



# CONAI's Environmental Contribution for steel, plastic and glass packaging has been restructured

*Milan, October 2020* – At the request of the RICREA, COREPLA and COREVE packaging supply chain consortia, the CONAI Board of Directors has decided to increase the **Environmental Contribution** for **steel**, **plastic** and **glass** packaging, used to finance the collection and recovery of packaging waste, primarily from municipal waste collection.

The increase will take effect on 1 January 2021.

This decision is the result of profound changes in 2020 for the packaging waste management system and the entire sector.

In addition to entry into force of the so-called **Waste Decree**, which transposes two of the four European directives contained in the **Circular Economy Package**, the current health emergency is undoubtedly affecting the packaging waste recovery chain. The **COVID-19 effect** has in fact generated growth in municipal waste collection, also due to a generalised consumer preference for packaged products and the reduction of consumption outside the home. But despite the difficulties of the first months of the abrupt lockdown, separate collection activities did not stop and all packaging waste was always collected as planned.

Moreover, the blockage of certain secondary raw material target sectors both in Italy and abroad led to excess supply that caused the value of recycled material to collapse and reduced target markets, especially in plastics.

The increases in the Environmental Contribution must therefore put the business world in a position to continue to guarantee collection activities even in these months of the pandemic, which are times of concern and difficulty for everyone.

## Steel

The Contribution for **steel** packaging will increase from 3 EUR/ton to **18 EUR/ton**. Values similar to those of 2015, when the steel CAC (Conai Environmental Contribution) went from 26 to 21 EUR/ton and finally to 13 EUR/ton.

This increase is determined by three factors. First of all, the increase in separate collection fees linked to the new Technical Annex of the ANCI-CONAI Framework Agreement, whose values are substantially in line with the new European Directives. Secondly, the significant increase in the quantities of steel packaging recovered: in the first four months of 2020, steel was the packaging material with the most significant growth – compared with the previous year – in disposals to the CONAI system; in particular, +19.6% in March and +23.7% in April. Finally, the continuous decline in the economic value of ferrous scrap for three years now, which erodes the Consortium's main source of revenue, after the CAC, through the sale of packaging scrap from separate collection to steelworks. All this without being able to resort to capital reserves, which have been reduced in recent years as a result of a containment policy requested by the Ministry.



## Plastic

In addition to reasons of a general nature, which have had a strong impact on the sales values of recycled materials and on the costs of recovering fractions not yet recyclable, the increase in the CACs for **plastic** packaging is also determined by specific factors linked to the supply chain.

In fact, the COREPLA Consortium is recording a **5% increase in plastic packaging disposals** during 2020, and at the same time a reduction in the quantities subject to the Environmental Contribution.

Moreover, Europe is imposing a recycling rate for plastics of up to 50% by 2025: it is therefore increasingly necessary to invest in research and development and support mechanical recycling, in order to facilitate the recycling of certain product fractions that recyclers would otherwise have no interest in recovering.

The blockage of production activities that normally use recycled material, caused last spring by the Coronavirus, also **halved auction revenues**, affected by the lower demand for material.

The CAC values will remain unchanged for plastic packaging in **Level A (150 EUR/ton)** and **Level B1 (208 EUR/ton)**, i.e. for the most recyclable packaging. On the other hand, there will be an increase for **Level B2** and **Level C** packaging: for the former, from 436 EUR/ton to **560 EUR/ton**, for the latter from 546 EUR/ton to **660 EUR/ton**.

Even with these increases, the values set for plastic packaging are still among the lowest in Europe.

Nevertheless, a **commitment has been made to review and update diversification criteria and rationale**, also comparing them with what is happening in Europe and linking CAC values not only to the recyclability and destination circuit of the packaging, but also to the actual collection and recycling costs.

Decisions will be taken by June 2021.

## Glass

The Environmental Contribution for **glass** packaging will increase from 31 EUR/ton to **37 EUR/ton**.

The increase is determined by the amount of the new fees to be paid to municipalities for the separate collection service provided for in the Technical Annex of the ANCI-CONAI Framework Agreement, whose progressive values have been defined, from now until 2024, in line with the requirements of the new European Directives on packaging waste.

Without this need, the COREVE consortium would probably have remained in break even, thanks to the work and efforts over the last two years, without resorting to this increase.



## Simplified import procedures

The increase will also have an effect on the flat-rate/simplified procedures for importing filled packaging, once again effective from 1 January 2021.

The rates to be applied to the overall import value (in EUR) will increase from 0.18% to **0.20%** for **packaged food products** and from 0.09% to **0.10%** for **packaged non-food products**. The Contribution through the **flat-rate calculation on the weight of only the packaging of imported goods** (total weight without material distinction) will increase from 92 EUR/ton to **107 EUR/ton**.

The new values of the other simplified procedures will soon be available on the CONAI website.

**CONAI, Consorzio Nazionale Imballaggi** (National Packaging Consortium), is a private, non-profit consortium, established by packaging producers and users, with the aim of pursuing the objectives of recovery and recycling of packaging materials envisaged by European legislation and transposed into national law.

The consortium system has approx. 800,000 member companies. In Italy, the Consortium constitutes a model of management, by a private entity, of a public interest: environmental protection, within a framework of shared responsibility among companies, public administration and citizens.

In Italy, more than 58 million inhabitants are served thanks to the ANCI-CONAI Framework Agreement for the separate collection of packaging waste. More than 92% of Italian municipalities signed agreements with the consortium system in 2019. In 2019, CONAI transferred 648 million euros to the municipalities of Italy to cover the increased costs of separate waste collection. A further 421 million euros were allocated by CONAI to cover the costs of treatment, recycling and recovery activities.

In 2019, almost 81% of packaging waste in Italy was recovered and 70% was sent for recycling.

*This document is the English translation of a Conai press release of October 2020. In cases of disputes, the original Italian text shall prevail.*