



THE OPEN PALLET POOL.

European Pallet Association e.V. (EPAL)

EPAL statement on the ENVI report of 19.10.2023

The proposal from the EU Parliament's Environment Committee to define recycling in the PPWR disadvantages sustainable packaging made from natural materials such as wood

Duesseldorf, 13 November 2023

The definition of high-quality-recycling in the report of the ENVI committee of the European parliament on the Packaging and Packaging Waste Regulation (PPWR) favors plastic packaging over wooden packaging. This will lead to more plastic packaging and therefore contradict the goal of the PPWR to reduce plastic packaging and plastic waste.

EPAL and the European timber industry share deep concerns regarding the definition of high-quality-recycling in the ENVI report on the Packaging and Packaging Waste Regulation (PPWR), dated 18 Oct. 2023 which will be the basis for the decision of the European Parliament planned for 20 Nov. 2023.

EPAL fully supports the sustainability goals of the PPWR

EPAL supports the sustainability goals of the PPWR in every respect. EPAL pallets are made from wood, a natural and renewable raw material that meets all the requirements for sustainable packaging, including zero waste recycling. With more than 650 million EPAL Euro palettes in circulation standardized EPAL wooden pallets are not only the backbone of European logistics, but also part of the open EPAL pallet pool – one of the oldest and most important examples of a functioning circular economy. EPAL therefore already today meets most of the PPWR requirements for reusable and recyclable packaging as well as the conditions for an open-loop reuse-system. EPAL has already started to adapt the open EPAL pallet pool to the further requirements of the PPWR.

Upcycling is better than only closed-loop recycling

The primary concern of EPAL relates to the definition of 'high-quality recycling' in the ENVI Committee Report. According to the ENVI report, a packaging material is only considered "high quality recycled" if the recycled material can be used in the same way or for a similar application, which means for the production of new packaging.

This definition is restricting the use of recycling material on the production of new packaging, while wooden recycling material in the form of wood chips is mostly used for the production of particleboards, successfully transforming wooden packaging waste into long-lasting applications and products.

This upcycling of secondary wood raw materials into long-lasting products is perfectly in line with the cascade principle of using wood in accordance with the European Green Deal and the EU Forest Strategy 2030.





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Closed loop recycling disturbs perfectly functioning raw materials flows in the timber industry

Particleboards are an important part for the production of furniture and building materials, which is therefore a prime example for upcycling as the best quality of recycling. In 2022, 9 million tons of recovered wood were used in Europe to manufacture particleboards, being 43% of the raw material used by this European industry. This is already today fully in line with the goals of the PPWR and the European Green Deal.

The regulation of closed-loop recycling would massively restrict and disrupt this perfectly functioning flow of raw materials into the particleboard industry.

Closed-loop recycling disadvantages wooden packaging. This will lead to more plastic packaging!

The definition of high-quality recycling is of central importance for the future assessment of packaging fees.

According to the definition of high-quality recycling in the ENVI report, wooden packaging will, in the best case, be able to achieve a Recyclability Performance Grade C, according to Annex II, table 2 of the PPWR.

This will have the consequence of higher packaging fees for wooden packaging compared to plastic packaging and therefore favor the use of plastic packaging. This will lead to more plastic packaging instead of reducing plastic packaging and plastic waste. It is obvious that this runs counter to one of the central goals of the PPWR: reducing plastic packaging and plastic waste.

Cross-sector and cross-product use of recycled materials is better than restriction to only closed-loop-recycling

Promoting material recycling of packaging is the right thing to do and EPAL fully supports this. It is important that the design of packaging already takes into account that there is a concrete demand in the industry for the recycled material (design for recycling). Only when there is a demand for recycled material it is requested and used as secondary raw material. This demand must therefore not be restricted, as is the case with the restriction to closed-loop recycling. Circular recycling systems are only successful and sustainable if the secondary raw material can also be used in other industries and for other products.

This is already the case in the wood industry today and should therefore not be restricted by the definition of high quality recycling in the ENVI report.

Reuse is better than just recycling

Favoring plastic packaging over wood when it comes to recycling will also have a negative impact on the open EPAL pallet pool with more than 650 million wooden EPAL Euro pallets in circulation. This clearly runs counter to the aim of promoting the reuse of packaging. According to the ENVI report, it is better to recycle plastic packaging after each use than to reuse wooden packaging for years before other products are made from the recycled wooden material. This obviously incorrect result can easily be avoided if an open material loop is regulated in the definition of "high quality recycling" and the reusability of the packaging is also taken into account.

