, because the objectives of the PPWR and EPAL are identical: to improve and expand the reuse and recycling of packaging in order to protect the environment and resources.

EPAL already fulfils these key objectives of the PPWR, and it is therefore all the more important that the functioning of the EPAL open pallet pool is not compromised by provisions that may be correct for plastic and consumer packaging, but do not take into account the specificities of transport and wooden packaging.

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