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July 4, 2024

## **EU packaging regulation (PPWR): Reuse quotas for industrial and commercial packaging jeopardize all supply chains**

Dear Madam President,

In the provisional compromise between the European Parliament and Member States for an EU packaging and packaging waste regulation (PPWR), the reuse quotas for many industrial and commercial transport and sales packaging (including horticulture) have been drastically extended compared to the Commission proposal. For trade between companies in a Member State and for shipments between company sites in the EU, the reuse quotas will even be increased to 100% by 2030. Such a ban on many types of single-use packaging **jeopardizes all supply chains in Europe**, as there are no reusable solutions for many packaging formats in the transport sector or these are neither ecologically nor economically viable. Furthermore, the changes are not compatible with transport safety requirements and there are considerable doubts about the legality of the new rules.

We assume that the expansion of reuse quotas was an **error in the legislative process**: The amendments were made at short notice at the end of the trilogue negotiations in February 2024 and were merely aimed at improving the comprehensibility of the regulations. Presumably unintentionally, the consolidation of all reuse quotas for industrial and commercial packaging as well as horticultural packaging in Article 29(1) not only drastically expanded the quotas themselves, but also the scope of application of paragraphs 2 and 3 compared to the Commission proposal (see overview in Annex 1).

We therefore urge you to work within the Commission and with the Member States to correct the error in the *corrigendum version* of the regulatory text and thus provide the necessary legal and planning certainty for all supply chains. Our aim is not to reopen negotiations on the PPWR, but to correct the unintended expansion of reusable quotas. We believe it is urgently necessary to **delete the reuse requirements** in their current form for industrial, commercial and horticultural transport and sales packaging **in Article 29(1) to (3)**. Instead, the Commission should present a new proposal on the basis of a scientific analysis and impact assessment, whereby special quotas for trade between companies within a Member State should be waived.

An example of the consequences of the current regulation: **pallet wrappings and straps**, which secure the transport of almost all goods stacked on pallets, would have to be completely (100%) reused for the "same purpose" from 2030 if they are used between companies within a Member State or between company sites in the EU (Article 29 (2) and (3)). However, it is not technically possible to reuse these pallet wrappings and straps. In practice, they are therefore recycled and form an important basis for meeting the current recycling targets and future recycled content quotas. Furthermore, transport safety is no longer guaranteed without pallet wrapping and straps (see Appendix 2). EU Environment Commissioner *Sinkevičius* has announced to the European Parliament that the (new) Commission will examine whether it is possible to exempt these two packaging formats from the 100% reuse quotas. However, it remains unclear whether and, if so, how quickly and under what conditions such an exemption would come into force. In addition, it is still completely unclear how the 40% reuse quota that is still required for these packaging formats is to be met.

In addition, pallet wrapping and straps are just obvious examples of the drastic consequences of a complete ban on single-use packaging in business transactions. Comparable reasons also speak against 100% reuse quotas for the canisters, pails, trays etc. also affected, whose multiple use for the same purpose is often also not possible and/or not sustainable. For these packaging formats, the problem is worse by the extension of the reuse quotas to "**sales packaging used for transporting products**" as envisaged in the provisional compromise. In its proposal, the Commission deliberately limited the scope of the reuse quotas to "**transport packaging**" because transport packaging – unlike "**sales packaging**" – has no direct contact with the filling contents and therefore generally does not pose any reuse problems due to contamination by the previous contents. The extension of the reuse quotas to "**sales packaging used for transporting products**" dilutes the sensible and proven distinction between sales and transport packaging and leaves it unclear which packaging formats are actually meant. This is because the aforementioned sales packaging is generally not only used for the transportation of products, but also for product protection, storage and use of the product as well as for user information and safety.

We also believe it is imperative to examine whether reusable alternatives are even available and, if so, whether they are more sustainable, as part of the **scientific analysis and impact assessment** we have called for, before adopting reuse quotas for industrial and commercial packaging and horticultural packaging. The Commission only published such an analysis for certain consumer packaging in February 2024 (<https://publications.jrc.ec.europa.eu/repository/handle/JRC136771>).

Furthermore, reuse quotas that are linked to transportation between companies within a Member State (Article 29(3)) contradict the **basic principles of the EU internal market** and put companies in larger EU Member States at a disadvantage compared to companies in smaller EU Member States, because the latter have a higher proportion of cross-border transportation, to which the 100% quotas do not apply. The provisional compromise also disadvantages small and medium-sized enterprises, which – unlike large export-oriented companies – often only serve one national market and would therefore be more severely affected by the reuse obligation. We also have serious concerns about the fact that the packaging quantities reported by companies are to be published by the Member States (Article 31(6)), as this allows detailed conclusions to be drawn about the business activities of individual companies.

Finally, there are considerable doubts as to whether the EU legislator can ban certain single-use industrial and commercial packaging on the basis of the **competence for internal market harmonization (Article 114 TFEU)** at all, because such a ban neither actually serves to remove obstacles to the free movement of goods nor actually contributes to the elimination of significant distortions of competition, as required by the case law of the ECJ.

The signatories will be happy to provide further information and discuss the matter with you.

The signatory associations:



Circular Economy Initiative, Federation of German Industries



VDMA e.V. Machinery and Equipment Manufacturer Association



Federation of German Food and Drink Industries (BVE)



Federation of the German Construction Industry



ZVEI e.V. Electro and Digital Industry Association



German Association of the Plastics Converters (GKV)



Deutscher Weinbauverband e.V.

German Winegrowers' Association



Milk Industry Association



Federal Association of the Glass Industry



German Metals Federation



WSM Steel and Metal Processing Association



IK German Plastic Packaging Association



Metal Packaging Association



Association for Beverage Cartons Germany (FKN)



Main Association of the German Wood Industry



German Horticultural Association



Industrial Association for Paper and Film Packaging (IPV)



The Federal Association of German Wine Producers e.V.



HKI Industrial Association of House, Heating and Kitchen Technology



Association of German Sparkling Wineries