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Waste Action Plan for a Circular Economy

Food Drink Ireland submission

February 2020

Food Drink Ireland (FDI) is the main trade association for the food and drink industry in Ireland. It represents over 150 food, drink and non-food grocery manufacturers and suppliers. FDI welcomes the opportunity to input into the consultation on a Waste Action Plan for a Circular Economy.

The food and drink industry in Ireland supports a full domestic supply chain from farm to fork (as well as a parallel overseas chain of imports and exports). It interacts with a wide range of economic and social interests across Ireland. The sector is committed to being part of a circular economy and is working with suppliers, retailers and consumers to support sustainable consumption patterns. Food and drinks companies will continue to improve the circularity and environmental performance of our products wherever possible, while ensuring the highest level of quality and safety of food and drink products for consumers.

Ireland has much to be proud of when it comes to waste management. As highlighted in the consultation document, we have consistently met and exceeded all our packaging targets through the successful use of the Extended Producer Responsibility (EPR) model (p21). Businesses are also investing in many positive changes in their own processes and practices, some of which are highlighted in this submission.

Food Drink Ireland welcomes the development of an overarching plan for waste in Ireland, in the context of adopting a circular economy model. The consultation document is broad-ranging and this submission will focus on the aspects where the food and drink industry can provide relevant insights and information.

General principles and process

It is vital that the Waste Action Plan is developed as a broad, coherent strategy that provides clear policy signals to business and other stakeholders, based on scientific evidence and backed up with government investment and other supports. The food and drink industry has shown many times that it will invest in major transformation, once it is given clarity, certainty and a reasonable timeline. The Waste Action Plan should present a coherent strategy to improve Ireland's recycling infrastructure, helping to increase the amount of recycled material available to manufacturers, and providing the necessary R&D support required to help manufacturers to research, identify and scale up production or re-usable and recyclable alternatives.

Before examining any of the specific chapters in detail, there are a number of overarching priorities that should be taken into consideration in the development of a Waste Action Plan or other policy/legislative initiatives:

- **Coherence with Government policy:** Any waste initiatives must support the overall objectives of Government policy and be considered as part of an overall approach. No measures arising from this process can be considered stand-alone measures; environment policy must be aligned with enterprise and health/food safety policies, among others. The Department of Agriculture, Food and the Marine is currently developing the agri-food 2030 strategy, which may be relevant to parts of the Waste Action Plan.
- **Evidence base:** Any policy measures with environmental objectives must be evidence-based. Solutions must be based on robust science and transparent metrics. Behavioural change initiatives should be founded on an evidence-based assessment of the behaviour that they aim to change, as well as a clear understanding of the impact that is desired. Once in place, these factors allow initiatives to be assessed and any measures that are not achieving their stated objective should be repealed.
- **Impact assessment:** It is also vital to fully assess the likely broader impact of any changes, including the impact on employment, SMEs, regional economic development, competitiveness and innovation.
- **Adequate transition time:** Food and drink businesses are often low margin operations based on complex supply chains. Any shock arising from government policy has the potential to disrupt supply chains and damage the viability of companies. There may also be an environmental impact, for example in the case of an item or material being banned, if adequate time is not given to use existing stock this could result in the disposal of a large volumes before they reach the consumer.
- **Enforcement of existing laws:** Illegal dumping and littering must be tackled through effective enforcement of existing laws. Littering can be addressed through enforcement of fines combined with awareness campaigns to change the behaviour of those who litter. The Gum Litter Taskforce, which is a joint initiative between the Department of Communications, Climate Action and Environment and Food Drink Ireland, is one good example of a successful awareness campaign.

It is a challenge for any company or trade association to respond to a consultation as broad as this one. Food Drink Ireland requests that a further public consultation takes place on the basis of a draft Waste Action Plan for a Circular Economy, when available. This would give us and other stakeholders an understanding of Government thinking in this area and an opportunity to offer detailed responses, insights and technical information based on the draft approach and provisions.

