

EU law on the calculation of recycled content

At the end of March, the Waste Technical Adaptation Committee (TAC), consisting of experts from EU Member States, will vote on rules for a mass balance approach to calculate, verify, and report on the recycled plastic content in single-use plastic beverage bottles. The resulting Implementing Act under the Single Use Plastics Directive (SUPD) will serve as a blueprint for future EU regulations such as the Packaging and Packaging Waste Regulation (PPWR) or the Ecodesign for Sustainable Products Regulation (ESPR), and thus the calculation of recycled content in further products.

As it stands, the final vote will be between a "polymers-only" and a "fuel-use-excluded" mass balance accounting method, whereas the latter would allow "recycled content" credits to be shifted freely between plastic and other materials' output categories. Meanwhile, the priority of mechanical recycling of plastic waste over chemical recycling has not been legally established.

The co-signatories of this letter, representing industry associations, sustainable businesses and family-owned companies from the entire packaging value chain, including plastic converters, brand owners and recyclers, are deeply concerned about the dramatic consequences such a methodology would have on our industry in your country and the EU:

Firstly, a "fuel-use-excluded" method would abet the chemical recycling of large volumes of plastic material that could be recycled mechanically. According to Plastics Europe, 2.8M tonnes of chemically recycled plastic are to be produced in 2030. This requires around 6M tonnes input, which partly needs to be drawn from mechanically recyclable plastic feedstock.

However, already today, the ambitious recycling quotas for plastic bottles set by the European Commission could easily be met with high-quality mechanical recycling. We are confident that the recyclate needed to support the targets set in the SUPD for 2030 will be achieved through this environmentally friendly technology. As a matter of fact, high-quality plastic recyclate for cosmetic-grade consumer packaging formats are being produced by mechanical recyclers on a daily basis. The further development depends on the political commitment to support low emission solutions.

Secondly, a "fuel-use-excluded" credit-based accounting method would distort the level playing field within and outside the EU common market: By spreading the costs over many source materials, the chemical industry could sell chemically recycled plastic below the actual production costs, thus undercutting market prices for mechanically recycled plastic and putting our industry at risk.

According to Eurostat, 4,28m people are employed in EU's circular economy sectors, compared to 1,5m in the chemical industry.¹ The recycling industry in Europe is mainly characterised by medium-sized companies. The undue promotion of chemical recycling run by a few large corporations would cannibalise the recycling industry and jeopardise the circular economy: Investments made in the high-quality mechanical recycling of used plastic packaging from mixed collections would be lost, new investments would be cancelled, and further innovations hampered. Medium-sized and family-owned companies would be particularly affected, especially if they already invested in high-quality mechanical recycling.

¹ Eurostat, <https://ec.europa.eu/eurostat/web/circular-economy/database>

Thirdly, a FUE method would deceive consumers in their purchasing decisions by allowing products made from virgin plastics to be marketed as “recycled” even though, physically, they hardly contain recycled content at all. A free allocation of chemically recycled content would violate the principles of transparency, facilitate methodical greenwashing, and thus lead to a loss of consumers’ trust in recyclers, brands, regulators, and their own participation in the circular economy.

A fully transparent mass balance accounting method without credit trading would maintain a level playing field for our industry to remain competitive, protect the consumer, and prevent additional administrative burden to companies and public authorities from an intricate credit-trading and certification system.

We therefore urge your government to vote for a fully transparent mass balance allocation method without credit trading scheme. For plastic waste that proves to be unfeasible for segregation and controlled blending, we propose a “polymer-only” method with the following boundary conditions as a compromise:

- Only plastic waste that demonstrably cannot be recycled mechanically should be allowed for chemical recycling.
- Recycled content must be allocated to all products of a recycling process at a batch and not at a facility or company level, according to their input-output ratio, so that claims regarding recycled content reflect the actual proportion contained in a material.
- Allocation model needs to be based on actual process data from the relevant facility and not from theoretical or small-scale analysis.
- To prevent mass-scale greenwashing, recycled content claims should only be permitted if the recyclate is fully traceable and physically present in a packaging item.
- Recycled content imported from third countries must comply with EU-compliant calculation and verification methods and be certified by independent organisations.
- Regulations and subsidies that encourage chemical recycling in any form must include a revision clause that requires an impact assessment based on scientific data, including CO₂ emissions from added naphtha, and considering the lower taxation of petroleum.

While the EU Commission and the chemical industry commit to a technology-neutral approach, a "fuel-use excluded" method would represent nothing but an economic incentive for chemical recycling jeopardising the level playing field, the future of the mechanical recycling industry and the objectives of the European circular economy.

Sincerely,

