

POSITION STATEMENT

EU REGULATION PACKAGING & PACKAGING WASTE



ALDI SOUTH Group's Position on the PACKAGING & PACKAGING WASTE REGULATION PROPOSAL



March 2023

INTRODUCTION

The ALDI SOUTH Group is a leading international retailer, operating in eleven countries (Austria, Australia, China, Germany, Hungary, Ireland, Italy, Switzerland, Slovenia, UK, and USA). We offer between 1,484 and 1,835 own-brand core range products and a changing selection of special buys every week. Our products are provided by a wide range of suppliers, both large and SMEs, operating within and outside the EU. At the ALDI SOUTH Group, we believe it is essential that we drive our industry forward and move from a linear to a circular economy (CE).

Packaging is an indispensable part of our everyday lives. It ensures product quality and safety; it protects products during transport and serves as a medium of communication to the consumer. Simultaneously, the production of packaging requires varying amounts of raw materials, energy, and water. The growing demand for sustainable packaging and the reduction of raw material usage poses a central challenge for all retailers and brand owners.



We support the European Commission in its goal to make all packaging in the EU market recyclable by 2030 and that the use of reusable packaging is promoted. ALDI welcomes the review of the Packaging and Packaging Waste Directive (PPWD) to fully realise the potential of the CE and transition towards a more sustainable and circular economic system for packaging. We need a robust, transparent, and clear legal framework to create a level playing field with clear roles and responsibilities throughout the packaging value chain.



OUR POSITION

ON HARMONISATION & LEGAL BASE

Retailers and industry representatives have long called for a revision of the PPWD into a regulation that delivers harmonised and equal obligations in the packaging value chain. The change of the legal format and the ambitious targets should help create one common vision to achieve circularity for packaging. For the CE to be successful, economies of scale are needed, and the Internal Market provides the necessary scale in supply chains, operations, investment, and innovation.

The European Commission proposes the legal base for the PPWR to be Art 114 TFEU, (Internal Market). ALDI does not agree with calls to change the legal base to Art 192 TFEU (Environmental Protection).

- The Art 114 TFEU, offers national environmental protection aspects under Point 4.
- Art 114 (4) TFEU: *"If, after the adoption of a harmonisation measure by the European Parliament and the Council, by the Council or by the Commission, a Member State deems it necessary to maintain national provisions on grounds of major needs referred to in Article 36, or relating to the protection of the environment or the working environment, it shall notify the Commission of these provisions as well as the grounds for maintaining them"*

The Internal Market legal base gives Member States the flexibility for certain aspects of environmental protection. Art 114(4) TFEU, protects the obligation for Member States to notify each new regulatory measure to the European Commission and grants the European Commission a veto right to prevent divergent national measures. As the economic and environmental performance of the CE are inextricably linked, a change of legal base would risk failure to CE objectives.

To give even more regulatory flexibility to Member States through the proposed Articles 4 (4) and 4 (5), would mean for further national diverging measures, which would impact the requirements for waste and collection infrastructure (e.g., reuse and deposit return systems). This could lead to country-specific packaging solutions, which will affect consumers in terms of price, product choice, and the ability to return used packaging.

ALDI strongly endorses the proposal of Article 11, to achieve a well-established CE where all EU citizens know how to effectively discard their packaging, through harmonised labelling on packaging and waste bins. Article 4 (5) may jeopardise the premise of Article 11.

ALDI's Recommendation

ALDI calls for ambitious harmonisation at EU level and the use of the Internal Market to deliver the goal where all packaging is recyclable by 2030 and that the use of reusable packaging is promoted.

- Protect Article 114 TFEU as the legal base.
- Remove Article 4.4 and ensure that 4.5 does not lead to disruption of free movement of packaged goods.
- Protect Article 11 for harmonised labelling of bins and packaging.



ON REUSE

ALDI recognises the value in reuse systems to complement single-use systems. We advocate that the introduction of reuse systems at EU Level is accompanied by a holistic life-cycle perspective, accounting for environmental, social, and economic factors. Continued optimisation of reuse packaging processes across the entire supply chain, will bring environmental benefits.