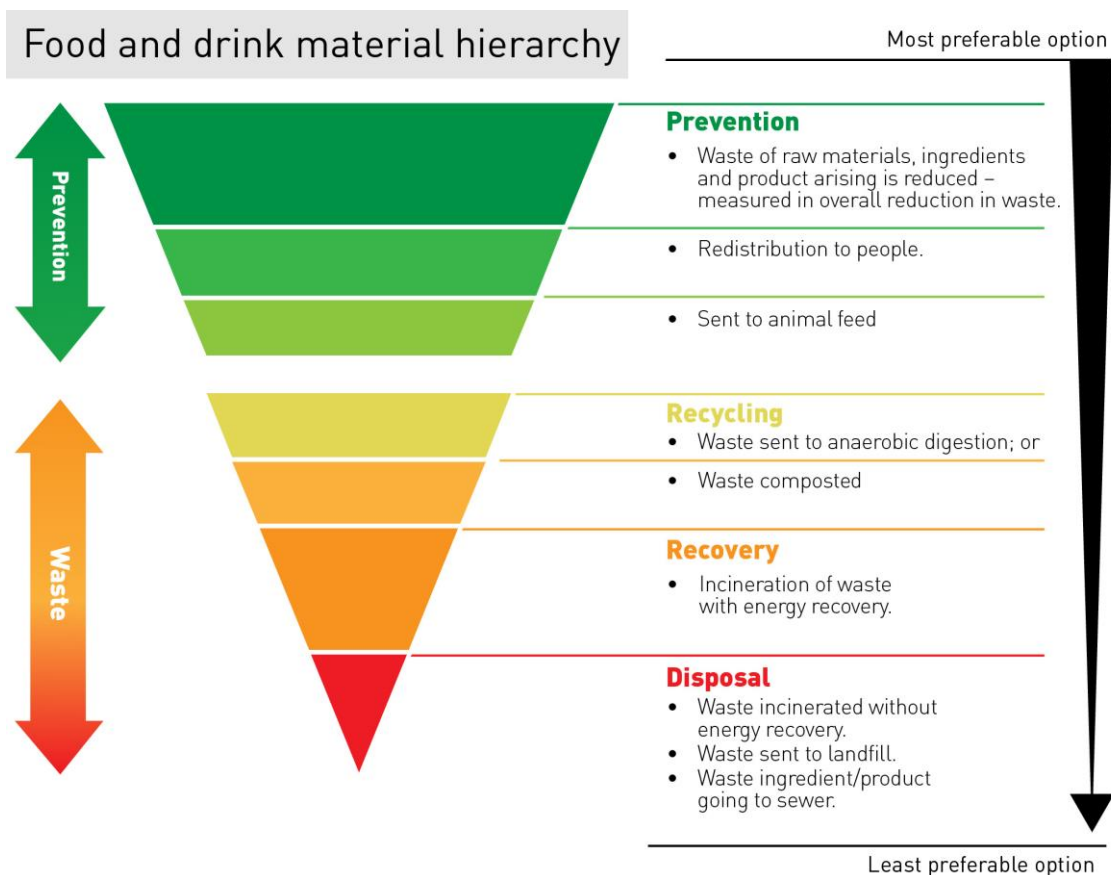
Food waste

In the Climate Action Plan, Government re-affirmed its commitment to UN Sustainable Development Goal 12.3 to reduce food waste by 50% by 2030. Food and drink businesses in Ireland are actively playing their part in working towards this goal, through a range of initiatives.

Many companies use WRAP UK's adaptation of the waste hierarchy for food and drink material (see below) to prioritise their food waste reduction actions.

Food Drink Ireland members have many examples of company-level initiatives to reduce food waste in line with the WRAP hierarchy:

- Rigorous supply chain management aimed at reducing surplus stock.
- Clear 'use by' and 'best before' date markings on products to reduce food waste in the home.
- Redistribution of surplus food and drinks nearing the end of their shelf-life, for example by working with FoodCloud, a social enterprise that connects businesses with surplus food to charities. Strict standards must be met for donations to ensure the highest levels of food safety. Some companies give financial and other supports to FoodCloud in addition to donations.
- Processing of food waste that is not edible or desired by humans into pet food. In a meat factory, this provides a solution for by-products such as offal or blood.
- Converting food waste into bioenergy through anaerobic digestion. There are only a handful of anaerobic digesters in Ireland, compared with about 60 in Northern Ireland, so this is an area with significant growth potential. As the digesters tend to be farm-based, they can also serve to aid on-farm diversification in an environmentally sustainable way. In Germany and Austria, encouraged by favourable government renewable energy policies, there are several thousand on-farm digesters treating mixtures of manure, energy crops and restaurant waste, with the biogas used to produce electricity.



Central to continuous progress in reducing food waste is the adoption of a robust measurement methodology. Some companies are already using the Champions 12.3 methodology (champions123.org), which has been developed at international level, along with guidance and reporting templates from WRAP ('Target, Measure, Act' approach). This allows progress to be tracked over time on a like-for-like basis.

Given the complexities of detailed food waste reporting, Food Drink Ireland would suggest adopting an existing, respected framework that companies may already be familiar with through their UK or other operations. Food Drink Ireland would support a measurement methodology that allows companies to offset food donations against overall food waste. Part of the development of a reporting system is the need to change the way we think about food waste, to better define what is 'waste' what can be reused.

The consultation document also suggests a voluntary target for retailers and the processing industry for a percentage of edible food to be donated. Food Drink Ireland would be open to working with Government on a voluntary target that is ambitious and encourages the adoption of best practice across the industry.

The Environmental Protection Agency has already begun working intensively with the retail sector on a collaborative basis to reduce retail food waste. This tailored, consultative approach should be rolled out to other parts of the food chain, in order of priority according to the proportion of food waste generated. Food Drink Ireland would be open to engaging with the EPA due course in relation to the food and drink industry.

Food Drink Ireland would also support a shared approach to food waste by actors at each stage of the food chain. This could include commitments to sustainable practices and a joint exploration of facilities/partnerships to redistribute food waste. This approach would recognise better use of by-products of food production systems, so that they can be inputs into other processes rather than waste. It would also identify and provide a forum to address inconsistencies along the food chain. For example, currently specification standards for farm produce results in surplus produce that fails to meet the set standard (e.g. irregular shaped vegetables). As farm produce varies in quality by nature, this surplus should have an appropriate market outlet.

The lack of knowledge of date marking on food labels has been identified as a key driver in food waste at consumer level. Up to 10% of the food waste generated in the EU is attributed to date marking, according to a European Commission study in 2018. In order to address the confusion over date labels on food at consumer level there needs to be a concerted effort to educate and inform consumers on date labels to empower them in making informed choices and prevent unnecessary food waste.

There is also an opportunity to make better use of smart technology within the food sector. Some emerging smart technology within food packaging can indicate to consumers when to dispose of the food for food safety reasons.

