



Urban Agenda Platform

The global platform for sharing progress, action and knowledge on the implementation of the New Urban Agenda to achieve sustainable urban development.

PACKAGING MATERIAL FEES

Award Scheme

Others

Themes

Waste Management

Sustainable Development Goals

Goal 11 - Make cities and human settlements inclusive, safe, resilient and sustainable

Summary

Packaging Material Fees require manufacturers to pay fees according to the amount of packaging material they put on the market. **TARGET USERS:** Industry, Government **KEY CONSIDERATIONS:** Packaging Material Fees can be pooled to fund packaging waste management activities through a Producer Responsibility Organization.

Background and Objective

The trade in plastic across international borders remains largely unregulated and most plastic value chains do not have a global feedback loop to hold upstream stakeholders accountable for their products after the point of sale. As of now, there is no universal governance mechanism or regulatory body to ensure transparency and accountability of actors across the entire plastics value chain. Part of the problem is the economics of current recycling systems. As long as companies are not held accountable for the full life cycle costs of plastic pollution (including the significant costs to nature and society), recycling rates will simply remain linked to the price of oil, making it cheaper for companies to use virgin plastics instead of recycled plastics.

Actions and Implementation

Packaging Material Fees require manufacturers to pay fees according on the amount of packaging material they put on the market. Packaging material fees cover the cost of collection, recycling and treatment, depending on the operating model. Pooled fees are used to fund packaging waste management activities through a Producer Responsibility Organization (PRO). Many developing economies are spending less than 0.5% of Gross National Income (GNI) on solid waste management as compared to the best practice of spending 1% of GNI. Packaging material fees can provide an additional source of funding to finance waste management over and above government spending. Indonesia produced and imported 4.5 million tons of plastic in 2015. Assuming 40% of this is plastic packaging and using a Belgian equivalent EPR fee of €0.096/kg³⁶—an amount converted after taking into account Indonesia's purchasing power parity of 3.4 in 2018)—this could provide €173 million (US \$191 million) in revenue for waste management. Packaging material fees have been implemented in many European countries, as well as in Japan and South Korea. Implementing such measures in emerging economies will be initially challenged by the lack of institutional capacity for enforcement, administration and governance. Ensuring that these challenges are addressed requires identifying the right mix of operational elements. There are two widely adopted options to implement Packaging material fees: Producers, importers and brand owners pool financial contributions—proportionately based on the weight and type of plastic packaging put in the market—into a fund that is managed by a single PRO. In some cases, producers, importers, brands and retailers are given the flexibility to either meet their obligations individually while having a separate reporting obligation to a designated agency or collectively contribute to the designated fund managed by the PRO. Producers, importers and brand owners contract individually with implementation agencies, generally multiple PROs. This approach allows the impact to be determined more directly by the producers and can enable a more quantifiable return of investments and potentially lower compliance cost.

Outcomes and Impacts

CASE STUDY EXAMPLES In 1992, France introduced a packaging material fee model for household packaging waste, which today, remains the largest EPR scheme in France. Danone pioneered the EPR concept with the creation of Eco-Emballages (now known as CITEO). It eventually evolved into a mandatory national-scale EPR model for packaging waste. In 2016, the scheme channelled €654 million for the collection of 4.9 million tons of household packaging waste. This reduced the financial burden on municipalities by about 52%, while also achieving recycling rates of 67.1% in 2016. The aim is to achieve 75% recycling rates by 2022. See also the German Packaging Ordinance.

Resources devoted to delivery



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ALTERNATIVE SOLUTIONS Extended Producer Responsibility initiatives, taxes, levies and other financial instruments serve as similar solutions according to the polluter pays principle.