

## Single-use plastic beverage bottles public consultation: Ensuring credible and verifiable recycled content through effective mass balance

Plastics Europe welcomes the publication of a draft Implementing Decision on EU harmonised rules for calculating, verifying and reporting recycled content in single-use plastic beverage bottles. We support in particular the Commission's explicit recognition of chemical recycling as a complement to mechanical recycling, its support for a credit-based fuel-use exempt mass-balance methodology in existing and new assets, and the intent to bring forward clear and implementable rules.

From the perspective of plastics producers, this proposed text includes a number of positive aspects. However, concerns were raised that key provisions are extensively complex, lack clarity, and can be interpreted in an overly restrictive way. These issues can have two far-reaching consequences: a restrictive interpretation that hampers the utilisation of some existing assets and limits the potential for expansion of new recycling capacity in Europe; as well as diverging interpretations by national authorities that further fragment the internal market. In both cases, there would be a further negative impact on the competitiveness of a strategic EU sector in crisis. Barriers to delivering recycled plastic content would also remain. Moreover, our members have wider concerns about how these new recycled content calculation rules can be consistently implemented, and enforced, across the European Union and at its borders.

The Single Use Plastics Directive offers a welcome opportunity to test, for the first time, complex, theoretical calculation rules in real industrial processes. However, tailored changes would be needed if rules are to unlock circular business models for affected economic operators. Therefore, it is vital that the current draft text is clarified with targeted changes. Once adopted, implementation and effectiveness of these rules must be monitored, reviewed and, if required, the calculation methodology updated. It is essential that rules adopted under Single Use Plastics Directive Implementing Decision do not automatically become the default rule set for mass balance in other pieces of legislation without completion of an ex-post evaluation, and if required, further improvement.

We remain committed to supporting the Commission in its efforts to further refine and clarify its proposed text to deliver clear, technology-neutral and simple set of rules. Rules that ensure a level-playing field between chemical recyclers in the EU and in third countries, and enable scalable and competitive investments for a genuinely circular Europe.

The Single Use Plastics Directive (SUPD) is an important piece of legislation for Europe's plastics value chain. Amongst other measures, it sets recycled content targets for single-use plastic beverage bottles. With this latest proposed Implementing Decision, it will establish the first EU rules for calculating recycled content in processes where there is no physical segregation of material inputs of different origin and outputs are later separated and routed to fuel and non-fuel use.

### Acknowledging the role of chemical recycling in a circular economy for plastics

Plastics Europe believes that all mechanical, physical and chemical recycling pathways and technologies are necessary to increase and scale plastics recycling and achieve a circular economy for plastics in the EU. Therefore, we welcome the clear recognition in the proposed text that chemical recycling as a technology can contribute towards achieving EU recycled content targets.

Our members aim to expand Europe's plastics recycling capacity using all viable routes, including through co-processing in large installations which are also producing significant volumes of outputs used as fuels. However, operators of these installations can be constrained by a restrictive interpretation of the current legislative framework

Co-processing of fossil and circular feedstocks from different origins has the advantage of quickly and efficiently expanding urgently needed plastics recycling capacity in Europe, without incurring significant additional costs that weigh on competitiveness. Use of existing assets (i.e. steam crackers, polymerisation assets, refineries, etc) can match and stimulate supply of recycled products, thus strengthening the business case for future investments in new recycling technologies or additional chemical processing infrastructure in Europe. Also, utilising existing European infrastructure grants plastic producers a more immediate route to market at a time of unprecedented competitiveness pressure and enables a faster transition to a circular business model in Europe.

### **Clear, technology-neutral rules are essential to enable investment in circular technologies**

To achieve a circular outcome, clear, technology-neutral and simple rules on fuel-use excluded mass-balance are needed to help our industry plan potential investments in the widest possible range of European recycling infrastructure. Despite significant efforts by the Commission, Plastics Europe believes that the proposed draft Implementing Decision has not yet fully met these criteria. We are hopeful that, with specific clarifications, several issues can be improved (see annex).

The lack of clarity stems from the complexity of the draft Implementing Decision and the challenges with its interpretation. This complexity is most challenging in its application to chemical recycling assets that are integrated into refineries and can be read to create significant constraints for them. This means that there is an economically viable environment for only some existing chemical recycling technologies. We believe that this Implementing Decision should create the necessary enabling framework for all chemical recycling technologies without bias. The proposed rules should not discourage current or future chemical recycling technologies.

### **A level playing field within Europe and at its frontiers**

An additional challenge is that European plastic producers are under significant and prolonged competitiveness pressures from third country producers, who have been flooding the market with cheaper virgin plastic and "virgin-like" recycled plastics. We understand that the Commission is working to bring forward a separate framework to verify and certify recycled content, and urge that any verification/certification or enforcement measures must ensure a level playing field for both domestically produced and imported plastics. Failure to do so would result in a lose-lose, undermining the wider environmental and circular economy objectives of the SUPD, and further

eroding the competitiveness of the plastics industry in Europe. Jobs and investments would also continue to be offshored with a ripple effect on our value chain partners.

Within the EU consistent implementation across Member States will be critical to avoiding market fragmentation. Clear guidance and harmonized interpretation of these rules are essential to ensure that recycled content calculations are applied uniformly throughout the EU.

### Use the SUPD as a test case for complex rules

Plastics Europe wishes to point out that this proposal is a legislative first for the European Union. We also recognise that, although the Single Use Plastics Directive rules will only apply to single-use beverage bottles mainly of PET, future rules would not be differentiated by application and polymer. Therefore, economic operators should expect to apply the rules adopted under this Directive to other applications and polymers.

However, Plastics Europe believes that the EU's first attempt to regulate the calculation of recycled content coming from chemical recycling through co-processing with other streams should not set a *verbatim* precedent for other upcoming pieces of legislation that may also regulate chemical recycling (e.g. Packaging and Packaging Waste Regulation, End of Life Vehicles). Rather these initial rules set under the Single Use Plastics Directive should be moved forward quickly so that they can act as a test case, where the implementation of these rules is monitored, assessed via an ex-post evaluation and if required, revised.

### Conclusion

Plastics Europe and our members are committed to supporting the Commission in its efforts to further refine and clarify its proposed Implementing Act to deliver a credible, clear, and implementable set of rules. This will ensure a level playing field between chemical recyclers in the EU and in third countries, and enable scalable and competitive investments for a genuinely circular Europe.

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