In terms of how Ireland can become a 'farm to fork' global leader in food waste reduction, it is important to acknowledge the already world-leading Origin Green programme that many food companies are involved in through Bord Bia. Origin Green is Ireland's pioneering food and drink sustainability programme, which provides a framework for Ireland's food industry to set and achieve measurable sustainability targets that respect the environment and serve local

communities more effectively. Origin Green is about measuring and improving on an ongoing basis. Independent accreditation and verification are built into every stage of the supply chain.

Food waste and packaging

Although food waste and packaging waste are dealt with in separate chapters of the consultation, they are closely linked and cannot be considered in isolation. Packaging is essential to bring many food and beverages to our tables. It has a number of important functions, one of the most important being to reduce food waste. Because of effective packaging processes, food wastage rates (pre-consumption) are 2-4% in industrialised countries. This compares with 50% in developing countries.

Zero Waste Scotland has published a report clearly stating that food waste is now a greater contributor to the global climate crisis than plastics. Two comparisons are vital to bear in mind when discussing food packaging:

- The environmental impact of avoidable household food waste is eight times greater than the impact of total packaging waste going to landfill.
- Ten to fifteen times more energy and materials are locked up in household goods/food than in the packaging around them.

For this reason, no measures taken on packaging should increase food waste. This is critical as a number of member companies have advised FDI that trials of new packaging have recorded a reduction in shelf-life and an increase in food waste.

Plastic and packaging waste

Packaging protects quality and freshness and reduces food waste. Food and beverage packaging plays a key role in protecting, containing and preserving the produce contained within. Modern packaging is a central element in the efficient manufacturing, handling and distribution of food from the factory to the consumer's kitchen. Consumer safety is the overriding objective of food and beverage producers and packaging ensures effective communication to consumers and its safe use and handling. Packaging ensures that people can buy and use products when they want them, in good condition and with little wastage. Food packaging also lets consumers see the nutritional information on the label to help make informed choices.

Companies recognise the need to minimise the impact of their packaging on the environment. Food Drink Ireland members have many examples of company-level initiatives to achieve this goal:

- Phasing out certain difficult-to-recycle materials, for example PVC and EPS. Some retailers are playing an active role in this process, threatening to de-list suppliers who use packaging materials from a 'red list' defined by the retailer.
- Working towards reducing the use of complex packaging combinations and move toward simpler, single material, circular packaging formats and materials.
- Developing packaging that encourages re-use or better recycling rates (for example PE and PET)

- Setting targets and deadlines to meet ambitious packaging milestones.
- Creating and guaranteeing a future market for food grade recycled content

Significant investment has been, and will continue to be, made by companies in these initiatives.

Companies are working to make their packaging more circular without creating significant adverse or unintended consequences. Government policy should recognise and support this objective in a number of ways:

- Ensure a realistic timeframe for transition to any new legislative or regulatory regime.
- Recognise the existing strict regulatory regime on food contact materials that determines what packaging materials can come into contact with food, in line with industry and government's overarching aim of providing safe, high quality food to consumers.
- Recognise that food waste is a much bigger issue in terms of environmental impact than the impact of plastic packaging so any decision to remove or reduce packaging must not be at the expense on shelf life which will increase food waste.
- Support the creation of more closed-loop recycling processes, especially those creating food grade recycled content.
- Recognised the concern of companies on the availability of recycled content. It is not permitted under food contact legislation to use recycled plastic in contact with food or drink unless the specific recycling process has been approved at EU level. The variety of recycled plastics that can be used for food contact is therefore limited, especially as there is currently a backlog of processes awaiting assessment by the European Food safety Authority (EFSA). Therefore, companies are concerned that the level of recyclate required for them to meet their ambitions will not be available.
- Consider the likely trajectory of prices for recycled content as demand increases for a constrained supply of material, especially in the lead up to key EU and other deadlines. Provide supports or a phased timeline to level out spikes in prices of recycled content.
- Encourage a harmonised, science-based approach within Ireland and across the EU. Own initiatives from retailers, going beyond the already-challenging legal requirements coming from the EU, could be counterproductive if different retailers have diverging requirements. This would pose a dilemma for FDI member companies that supply multiple retailers. It is important to maintain an international perspective also, as supply chains for both food and drink products and for packaging often go beyond Ireland.

Solutions to a number of key challenges need to be developed collectively in order to create a functioning and economically viable circular economy. These are dealt with in the following sections, in particular the section on waste management infrastructure.

Single Use Plastic

The EU Single Use Plastic (SUP) Directive introduces extremely challenging requirements and timelines for the food and drink industry.

The food and drink industry supports the overall ambition of the EU Plastics Strategy and, in particular, the SUP Directive aimed at reducing the impact of certain plastic products on the environment. The sector however regrets the challenge the SUP Directive may pose to the single market of packaged food and beverages.

To achieve the goals of the SUP Directive and make sure the Directive is properly implemented, countries such as Ireland should transpose it in the most harmonised way possible. Member States should in particular respect the goals of the Directive to tackle single-use plastics as a source of marine litter, and strictly stick to the scope of application of the different requirements and the timeline for their implementation.

A series of implementing measures are under development at European level to assist member states with the transposition. It is therefore important that the Irish government makes use of these guidelines, even though that means waiting for the guidelines to become available in July 2020, January 2021 and January 2022. This is especially important for the guidelines on the definition of single use plastics and the scope of application of the different requirements.

The national measures introduced to transpose the SUP Directive should be reasonable, realistic and economically viable. They should represent an incentive for the market and consumers alike to move towards more sustainable products, rather than a penalty. In particular, measures to ensure that single-use plastics are not free of charge and those sustainable alternatives are available at the point of sale should be favoured over national targets or taxes.