Reuse targets alone are not sufficient to drive systemic change. The increase of reuse models requires a transformation of business models and supply chains. Support from all relevant stakeholders, including the packaging value chain, public authorities, waste management, and consumers, is needed. Such a change also requires suitable infrastructure, including efficient sanitisation systems, and the consideration of consumer needs and behaviour.

Further guidance at EU level, (e.g., through a delegated act, to develop effective reuse systems) is needed and this guidance must take into account essential aspects, (e.g., recyclability requirements, logistic pools, local distribution, minimum rotations, and product safety/hygiene protocols) with enforceable conditions.

A clear and long-term legal framework on reuse until 2040 is required to future-proof investments and effective consumer communication.

Considering the economic impact of a mandatory introduction of reuse and the significant investments needed by retailers, incentives and funding by the EU and national governments through subsidies and maintenance fees are required to help accelerate the roll out of necessary infrastructure.

The deadline for the implementing act under Article 27 for the detailed calculation method on reusable packaging, should be set for 2027, to allow economic operators sufficient time for implementation.

ALDI's Recommendation

- To support the roll out of efficient, convenient, and environmentally beneficial reuse infrastructure, subsidies, and maintenance fees should be granted for the retailer/obliged economic operator.
- Clarification is needed on the minimum number of rotations, as well as recyclability requirements, pooling, and distribution lengths.
- No revision of the reuse articles before Q3/2039 to ensure long-term investment for economic operators and to allow consumers to adapt to the system.





ON RECYCLABILITY & RECYCLED CONTENT

ALDI welcomes the EU-wide definition of recyclability and the harmonisation of recyclability assessments through performance grades. These grades need to be developed promptly to allow the supply chain sufficient time to adapt.

As part of the qualitative definition of recyclable packaging, the European Commission foresees a 95% threshold for Performance Grade A. This threshold is not suitable for several types of packaging as it would require increasing the thickness of the main material. This contradicts the call for packaging minimisation and we recommend lowering the threshold to 90% to make it more feasible.

We strongly believe that a well-functioning secondary raw material market is a fundamental prerequisite to increase the uptake of recycled (plastic) content in packaging. The secondary raw material market will need to be strengthened in the EU to ensure that the volume of recycled plastic is available and of sufficient quality.

In line with the Internal Market principle, Article 6 should be based on the Union Market rather than on each Member State to avoid national divergent recyclability at scale evaluations. We also recommend that waste shipments between Member States should count towards the calculation for at scale recycling.

We would also like to note that so far, no methodology for the calculation of recycled (plastic) content has been provided, including the clarification of which recycling processes will be accepted. Without knowing the calculation methodology, it is impossible to give a judgement on the targets set out in the proposal.

ALDI's Recommendation

To create a shared way forward for recyclability and recycled content by 2030, the following points should be observed:

ARTICLE 6:

- Clarify that Article 6, in its entirety, except 2(e) is applicable by 1 January 2030.
- Article 6 should be based on the Union Market and waste shipments between Member States should count towards the calculation for at scale recycling.
- The delegated act for performance grades should be published by 2027 and the grades should be harmonised with a reduction of Grade A to 90%. Adapting the percentages would permit different product and material specificities, including necessary functional layers and components (inks, surface lacquers, etc.).

ARTICLE 7:

- Protect the 2026 deadline for the European Commission in Art 7(7) for a delegated act on the calculation method of recycled content.
- Protect the reference in 7(10) for the European Commission to review the targets according to "*the lack of availability or excessive prices of specific recycled plastics.*"
- Adjust Article 7(11) to ensure no revisions of Article 7 before Q3 2039 for long-term investment visibility for the economic operators and to allow the scale up of the secondary raw materials market.
- A clarification is needed on which recycling processes will be accepted towards recycled (plastic) content targets.



ON PACKAGING DEFINITIONS

In the 2018 version of the Packaging and Packaging Waste Directive, Article 3 (1), definitions (f) and (g) are not considered packaging because coffee capsules, pads, and tea bags are inseparable from the product they contain. In the new PPWR, the European Commission now proposes to consider all tea and coffee single serve units as packaging.

