

PRN Reform and Extended Producer Responsibility



Introduction

In 2018, the UK Packaging Recovery Note (PRN) system will be over 20 years old. In that time, it has played an integral role in increasing the UK's packaging recycling rate and in driving a more circular UK economy. However, there is broad recognition that to continue this good progress, the current system needs to be reformed both to increase funding for recycling and litter prevention and to ensure continued compliance with the EU Circular Economy Package.

The UK's Paper-based Industries have engaged in a wide dialogue with key stakeholders, with the aim of developing proposals that have widespread acceptance. This paper presents the principles for such proposals. They are fully endorsed by the UK's Paper-based Industries and their underlying principles are shared by all stakeholders in the UK packaging supply chain, across all material sectors.

Summary of the CPI Position

The Confederation of Paper Industries (CPI) recognises that the existing PRN system has been successful in driving improvement in the national packaging recycling rate, but it needs revitalising if future targets are to be met. CPI believes that any future system should be based around the existing market-based structure which encourages a competitive low-cost solution for stakeholders. Radical reform, creating systems like those in other European countries, would be disruptive with no guarantee of a cost-effective outcome and could undermine the achievements of the system hitherto.

Any revised system should be based around the requirement for mandatory participation from reprocessors and exporters of secondary materials, with greater transparency about where funding is spent. Consideration should be given to raising additional funding by removing the current de minimis and placing a levy on participation, generating additional funding of up to £200 million and incentivising producers to improve recovery and not market difficult to recycle material¹. This funding should be spent on communication campaigns and infrastructure improvements to raise awareness of recycling and drive recycling rates, administered by an independent body containing representatives from a range of stakeholders.

¹ Estimates from Valpak PackFlow 2025 Project

Background to the PRN System

The UK PRN (Packaging Waste Recovery Note) system is the mechanism used in the UK to implement the requirements of the European Directive on Packaging and Packaging Waste 94/62/EC. The system was jointly developed by industry working with Government and is designed using the principle of "Producer responsibility". This means that packaging producers are required to contribute to financing the recovery and recycling of packaging materials so that the UK achieves the European packaging recycling targets. In practice this means that packaging producers are required to provide a financial incentive to the packaging recycling industry to collect and reprocess (or export for reprocessing elsewhere) sufficient material to meet the targets set by the Government. The system does not finance the full cost of recycling or recovery but instead it provides a "top up" subsidy over and above market prices to incentivise reprocessors to process sufficient material. It is generally accepted to be a relatively low-cost solution which is efficient by comparison with other European systems.

Reasons for Supporting Reform

As a bio-based industry utilising a sustainable and renewable resource, the Paper Industry is keen to be seen to address issues such as resource use, sustainability, recyclability, overpackaging, and litter.

Whilst the PRN system has achieved its original aim, which was to drive up the national household recycling rate, since 2011 this has flatlined at approximately 45%, and short of the 2020 target of 50% (although in 2016 the overall paper recycling rate was nearly 70% and for paper packaging it was 84%), leaving many commentators believing that alternative mechanisms are necessary to drive future improvements. CPI is supportive of the need to change and believes that to achieve further gains and accurately report recycling rates, all reprocessors and exporters of secondary materials should be “obligated” under the system. This should be combined with mechanisms to ensure greater transparency in reporting where funds are deployed in support of recycling. To support this, enhanced funding should be provided for targeted communication programmes and to bolster collection infrastructure, support “on the go” recycling, promote collection consistency and improve material output quality.

Principles of PRN Reform

CPI believes that change to the existing PRN system is desirable and that six fundamental principles should sit behind any future reform as follows:

1. All stakeholders should play their part (with a reduced de minimis and limited exemption)
2. The system should recognise and reward Recyclability
3. The system should recognise and reward the presence of Recycled Content
4. It should support Consistency in both collection methodology and the types of materials collected
5. Revenues should be administered by an independent body
6. All reprocessors and exporters should be included.

In addition:

- Any change to the existing PRN system should be implemented across the UK with no variation across the devolved administrations.
- Existing obligations are maintained across the producer supply chain
- Any reform should be based around the existing system rather than a complete change along the lines other European EPR systems such as Eco-Emballage or Der Grüne Punkt
- The system should be designed to achieve targets laid down by the Government

- It should improve the transparency of funding
- Funding generated by reform should be channelled to help improve the collection of high quality materials
- One material should not subsidise another
- The “dominant” material principle must apply
- Priority should be given to supporting the WRAP Consistency Framework for local authority kerbside collections
- A proportion of material specific funds should be channelled through material organisations
- The administrative body responsible for defraying funds should contain representation from industry as well as members from NGO’s local authorities and their service providers.

Further Information

For further information on this issue please contact Simon Weston, Director of Raw Materials, on 01793 889605 or email sweston@paper.org.uk.

Confederation of Paper Industries

- The Confederation of Paper Industries (CPI) is the leading trade association representing the UK’s Paper-based Industries, comprising paper and board manufacturers and converters, corrugated packaging producers, makers of soft tissue papers, and collectors of paper for recycling.
- CPI represents an industry with an aggregate annual turnover of £11.5 billion, 56,000 direct and a further 86,000 indirect employees.
- For facts on the UK’s Paper-based Industries please visit: www.paper.org.uk.

REVISED: FEBRUARY 2018