It is important to recall that the SUP Directive introduces bans on those items for which it was assessed that sustainable alternatives exist. For products for which no clear sustainable alternative exists, the Directive requires prevention measures (such as design requirements, consumption reduction, and consumer information), and/or improved waste management measures (such as separate collection, and requirements for extended producer responsibility). For this reason, Food Drink Ireland does not consider that there are other items relating to food and drink that Ireland should consider banning.

Repak – the industry funded packaging collection, sorting and recycling system – is working. Before industry set up and paid for Repak over 90% of all packaging went to landfill, now less than 10% goes to landfill. Through multimillion-euro annual subscriptions to Repak, food and drink companies make a contribution for every container and piece of packaging to be collected and recycled. This helps provide a recycling bin in almost every household and supports 1,848 bottle bank sites and 118 civic amenity sites across the country.

Any changes to Ireland's waste management approach should be assessed in terms of its impact on Repak and the current kerbside, commercial and civic amenity collections.

➤ ***Separate collection target for PET beverage containers***

Ireland's non-alcoholic beverage industry – made up of soft drinks, fruit juices, bottled waters and sports and energy drinks – is proudly committed to supporting Ireland's environmental obligations under EU legislation on plastic recycling.

Together employing 3,500 people, supporting an additional 3,000 jobs and generating an annual economic contribution of €1.5 billion, the category takes seriously its role in leading an effective solution to the enhanced plastic bottle collection targets in particular.

Putting that commitment into early practice, the Irish Beverage Council is working with a renowned team of global specialists to determine the feasibility of introducing a Deposit Return Scheme (DRS) in Ireland. We look forward to assessing and communicating the outcome of this landmark project in due course.

➤ ***Tethered caps***

The requirement for all beverage containers up to three litres to have a tethered cap or lid by 2024 is an example of an anomaly arising from the Single Use Plastic Directive. In practical terms, the technology does not currently exist to tether a cap to a carbonated beverage or for HDPE (mainly milk) bottles. Work is underway to develop this functionality but it is not clear if or when a solution will emerge. Current research indicates that finding a solution for HDPE will most likely lead to the need to reinforce the neck of the bottle, therefore using greater weight of plastic packaging in each bottle, of which there are 305 million sold in Ireland each year.

➤ ***Environmental levies***

Please see annex 1, which contains the Food Drink Ireland submission to the December 2019 public consultation on environmental levies.

Waste management infrastructure

According to Eurostat, Ireland collects 82% of plastic packaging, but only recycles 34%. This is an indication of a serious gap in the national recycling infrastructure. The food and drink industry would welcome the diversification of waste management facilities and processes available in Ireland. Priority areas for development include recycling of plastic films, composting of cups and other food containers, closed-loop facilities for food and drink packaging and an increase in capacity to produce food grade recycled content.

The consultation document highlights that “Almost two thirds of plastic packaging is not on the current recycling list” (p21). This is clearly not satisfactory and a two-pronged approach is needed to facilitate more packaging being recyclable. This submission has identified a number of measures being taken by food and drink manufacturers to reduce their use on non-recyclable packaging. However, attention must also be given to expanding the capacity within Ireland to recycle a wider range of materials. Food Drink Ireland supports the objective in the consultation document to revisit the existing national standardised list of items acceptable in the mixed dry recycling bin with a view to expanding the list (p16).

For those materials currently considered non-recyclable that are most commonly used and difficult to move away from for a variety of reasons, the challenge relating to each item must be assessed individually. Where gaps in infrastructure exist, government must assess what role it could play in developing or supporting the development of the appropriate infrastructure to allow the material to be recycled.

Some examples include:

- **Flexible plastic/film** – these materials cannot currently be recycled in Ireland. At the September conference on the circular economy in the IMI, processors indicated that if industry converged on one type of film, it would become viable to collect and recycle

that material. In the UK, WRAP has indicated PE as the favoured material and companies are responding. If this step was taken in Ireland, in conjunction with the waste processing industry, it would prevent this material from ending up in landfill and could create supplies of recycled content for inclusion into future packaging.

- **Black plastics** – these materials have attracted negative publicity in Ireland for being non-recyclable. In fact, they are recyclable but the issue is that the current hardware on sorting lines cannot detect them, which is an entirely different challenge. Waste processors should be supported to invest in new technology which would facilitate the detection of black plastics, allowing them to be recycled.
- **Compostables** – Currently compostable cups and food containers do not provide a total sustainable solution. This is not because of the cups/containers themselves but rather the lack of adequate infrastructure for the processing them. Compostables are recyclable but are not currently recycled due to lack of infrastructure. Due to the on-the-go nature of the products, consideration must be given to appropriate on-street and household collection, whether separate collection or combined with food waste.
- **Tetra Pak** – This type of packaging is popular with consumers and is possible to recycle, where carton recycling facilities are available.

Currently the market is failing to deliver these valuable capabilities. In this context, a mechanism should be developed for collaboration and coordination along the whole packaging value chain to map out future infrastructure needs and the barriers to delivering them. This should include government involvement to ensure that national policy goals can be achieved with the planned infrastructure. Depending on the barriers that are identified, policies, government supports or access to finance mechanisms can be developed to address them.