Missing consideration of specific packaging characteristics in the PPWR

The definition of high-quality-recycling in the ENVI committees report does not take into account the specific characteristics of wood for the protection of the environment and for the sustainability of packaging logistics. The reason for this is the *'one size fits all'* approach of the PPWR, which does not consider the purpose of the packaging – transport packaging (B2B) or product/consumer packaging (B2C) – and also does not consider the material of the packaging – natural materials like wood or fossil-based materials like plastic.





The lack of consideration of the sustainability of the material in the definition of high-quality recycling puts natural and sustainable materials such as wood at a disadvantage. The restriction of high-quality recycling to closed-loop recycling further exacerbates this disadvantage. At the same time, the problem of abrasion of microplastics into the environment during the use and recycling of plastic packaging is not addressed in any way.

This contradicts the goals of the PPWR and especially the goals of the European Green Deal.

Recycled wooden packaging material as secondary raw material for wood-based panels used in construction or furniture, plays a significant role in achieving carbon emission reduction targets in this critical sector as well. It also facilitates the replacement of fossil-based products with long-lived circular materials and products that contribute significantly to carbon storage and the circular economy, aligning with the European Forestry Strategy 2030.

Conclusion and proposal

In summary, given the specific characteristics of wooden packaging and wooden pallets, EPAL and many other wood industry associations call on the EU to amend the ENVI Committee's proposal. The definition of high-quality recycling must not be limited to closed-loop recycling and applied in this form to classification in recycling performance levels A and B.

Instead of the proposal of the ENVI committee the definition for 'high-quality-recycling' should be:

*'High quality recycling' means any recovery operation, as defined in Article 3, point (17), of Directive 2008/98/EC, that ensures that the distinct quality of the waste collected is preserved or recovered during that recovery operation, so that it can be subsequently recycled and used **for the production of products, materials or substances whether for the original or other purposes, with minimal loss of quantity and/or quality.***

The definition of the recycling performance grades A and B in Annex II, Table 1, should not refer to 'a closed material loop' but should include the following description:

*The generated secondary raw material is of comparable quality **and can be used for the production of products, materials or substances whether for the original or other purposes.***

EPAL, together with important associations of the European wood, furniture and paper industry (EPF, CEI Bois, FEFPEB, GROW, EFIC, FPE), calls for the European Parliament, the European Commission and the European Council to regulate an 'open material loop', rather than a 'closed product loop' for packaging recycling material as secondary raw material.

In order to promote the circular economy, carbon storage and the broader sustainability goals as key instruments of the European Green Deal, a flexible approach to the use of recycled material as secondary raw materials is crucial, taking into account in particular the specific properties of natural materials such as wood.

EPAL is looking forward to make joint efforts with the EU to achieve these goals.





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About EPAL:

As an international non-profit organization, the European Pallet Association e.V. (EPAL) manages the open EPAL Euro pallet pool. There are currently more than 650 million EPAL Euro pallets and approximately 20 million EPAL Box pallets in circulation making the EPAL Euro pallet exchange pool the biggest open pallet exchange pool in the world. EPAL Euro pallets are the cornerstone of industrial and retail supply chains in Europe.

The open EPAL Euro pallet pool, with its principles of reuse, pallet exchange, repair and recycling, has been a prime example for a sustainable circular economy for more than six decades. Wooden EPAL Euro pallets make a significant contribution to protecting the climate. They store CO₂, prevent waste, reduce the need for wood and thus improve the carbon footprint of users in industry, trade and logistics.

EPAL was founded in 1991 by national pallet associations that have been active since the 1960s and is currently represented in more than 35 countries. More than 1,600 EPAL licensees produce and repair EPAL Euro pallets and other EPAL load carriers. In 2021 and 2022, more than 100 million new EPAL Euro pallets were produced each year. More than 1.55 billion EPAL Euro pallets have been produced since 2000.

The basis for the success and the functioning circular economy of the open EPAL Euro pallet pool is the strict standardization and high quality of EPAL pallets. EPAL's comprehensive and independent quality assurance guarantees the effective and safe use and exchange of EPAL pallets in all supply chains of industry, trade and logistics. The EPAL brand stands for quality, safety and sustainability in logistics.

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