

Science for Environment Policy

Industry may not be paying its way in packaging waste management

Many EU businesses are failing to cover the net cost of recycling packaging waste, new research suggests. Industry is required to take responsibility for treating and recycling waste packaging in the EU; however, this study shows that producers in France, Portugal and Romania do not fully cover waste management costs.

Packaging represents the largest fraction of municipal solid waste in the EU. It receives special attention owing to rising tipping fees and the environmental impacts of landfill, especially since a large proportion of packaging waste is non-biodegradable.

Since the [Directive on Packaging and Packaging Waste](#)¹ was adopted, most Member States have made major investments in recycling systems. This has led to Extended Producer Responsibility (EPR) regulations that ensure that manufacturers are responsible and have to bear the costs for the adequate treatment and recycling of packaging waste. Producers of packaging can transfer this responsibility, for example, by joining collective EPR compliance schemes (e.g. a Green Dot company) and paying them a fee to manage and recover packaging waste on their behalf.

EPR compliance schemes, in turn, typically pay waste management operators at local authorities for services such as selective collection and sorting. However, doubts have been cast on the appropriate value of waste per tonne, and on the extent to which the principles of the Directive are being fulfilled in practice.

This research examined the institutional frameworks and recycling systems in France, Germany, Portugal, Romania and the UK. Currently at different 'maturity stages', these five cases are representative of the EU as a whole. However, due to the competitive nature of recycling schemes in Germany and the UK, it was not possible to obtain reliable data regarding financial costs and benefits for these countries and the researchers restricted analysis to France, Portugal and Romania. They used data from surveys and annual account reports of waste management operators from 2010. Costs, including those for operation and maintenance, were compared with benefits to local authorities, such as financial support from compliance schemes and sale of packaging materials. Environmental costs and benefits were not considered.

The researchers found that when they excluded the avoided costs (i.e. costs that would have been involved in the refuse collection, landfilling, incineration or other treatment of packaging waste) and subsidies, such as public grants, only 68% and 56% of costs of recycling packaging waste were being paid for by the industry in Portugal and France, respectively. When these were included in the analysis, Portugal and France had cost coverage of 128% and 135%, respectively. In Romania costs were higher than benefits in both cases at 66% and 87%. These results indicate that industry is failing to pay for the net cost of packaging waste management in the three countries studied. However, the question remains as to whether this is the case in all EU Member States.

The researchers also note the importance of 'free riders'. These are companies who produce packaged goods but do not contribute financially to their recovery and processing, nor declare their packaging for monitoring and setting recycling targets. This can distort recycling indicators and undermine the economic sustainability of the system.

Stricter enforcement of existing legislation by governments and local authorities could help reduce the effect of free riders and increase the overall financing of recycling systems. However, individual countries may have to take a closer look at the costs and efficiency of their own specific waste management and recycling systems to ensure that industry is meeting its obligations under the Packaging and Packaging Waste Directive, the researchers conclude.



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1. http://ec.europa.eu/environment/waste/packaging/index_en.htm