The consultation document highlights that Ireland is reliant on exporting much of its waste. While it would be preferable to recycle waste in the State and capture the resource potential locally, the appropriate use of facilities in the EU and UK should be given careful consideration. For example, the small size of the Irish market in comparison with the UK may mean that it will not be viable or efficient to have the same range of recycling facilities here. Despite this, it may assist Ireland to reach its national targets and ambitions to have access to some of the more specialist facilities in the UK, and this should not be ruled out. The future UK-EU trading relationship may affect the freedom with which surplus products or waste packaging can flow to the UK in the future; this will need to be kept under review.

Extended Producer Responsibility (EPR)

Food Drink Ireland welcomes the recognition in the consultation document that to date, the EPR schemes operating in Ireland “have operated very successfully and have enabled Ireland to reach our domestic and EU recycling targets”. Repak, the packaging EPR scheme funded by manufacturers and retailers has been particularly successful. Before companies established and funded Repak in 1997 94% of all packaging waste went to landfill; today the figure is 7% according to the EPA.

Through multimillion-euro annual subscriptions to Repak, food and drink companies make a contribution for every container and piece of packaging to be collected and recycled. This helps provide a recycling bin in almost every household and supports 1,848 bottle bank sites and 118 civic amenity sites across the country.

Changes at EU level mean that the distribution of Repak fees will change over the coming years, to an eco-modulation approach. It is important that these changes are fully communicated to Repak members and are made on an equitable and transparent basis. The new fee structure should not lead to an overall increase in the level of fees, rather it should alter the distribution of fees on an overall cost neutral basis.

Final guidance from the European Commission on eco-modulation of fees is due in 2020. Ireland should await this guidance before moving forward, in order to ensure maximum harmonisation across the EU.

Municipal waste

Industry pays local authorities billions of euro in commercial rates to support our local environment. Yet few councils provide segregated on-street litter bins for recycling, as is the norm in other EU states.

In 2019 business contributions directly accounted for €1.55 billion or 34% of the total local government budget. This represents a 14% increase in the total value of commercial rates collected since 2010. The food and drink industry believes that local authorities should prioritise the use of commercial rates for segregated bins, management of litter and citizen education on waste and littering.

The consultation document suggests that a quality waste management assurance award scheme will be developed for businesses to sign up to, to verify that premises are complying with best waste management practice in terms of waste prevention and recycling (including organic waste) (p16). This appears to be a positive initiative and proper implementation, i.e. minimal administrative burden and an alignment of standards with existing schemes/data collection, will be crucial to encouraging businesses to sign up.

Citizen engagement

Citizen engagement can be difficult to achieve but it is vital that households and individuals play their part if Ireland is to transition to a circular economy. Public discourse on environmental issues has never been stronger but the challenge in the context of this consultation is to channel this into actions that will have a meaningful impact. It is important to avoid knee-jerk reactions in favour of clear messaging around science-based steps that individuals can take. For example, part of the current public discourse has been a negative narrative about plastic bottles, whereas in fact the carbon footprint of a 100% recyclable PET bottle is considerably lower than aluminium can or glass bottle. Robust science must underpin all Government policies and communications to citizens.

Some of the challenges around communicating with citizens on a topic such as the circular economy were raised at the first meeting of the Advisory Group on a Waste Action Plan for a Circular Economy. Certainly, the food and drink industry has had a challenge communicating to consumers why certain changes, for example in packaging, take time to develop and test before being brought to market.

Clear, actionable messaging was seen by the Advisory Group as vital. With this in mind, the timing of any citizen engagement campaign or initiative should be carefully considered. For example, if the aim of Government, which is supported by the food and drink industry, is to

expand the list of products that can go into the mixed dry recyclables stream, it may be better to wait until this review is complete before communicating with consumers. Otherwise there is a risk of increasing awareness of the current list of recyclable materials, only for this to change shortly afterwards.

One example of a successful communication and behaviour change campaign is the Gum Litter Taskforce, which is a joint initiative of the chewing gum industry, Department of Communications, Climate Action and Environment, Food Drink Ireland and local authority representatives. The campaign involves extensive media activation, the 'Bin It!' school tour and a series of launch events with local authorities. Since the campaign was launched in 2007, the proportion of gum as a percentage of litter has decreased by 70%. In the most recent evaluation, 55% of people said the campaign is likely to make them stop dropping gum. More information is available on www.gumlittertaskforce.ie.

Labelling is another key pillar of citizen engagement. Many Food Drink Ireland members use the OPRL label on their packaging for the Irish and UK markets. This scheme is familiar to many food businesses and is simple for consumers to understand, especially as it is now moving towards a binary recycle/don't recycle message. This message could be even simpler and more powerful in Ireland, given that we have a national standardised list of items that can be recycled in the mixed dry recycling bin. Currently, businesses and citizens appear somewhat confused by the messaging of the MyWaste.ie campaign. On this basis, it may be more effective to encourage the use of OPRL labels in Ireland based on our national recycling list.

Construction and demolition waste, textiles

While the food and drink industry does not have any direct comments on the sectoral issues, challenges and opportunities for other sectors, it would be useful to assess whether there are examples of policy tools, best practice or successful behavioural change initiatives from those areas that could be transferred to food and drink or vice versa.

For example, differentiated VAT rates for products that comply with circular economy best practices, as suggested for the repair and reuse of textiles, could be a powerful tool to support the food and drink industry and to protect consumers from price increases as a result of switching to more circular packaging.

EU plastic tax

The consultation document references working with other EU member states to design the structure of an EU wide plastic packaging tax to encourage the further prevention of plastic packaging (p22). Please find in Annex 2 a letter sent by Food Drink Ireland to the Minister for Finance on this matter in November 2019.