This is inconsistent with recital 11(11) which states: “An item, **which is an integral part of a product and is necessary to contain, support or preserve that product throughout its lifetime and where all elements are intended to be used, consumed or disposed of together, should not be considered as being packaging given that its functionality is intrinsically linked to it being part of the product. (...)**” and Article 3 (1a) and (1f + g): “**without being an integral part of the product intended to be used and disposed of together with the product**”. This decision is justified by arguing that consumers regularly dispose single serve coffee and tea products in bio waste streams. To address this problem, the correct sorting instructions for the product should be visible on the actual packaging.

ALDI's Recommendation

The proposed definitions for single serve units of tea bags, coffee capsules, and pads are contradicting the principals of packaging. Article 3 (1f) and (1g) should be removed and the correct disposal instructions for the product should be visible on the actual packaging.

ON PACKAGING RESTRICTIONS FOR FRESH FRUIT AND VEGETABLES

Restrictions on the use of certain packaging formats, such as the ban of all single-use packaging for less than 1.5kg fresh fruit and vegetables in Annex V, overlook the importance of packaging in the prevention of food waste and cross-contamination, for example, from conventionally farmed produce to organic produce. We support a voluntarily approach by retailers to offer more unpacked fresh produce. Retailers are best placed to identify which produce should be unpacked based on their assortment assessment. This is because there is no one-size-fits-all solution for packaging reduction and for offering unpackaged fresh fruits and vegetables. Assessments are needed to prevent unintended consequences resulting in increased food waste leading to higher greenhouse gas emissions.

Where packaging performs an important protection function for sensitive items, (e.g., berries) or where the assessment proves that packaging extends the shelf-life of a product, the packaging reduction measures will be designed accordingly. It is vital to set realistic and achievable goals in packaging reduction.

ALDI's Recommendation

Avoid adopting such restrictions until the implications for food waste and the environment are properly assessed. The European Commission should consider providing industry guidelines, in cooperation with the European Food Safety Authority (EFSA) and the Joint Research Centre (JRC), for offering unpacked fruits and vegetables.



ON DEPOSIT RETURN SYSTEMS (DRS) - MINIMUM REQUIREMENTS

We welcome the European Commission's proposal to introduce DRS in all Member States and we believe that consumers should be able to redeem their deposits anywhere within the Union Market. This would promote the necessary economies of scale, which will then also help with the volume and the quality of recycled content and consumer acceptance.

DRS is a success story in Germany. Since the early 1990s, retailers have invested in the development and maintenance of DRS in Germany and this has led to one of the highest collection rates for PET bottles and high consumer 'buy in'. The costs to retailers for investments into new machines, staff training and maintenance are compensated by selling the collected PET bottles and aluminium cans to recyclers. Such existing DRS systems, (like Germany) should be exempt from Annex X. This will ensure that pioneering systems are not disadvantaged.

Considering the economic impact of the mandatory introduction of DRS and the significant investments needed by retailers, incentives and funding by the EU and national countries are required. This should be in conjunction with the recommendation made for the introduction of reuse models.

ALDI's Recommendation

- Exempt DRS systems that were established before the finalisation of the PPWR (approximately 2024) from the minimum requirements found in Annex X.
- For newly established DRS, subsidies, and maintenance fees for the retailer/obliged economic operator should be granted.

ABOUT THE ALDI SOUTH GROUP

Our focus on the essentials and the use of the discount principle has made the ALDI SOUTH Group the leading international retailer it is today. Our carefully selected own brands form the heart of our core product range. These allows us to offer a range of great quality products at the best price. Throughout our eleven countries of operation (Austria, Australia, China, Germany, Hungary, Ireland, Italy, Switzerland, Slovenia, UK and USA), we offer between 1,484 and 1,835 core range products and a changing selection of special buys every week. In some countries, we also offer services, such as travel bookings, telephone and photo services, the sale of green electricity, internet streaming, or flower delivery.

For more information on the ALDI SOUTH Group: [Company Profile](#)

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