



August 2022

EU Taxonomy – Transition to a circular economy (Objective 4)

Position paper

Context

On 30 March, the Platform on Sustainable Finance (PSF) published its [advisory report](#) (incl. [Annex](#)), setting out recommendations inter alia on technical screening criteria for the four remaining environmental objectives of the EU Taxonomy (EUT).

Reusable Packaging Europe **fully supports** the aims of the EUT, achieving the **transition to a circular economy** and endorses the recommendations made by the Platform on Sustainable Finance. This document serves as feedback by RPE on the PSF's recommendations, which are especially relevant to the reusable transport packaging sector.

Promoting Reusable Transport Packaging for a circular economy

RPE believes that the use of reusable packaging as a circular service is essential for reaching a climate-neutral economy. Reusable packaging is the most efficient and sustainable solution for transport packaging. RPE therefore believes that RPCs and RWPs (and therefore **Reusable Transport Packaging (RTP)**) **should be promoted given that:**

1. RTP has **minimal environmental costs** compared to other packaging methods, uses much less raw materials and has a proven lower CO₂ footprint throughout its life cycle.
2. RTP is produced as resource efficiently as possible, with its design and production ensuring a **long lifespan**.
3. RTP is **designed for reuse and for efficient and safe transport**, which ultimately ensures higher quality (fresh food) products in stores and reduces food waste.

RTP can be considered as a prime example of a circular model as its reuse and pooling maximizes the balance between utilization and environmental impact. Any decline in reusable packaging presents a challenge to the principles of the EU's Circular Economy Action Plan and conflicts with the waste hierarchy.

The technical screening criteria in the report

1. On the manufacture of plastic packaging goods

RPE endorses the application of two different sets of combined criteria to qualify as a taxonomy eligible activity and particularly supports the **second combined criteria** for ‘design for reuse in practice’ and ‘design for recycling’. These criteria are especially relevant to **plastic Reusable Packaging Containers (RPCs)**.

1.1. *Design for reuse in practice*

The **criteria for ‘reuse in practice’** inter alia refer to:

- A minimum of 10 trips/rotations in a system for reuse;
- Requirements of established arrangements; and
- The requirement that packaging is reused is for the same purpose as for which it was originally conceived.

Focusing on a minimum number of rotations as a focal point for reuse in practice is an important way of guaranteeing that reuse principles can be implemented as a favored strategy for waste and resource management.

When it comes to the **definitions of the terms relevant for reuse**, RPE would like to highlight several elements that need attention to guarantee that reuse systems are correctly defined and implemented.

- To avoid inconsistent interpretations of the terms, **RPE recommends using the term rotation instead of trip**. This reflects the times the packaging is filled and thus reused.
- In addition, RPE also proposes to clarify that **the definition of rotation can include the practice of cleaning and/or servicing**, which is a standardized practice with regards to reusable packaging.
- It should furthermore be specified that a packaging product has been designed to accomplish or proves its ability to accomplish **no less than 10 rotations** in a system for reuse.
- A **“system for reuse”** should not only ensure the possibility of reuse, but the system should include sufficient incentives for reuse and return.
- In addition, RPE believes that the Commission should elaborate on the definitions of **“open”¹ as well as “closed loop systems”** to also cover the ownership of these systems.

¹ An open loop system is a system in which packaging is reused amongst unspecified companies.

1.2. Design for recycling in practice

The **criteria for 'design for recycling'** refer to, inter alia, a design for recycling, a minimum recycling rate of 50%, as well as restrictions on contaminating substances for the recycling stream and compatibility with the recycling stream.

Since RPCs serve for food packaging, they are made from high quality plastic that can be recycled either into new RPCs or into other high value applications in case the plastic is no longer fit to be used for food packaging. If RWP are beyond repair, they are recycled into biomass pellets for heating systems, pet bedding and other materials. Consequently, RTP does not only meet the criteria for 'design for recycling', but easily exceeds the 50% recycling rate.

1.3. Conclusion

The implementation of the second set of combined criteria is crucial, as the first set of combined criteria refers to 'use of circular feedstock', with a minimum 85% recycled content criteria. While RPE fully supports such a minimum threshold of recycled content for single use plastics, applying such a target to reusable transport packaging would be detrimental to the reusable packaging sector, and therefore hinder the achievement of a circular economy.

RPE therefore strongly encourages the European Commission to **maintain and clarify the second set of combined criteria for 'design for reuse in practice' and 'design for recycling'** when defining the screening criteria for a 'taxonomy eligible' activity.

2. On Product-as-a-Service and other circular use-and result-oriented service models

The report proposes that **taxonomy eligible activities** need to:

- (1) Provide the customer (household or organisation) with access to and use of product(s), while ensuring the ownership remains with the company providing this service, such as a manufacturer, specialist or retailer;
- (2) Lead to extended lifespan and/or increased use intensity of the product in practice (at least twice the life span or use intensity or an average of both).

The conditions recommended in the report for a PaaS model to be considered as taxonomy eligible activities reflect the **priorities of ownership guarantee and extended lifespan** that are crucial for reusable transport packaging.

However, RPE wants to highlight that the draft criteria on Product-as-a-Service primarily reflect a business-to-consumer model. While most criteria also apply to business-to-business models, **RPE calls on the European Commission to clarify several elements.**

First and foremost, RPE calls on the European Commission to **identify the reference point for the extended lifespan and/or increased use intensity of the product in practice**. It needs to be clear how the EU average of the product category will be calculated and according to which conditions the product category will be defined. Packaging as a separate category should be considered here since the packaging sector, in particular reusable packaging such as RTP is designed to be reused and operate in a PaaS model.

Second, the criteria describe exactly how PaaS models for RTP work, whereby ownership remains with the provider (or system manager) of the product. However, since secure ownership (of reusable packaging) is a key element for PaaS models to fully function in practice, we call upon the European Commission to further specify in the criteria proposed by the PSF that the **ownership of the product remains with the initial owner and is not transferrable by any party (other than the owner) in the supply chain**.

Finally, RPE would like to request **clarification regarding the conditions of the contractual terms** which need to be met for PaaS models.