Waste data and waste flows

Data is vital to evidence-based policy making. Current waste data is unsatisfactory – it is often incomplete, delayed and there are contradictions between the data available from different sources.

Food Drink Ireland would support a review of the State's system for collecting and managing waste data. In any changes, attention should be given to minimising the administrative burden on companies. Any new system should be based on the data that companies already collect and report, for example to Repak, the EPA etc.

Research and innovation, bioeconomy

Research and innovation are the key to finding solutions to make the food and drink industry, and our economy as a whole, more circular. Government is well placed to support increased levels of research, development and innovation, both commercial and pre-commercial. DCCAE should work with the Department of Finance, Department of Business and others to provide the necessary R&D support required to help manufacturers to research, identify and scale up production of re-usable/recyclable alternatives.

The R&D Tax Credit should be reviewed with this in mind. Research funding and innovation supports from across government and from the EU should also be leveraged.

From a food and drink perspective, the Prepared Consumer Foods (PCF) Centre, was opened in 2018 to support companies in piloting industry-led collaborative research and innovation capability, to maximise value creation opportunities and address the challenges across the industry. It is funded by the Department of Agriculture, Food and the Marine. It contains an Advanced Packaging Suite where companies can pilot new packaging types. It also has a Shelf-life Suite where companies can develop and test products with a view to reducing levels of food waste. It is intended to build up the capacity of the PCF Centre for innovation relating to the bioeconomy and use of by-products in the future.

Conclusion

Food Drink Ireland is keen to work with the Department of Communications, Climate Action and the Environment, as well as other departments and agencies, to accelerate the transition to a circular economy and develop solutions to the challenges for businesses.

For further information in relation to any of the points raised in this submission, please contact Linda Stuart-Trainor, Director of Prepared Consumer Foods, Food Drink Ireland on linda.stuart-trainor@ibec.ie, 01 605 1690.

ANNEX 1

**Review of the Environmental Fund:
Public Consultation on the Proposed Introduction of New Environmental Levies
and
Disposable Cup Levy: Regulatory Impact Assessment Stakeholder Consultation
(Key stakeholder consultation)**

Food Drink Ireland submission

December 2019

Food Drink Ireland (FDI) is the main trade association for the food and drink industry in Ireland. It represents over 150 food, drink and non-food grocery manufacturers and suppliers. FDI welcomes the opportunity to input into the consultation on the proposed introduction of new environmental levies and the regulatory impact assessment stakeholder consultation on the disposable cup levy. This document is a combined response to both consultations.

The food and drink industry in Ireland supports a full domestic supply chain from farm to fork (as well as a parallel overseas chain of imports and exports). It interacts with a wide range of economic and social interests across Ireland and this is particularly true in relation to the environment. The sector is committed to being part of a circular economy and is working with suppliers, retailers and consumers to support sustainable consumption patterns. We will continue to improve the circularity and environmental performance of our products wherever possible, while ensuring the highest level of quality and safety of food and drink products for consumers.

Repak – the industry funded packaging collection, sorting and recycling system - is working. Before industry set up and paid for Repak over 90% of all packaging went to landfill, now less than 10% goes to landfill. Through multimillion-euro annual subscriptions to Repak, food and drink companies make a contribution for every container and piece of packaging to be collected and recycled. This helps provide a recycling bin in almost every household and supports 1,848 bottle bank sites and 118 civic amenity sites across the country.

General principles

Levies are one tool available to governments to change the behaviour of both consumers and businesses. However, the imposition of any new levies must take a number of important factors into consideration:

- **Coherence with Government policy:** Any levies must support the overall objectives of Government policy and be considered as part of an overall approach. They should not be considered as stand-alone measures. In this case, environmental levies must be aligned with enterprise and waste management policies, among others.

- **Evidence base:** The introduction or amendment of levies should be evidence based. This includes establishing an evidence-based understanding of the behaviour that the levy aims to change, as well as a clear understanding of the impact that is desired. Once in place, these factors allow a levy to be assessed and levies that are not achieving their stated objective should be removed.
- **Impact assessment:** It is also vital to fully assess the likely broader impact of any levy, including the impact on employment, SMEs, regional economies, competitiveness and innovation. For example, in relation to coffee cups, members are concerned at the impact on community and charity events and on Irish cup producers.
- **Adequate transition time:** Food and drink businesses are often low margin operations based on complex supply chains. Any shock arising from government policy has the potential to disrupt supply chains and damage the profitability of companies. There may also be an environmental impact, for example in the case of coffee cups if adequate time is not given to use existing stock, this could result in the disposal of a large number of cups before they reach the consumer. For these reasons, at least 12-18 months' notice of any new levies should be provided.
- **Enforcement of existing laws:** Illegal dumping and littering must be tackled through effective enforcement of existing laws. Littering can be addressed through enforcement of fines combined with awareness campaigns to change the behaviour of those who litter. The Gum Litter Taskforce, which is a joint initiative between the Department of Communications, Climate Action and Environment and Food Drink Ireland, is one good example of a successful awareness campaign.

Proposal 3: Coffee cup levy

Food Drink Ireland represents a number of companies that supply coffee to the retail and food service sector, and also represents a number of food services outlets. In the case of coffee suppliers, they supply their customers with cups and lids as well as the coffee itself.

