

PROGRESS ON PACKAGING



Retailers are doing a lot to reduce the amount of packaging they place on the market and are forking out millions of pounds every year to make sure the majority is recycled. Retail Environment takes a look at what is being achieved

Retailers often face a lot of criticism over the amount of packaging they use and the environmental consequences of doing so. Whether it's the materials used to make the packaging or the fact that not all of it is recyclable, the subject often attracts a lot of bad press.

However, retailers and other packaging producers have achieved a huge amount on this front and since 1997 they have been paying millions of pounds every year towards packaging recycling under the Packaging Waste Regulations.

These complex regulations derive from a European directive which makes producers of packaging responsible for paying towards the costs of recycling it. In the UK, this is implemented through a market based mechanism known as the packaging waste recovery note system – or PRN system for short. However it is not just retailers which are obligated, as the UK regulations put responsibility on the whole packaging chain meaning raw material suppliers, packaging suppliers, packaged goods manufacturers, importers and distributors all have to contribute. ➤

All packaging producers over a certain size (see box) have an obligation based on the amount of packaging they placed on the market the year before and on annual 'business' recycling targets set by the government. The targets cover a range of materials – glass, aluminium, steel, paper/board, plastic and wood. There is also an overall recovery and recycling target. For every tonne of packaging that is recycled one PRN can be issued by reproducers who are accredited by the Environment Agency.

Meeting these obligations can be a costly process and according to INCPEN – the Industry Council for Packaging and the Environment – the UK packaging industry contributes around £60 million a year under the PRN system to support recycling. The money is then invested back into the recycling system to help increase collection and recycling capacity. However, given the nature of the PRN system, which is based on supply and demand, producers only pay more when demand is high.

For example, at the end of 2012 the price of a glass PRN shot up from around £10 to £75 as the amount of PRNs issued against reprocessed glass packaging did not look as though it was going to be sufficient to meet the targets.

INCPEN is a non-profit research organisation which is dedicated to minimising the environmental impact of packaging. Its members include companies from throughout the packaging supply chain.

Jane Bickerstaff, INCPEN's director, says that while the PRN system has been criticised it is clear that it works. "Our view is that they [PRNs] have worked. They have done what they said they would do which is to make sure we increase recycling and have got above the commitments which were set by the European Commission."

She adds that the UK is different from other European countries in its approach with many Member States operating a 'green dot' system which means the responsibility falls on the business which places the packed product on the market, the product manufacturers, whereas responsibility in the UK is spread across the supply chain. This also makes the UK model somewhat cheaper as well.

Compliance schemes

However, the UK system is complex and meeting its requirements can be very time consuming. As such, many producers seek help from compliance schemes which take over their legal obligations for meeting the targets. This is not compulsory and some producers still opt to go it alone and manage their own obligation but many find that compliance schemes offer peace of mind.

There are a number of compliance schemes operating in the UK, responsible for anything from

a few thousand to hundreds of thousands of tonnes of material every year. The biggest schemes include: Valpak; Veolia; Biffpack; Recycle Wales; Wastepack; and Comply Direct.

Valpak, the UK's biggest packaging producer compliance scheme, offers a range of services including recycling collections, data solutions and consulting and guidance. Duncan Simpson, director of sales and marketing at Valpak, says the main benefits of using a producer compliance scheme is the ability to outsource the majority of companies' producer responsibility legal obligations as well as being guided through the legislation to help understand the requirements.

Simpson adds: "Valpak also provide an International Compliance service for retailers who sell direct or online to other countries in the world, detailing the requirements of the law in those countries, translating legal and administrative documents, compiling data and ensuring that those companies who wish to exploit export markets are not caught out by producer responsibility and other regulations in that country."

Retailers can also generate PRNs from the recyclables collected from their own operations. Simpson explains: "Retailers who can gain access to their own waste to generate PRNs...are supported by Valpak as we allow them to deliver these PRNs to the scheme allowing them to motivate staff to sort and separate recyclable materials, to a high quality standard and to allow the business to take part in a process which helps them reduce their compliance bill."

With packaging targets for several materials increasing over the next five years it is important producers make every effort to recycle and whether a business decides to go it alone or seek the help of a compliance scheme it is important to make sure their obligations are met as failing to achieve this could result in enforcement action being taken.

Total packaging reprocessed or exported in 2012

Material	Tonnes of material
Glass	1,627,000
Aluminium	62,000
Steel	358,000
Paper / Board	3,328,000
Plastic	644,000
Wood	525,000
Total recovery*	7,365,000
*Of which recycling	6,544,000

A company is obligated under the Packaging Waste Regulations if:

- It handles more than 50 tonnes of packaging and/or packaging materials a year; or,
- Annual turnover exceeds £2 million.

“PRNs have done what they said they would do which is to make sure we increase recycling”