

NWPCA's Engagement on the EU's Proposal for Packaging and Packaging Waste Regulation

Background

In November 2022, the European Commission, the EU's executive arm, proposed new legislation called the Packaging and Packaging Waste Regulation (PPWR). The PPWR's rules apply to all packaging placed on the EU market.

- PPWR aims to **reduce packaging waste** through recycling and reuse.
- PPWR aims to make all packaging placed on the EU market **fully recyclable by 2030**.
- The **original text of PPWR set ambitious reuse targets for transport packaging, explicitly including pallets**, stating that 30% of transport packaging placed on the EU market must be in a reuse system by 2030 and 90% must be in a reuse system by 2040

NWPCA Advocacy Efforts in Brussels

In June 2023, NWPCA engaged EU, US, and Canadian decision-makers and EU trade associations, urging that wooden pallets manufactured outside the EU and used to convey goods into the EU should be excluded from the reuse requirement in Article 26 of PPWR.

NWPCA strategically advocated for exemptions to some aspects of PPWR using various arguments, including:

Logistical hurdles: Tracking each individual pallet to ensure it makes the required minimum number of rotations is a logistical hurdle that will be expensive and maybe impossible for the millions of pallets entering and exiting the EU annually. This hurdle is especially significant for companies that do not have a footprint in the EU and merely ship products into the Union.

Environmental impact: Wooden pallets do not contribute to the landfill problems facing the EU, and they have a positive environmental impact, as evidenced by landfill avoidance studies, life cycle assessments, and the Environmental Product Declaration completed in the United States.

KEY TAKEAWAYS

- NWPCA advocates **excluding imported wooden pallets from the PPWR's reuse requirement**, citing logistical challenges, positive environmental impact, and product specificity.
- In an important first step, **NWPCA successfully engaged EU decision-makers, leading to an amendment limiting the reuse obligation to transport packaging** «within the territory of the Union,» addressing concerns about imported transport packaging.
- **The European Parliament endorsed NWPCA's position**, exempting international wooden pallets from PPWR's restrictions, and introduced additional exemptions, ensuring NWPCA members can ship pallets to the EU smoothly, preserving the supply chain and avoiding disruptions to EU-US trade.
- **The European Parliament will now enter into interinstitutional negotiations with the Council of the EU and the European Commission.** The next crucial step is for the EU Council and Commission to agree to adopt the European Parliament's language in the final text, which NWPCA strongly urges by emphasizing the importance of maintaining favorable conditions for the global wooden pallet industry.

Product specificity: Not all pallets are the same. Pallets are often explicitly designed for the load they carry for various reasons, including safety and product protection to ensure safe transit and minimize waste. In some cases, these pallets may be readily reusable. Still, in others, these specialized pallets are not and must be repurposed into different-sized pallets or transformed into particle board, animal bedding, mulch, or pellet fuel. Remanufacturing and repurposing pallets into other wood products extends the life cycle of the pallet, replaces virgin material, and has a beneficial impact from a carbon perspective.

Supply chain disruption: Mandatory reuse requirements for transport packaging may cause significant disruption to supply chains/global trade and may be a non-tariff barrier to trade. It can also lead to substantial unnecessary emissions by requiring the repositioning of empty pallets over long distances.



Early Success, But More Work To Do

When NWPCA started its engagement in June 2023, the EU institutions had entirely overlooked the concerns noted above. Since then, NWPCA has educated lawmakers about the critical role of wooden pallets and raised awareness of the potential impact of reuse targets on EU-US trade.

As a direct result of NWPCA's advocacy, the European Parliament introduced an amendment to Article 26 (7) stating that the reuse obligation applied to transport packaging **"within the territory of the Union."**

At a time when most key Parliament offices were no longer meeting with any industry stakeholders, NWPCA managed to engage with multiple offices, including the lead negotiator, which enabled NWPCA to successfully advocate to limit the reuse requirements to transport packaging circulating within the EU, and not to imported transport packaging.

Ultimately, **the wording was adopted in the Parliament's final position, endorsed in November 2023, effectively exempting international wooden pallets from PPWR's restrictions.** This is a significant victory after less than five months of active engagement by NWPCA.

In line with NWPCA's position, the Parliament included other key exemptions in their final text, including reuse target exemptions for packaging formats with a recycling rate (>85%).

What a Win Would Mean

Limiting the scope of reuse requirements to transport packaging used within the EU and exempting highly recyclable packaging, like wooden pallets, **means that NWPCA members can continue shipping pallets to the EU without unnecessary hurdles.** This preserves the supply chain and avoids disrupting EU-US trade with unrealistic and damaging regulatory requirements.

What's Next

For final passage, an internal position has to be reached by the two 'co-legislators' – the European Parliament and the Council of the EU – before both institutions enter into interinstitutional negotiations with the Commission to reach a final agreement on the text.

- The European Parliament adopted its internal position ("report") in November 2023. The Council of the EU, representing executive governments of the EU's member states, adopted its position ("general approach") on 18 December. Unlike the Parliament, the Council's position does not include the "within the territory of the Union" language.
- Interinstitutional negotiations will start in January 2024, with the institutions aiming to reach an agreement by March (estimated).
- The European Parliament elections are taking place in June, so there is some pressure to reach an agreement by February/March 2024, before the end of this legislature.

NWPCA will continue to engage with Member State representatives, lawmakers in the Parliament, and the European Commission to push for adopting the "within the territory of the Union" wording in the final text.

KEY DATA about NWPCA engagement in Brussels

Building a profile in Brussels – Meetings with the United States and Canadian **Embassies** to the EU. **Dozens** of meetings with EU decision-makers.

Identifying and engaging with potential European partners, met in person with **eight** organizations in Brussels.

Over 100 emails and phone calls arguing the case for limiting trade disruptions with each EU government branch engaged all **27** Member States, **dozens** of Parliament offices, and relevant offices in the EU Commission.

KEY DATA about PPWR

2,741 amendments tabled by MEPs in the lead committee ENVI.

4 committees involving more than 350 MEPs in total.

26 compromise amendments in ENVI.

Dozens of meetings between rapporteurs and shadow rapporteurs.

At least **3** versions of the Council's position (8 counting steering notes).