➤ **Scope of levy**

When considering coffee and other beverages, it is important to recognise that the cup forms an intrinsic part of the product. Currently there are a number of types of cup used for takeaway beverages in Ireland:

- Reusable cups (such as Keep Cups)
- Compostable cups
- Recyclable cups
- Non-recyclable cups

The prevalence of reusable cups has grown in recent years, but they still represent a very small portion of the market. There are a variety of challenges associated with reusable cups, including the difficulty of fully sanitising them in-store and the need for consumers to bring them to the store. Furthermore, reusable cups are not recyclable and need to be used many

times in order to achieve carbon neutrality. The prevalence of reusable cups will continue to grow but they are unlikely to become a ubiquitous solution in the short to medium term.

In this context, it is important to recognise that the other three types of cups (compostable, recyclable and non-recyclable) are not equal from an environmental point of view. Ignoring this fact misses an opportunity to support the industry to become more sustainable and provide a critical mass of a specific type of cup for waste management operators.

For this reason, Food Drink Ireland does not agree with the proposal of a flat levy on all disposable cups. Non-recyclable cups should be the main target of any levy. The EU Single Use Plastics Directive mandates Member States to take measures to reduce consumption of such beverage containers.

The current government previously indicated that compostable cups would not be included in any levy, thus providing an incentive for industry to transition from non-recyclable and recyclable cups to compostable. Many companies responded to this statement of direction from government by sourcing compostable cups – for some, 100% of their cups are now compostable. This represented a significant cost for companies, but many felt it was the right thing to do based on signals from government on the direction of environmental policies.

Other companies have enhanced their use of recyclable cups, as this seems to be the policy direction in the UK and much of the EU. Paper cups are low carbon; a plastic barrier layer is needed but there are clear examples from the UK and elsewhere that this layer can be easily removed as part of the recycling process in the right facility.

Compostable and recyclable cups can be part of a sustainable solution. They are in line with the objectives of the circular economy. A potential levy provides government with an opportunity to steer producers to switch from less sustainable materials to more positive materials. Sending a clear signal, by exempting either or both of compostable and recyclable cups from the levy, provides an incentive for the industry to move to an agreed, more sustainable model.

This must be a strategic decision by government, which will endure for many years, in order to support progressive innovation. Companies will have to bear significant cost in order to make changes to their supply chain, and some may have to reverse the direction in which they have already invested significantly.

Introducing a flat levy on all disposable cups would represent a reversal of the progress made by the industry in recent years to offer more sustainable options to customers and consumers.

➤ **Infrastructure**

Any levy on disposable cups must be part of a strategic and comprehensive waste management plan, aligning all stages in the circular economy. Sending a clear and permanent signal to businesses (cup and lid producers, food business operators, retailers and food services) must take place alongside significant improvements in the collection and recycling infrastructure in Ireland.

According to Eurostat, Ireland collects 82% of plastic packaging, but only recycles 34%. This is an indication of a serious gap in the national recycling infrastructure.

Currently neither compostable nor recyclable cups provide a total sustainable solution. This is not because of the cups themselves but rather the lack of adequate infrastructure for the

processing of the used cups. Cups are recyclable but are not currently recycled due to lack of infrastructure.

In terms of collection, some retail and food service outlets have dedicated cup collection points on site. However, given the take-away nature of the product, this is not sufficient and leads to a situation where most cups are disposed of with general waste and incinerated. Consideration must be given to appropriate on-street and household collection, whether separate collection or combined with either mixed recyclables (recyclable cups) or food waste (compostable cups).

The ability to process recyclable and/or compostable cups within Ireland must also be enhanced. Examples from the UK and across the EU show that this is possible. One food services operator has indicated that they collect cups in store in Ireland and ship them to the UK for recycling. The Irish Government needs to ensure this infrastructure is available in Ireland. This will be simplified and facilitated by steering the industry towards compostable or recyclable cups. The revenue from the levy should be used to meet any funding requirement that cannot be financed by other means.

➤ ***Timeframe***

Adapting to a levy will take some time. Any new levy should be set out in detail at least 12-18 months before its entry into force to allow businesses to use up existing stocks and establish new supply chains where needed. Contract periods with suppliers can last 12 months and if many companies are looking to change their cups simultaneously this will put additional pressure on the small number of cup suppliers in the market.

The other key factor in establishing the timeline is the time it will take to develop the required waste infrastructure. The necessary collection, sorting and processing infrastructure must be in place when the proposed levy is introduced. Detailed consultation with Repak and the waste management industry will be required in order to establish a realistic timeline.

In parallel with these developments, consumer education programmes should be rolled out, with funding from the Environmental Fund. These should inform consumers and raise awareness about the appropriate segregation and disposal of waste, including zero-littering.

Proposal 4: Takeaway levy

It is not sufficiently clear from the consultation document what packaging would fall under the scope of the Takeaway levy. The ongoing work at EU level to define various terms under the Single Use Plastics Directive may inform this proposal over time.

Food Drink Ireland would like to be involved in further detailed discussions on the proposed takeaway levy when more information is available. All of the general principles outlined above should apply when considering the appropriateness of this levy.

As with coffee cups, it would be important to identify more sustainable options for take away food containers. If a levy is considered, it should aim to encourage businesses and consumers to move from less sustainable materials to more sustainable materials. In this context, cardboard containers would be considered a more sustainable solution to which a levy should not apply.

Proposal 5: Food packaging levy

It is not sufficiently clear from the consultation document what packaging would fall under the scope of the food packaging levy. Food Drink Ireland would like to be involved in further detailed discussions on the proposed food packaging levy when more information is available. All of the general principles outlined above should apply when considering the appropriateness of this levy.

Conclusion

The consultation document indicates that further targeted consultation will be undertaken with stakeholders as required. Food Drink Ireland would appreciate being part of this next phase of consultation.

For further information in relation to any of the points raised in this submission, please contact Linda Stuart-Trainor, Director of Prepared Consumer Foods, Food Drink Ireland on linda.stuart-trainor@ibec.ie, 01 605 1690.

ANNEX 2

To: Minister Paschal Donohoe
Cc: Gary Tobin, Department of Finance
Date: 5 November 2019
Ref: Non-recycled plastic related Own Resource in the context of the Multiannual Financial Framework (MFF)

Dear Minister Donohoe,

We are writing to express our concerns regarding the opportunity and feasibility of introducing an EU plastic levy as currently discussed within the Council of Ministers as part of the negotiations on the own resources legislative package for the period 2021-2027. The proposed plastic levy would be in the range of €0.80 per kilogramme of unrecycled plastic packaging, which would represent an approximately 200% levy considering the current virgin plastic resin price. We strongly recommend that you carefully assess the potential negative – and probably inflationary – consequences of introducing such a levy and to pursue a more considered approach.

First, while we strongly support the stated objective to foster plastic recycling and reduce plastic waste, especially in relation to packaging, we do not think that introducing a plastic levy will help achieve this objective, especially if the resources collected will not be allocated or reinvested to improve waste management infrastructure for recycling. There is an urgent need for investments to improve waste management systems across the EU, and in particular to develop infrastructure and recycling technologies. Without earmarking the levy revenues for this particular purpose, we fear that the levy would prevent national authorities from making these necessary investments and undermine our own ability to invest in more sustainable packaging materials and new technologies.

Second, new legal requirements have been introduced to increase the recycled content of food and drink plastic packaging as part of the revised waste legislative framework and the EU Single-Use plastics Directive. Many food and drink manufacturers have also made pledges to use more recycled content in their own products. The contribution of a plastic levy to the EU budget will therefore decrease drastically over time and will not be able to plug the gap in the EU budget left by Brexit in the medium and long term.

Third, we are also concerned about the unintended impacts of a plastic levy on food safety and food waste, as well as the costs of recycled packaging materials, which are likely to be bore by packaging users, and ultimately the end-consumers.

We kindly ask you to carefully and thoroughly assess the potential negative consequences of introducing a plastic levy and to explore other more robust and sustainable options to adequately fund the MFF. Please find our detailed considerations below.

We remain at your disposal should you require further clarifications.

Yours sincerely,

Paul Kelly

Director of Food Drink Ireland

Detailed considerations:

1. Lack of a robust impact assessment and questionable environmental benefits

The current proposal is not based on a thorough impact assessment, in particular with regard to the environmental, economic and food safety impacts. A plastics levy risks leading to an increased use of other materials which may affect packaging functionality in terms of safety and quality of food and reduce resource-efficiency.

Today, recycling technologies for plastic materials other than PET and HDPE need to be developed and recycled plastic materials are yet to be approved by the European Food Safety Authority (EFSA) for use in contact with food. Despite our willingness to improve the circularity of our packaging by using more recycled content, it is currently not always feasible technically and legally. This is why our sector has engaged in a plastics value chain approach to boost recycling and plastics reuse by FoodDrinkEurope signing the Circular Plastics Alliance Declaration on 20 September. The plastic levy would thus penalise most food and drink plastic packaging materials, even in the absence of better alternatives or recycling solutions available at scale.

2. Incoherence vis-à-vis new EU waste and packaging legislation

The proposed levy is not aligned with recently adopted EU measures on plastics. In particular the levy would entail that even if a Member State met in full the new EU plastic packaging recycling targets (50% by 2025 and 55% by 2030), they would still need to pay the levy, which would appear as a punitive instrument rather than an environmental incentive.

In addition, Member States will most likely recoup the levy from domestic plastics users who will face a new financial burden, likely to be in the form of national taxes additional to existing ones. Our sector is already paying considerable fees towards Extended Producer Responsibility (EPR) schemes which are already set to increase under new EU waste legal requirements to boost packaging recyclability (EPR fee modulation). Introducing a tax on non-recycled plastics to be paid by plastic users would be counterproductive to all these efforts and put all burdens on a particular sector which is already contributing greatly to tackling plastic pollution.

3. Impact on competitiveness and the Internal Market

Should the plastics levy be approved, it is highly likely that Member States would impose new national taxes to regain the amount which they would have to inject into the EU budget via the plastics levy and these taxes are to be very different from one Member State to another. We are concerned that these will have negative consequences in terms of the relative competitiveness of different packaging solutions in different Member States, resulting in distortions to the Internal Market and economic inefficiencies.

4. The risk of preventing investment in innovation

The European Commission, the European Parliament and the Member States have stressed the importance of innovation in the context of the circular economy on multiple occasions. Innovation however requires investments and financing. As the proceeds of the plastics levy could not be earmarked for a specific purpose (e.g. innovation research, investment in collection, sorting and infrastructure), the necessary investment will need to come from

companies, whose competitiveness and ability to invest will have been diminished by the plastics levy.

5. Negative impact on key initiatives to tackle plastic pollution

The food and drink sector is engaged in a wide range of voluntary initiatives at EU and national level (e.g. national and European plastic pacts, Circular Plastics Alliance) which aim to boost reduction, recycling, and reuse of plastic packaging. Combined with new legal requirements on packaging and plastics, these initiatives entail significant investment from the private sector in terms of time and financial resources. These initiatives may be compromised by the introduction of further financial requirements on companies.