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Paper packaging industry myth busting

The single-use paper packaging industry claims that “European paper packaging is made from renewable wood fibre, which originates from sustainably managed forests.

The highly-concentrated single-use packaging industry currently generates value but at a cost: by turning precious - and increasingly scarce - resources into short-lived single-use applications which rapidly lose value and turn into waste.

On the contrary, reuse packaging systems would generate economic value and diffuse employment across Europe, linked not just to the manufacturing of the packaging, but - more importantly - to the practical operations of reuse systems (logistics, tracking, washing, services...). They would also reduce littering and waste management costs.

The draft of an EU Regulation aimed to contain waste from single-use packaging (Packaging and Packaging Waste Regulation, or PPWR) has provoked the ire of the single-use packaging industry. “The PPWR will create very burdensome requirements for businesses across the EU” claims the European Paper Packaging Alliance (EPPA),” while paper-based packaging is a full European value-chain that contributes to the EU strategic autonomy.”¹ The director general of the beverage cartons was even more direct: the new legislation would be “banning an industry from the market”.²

Would a robust EU regulation dismantle the paper packaging industry?

Contrary to intensive lobbying claims, the packaging regulation will not harm the core of the powerful paper packaging industry. It is a global - not a European - multi-billion dollar industry.³ Even the most ambitious measures aimed to reduce the current uncontrolled growth of packaging waste would not significantly threaten this booming industry segment. At most, they would partially contain its overexpansion.

Paper-based food packaging (their specific segment) is also expanding globally and it is expected to grow at a CAGR of 5.7% from 2023 to 2030. As an example, the two companies that have distinguished

1 EPPA, PPWR: Everything you need to know, <https://eppa-eu.org/packaging-and-packaging-waste-regulation/>

2 Annick Carpentier, talking at the event "Revising the EU packaging legislation; First impressions on the Commission's proposal and the conditions for success", 1 February 2023, recording at: <https://ebcd.org/events/hybrid-event-revising-the-eu-packaging-legislation-first-impressions-on-the-commissions-proposal-and-the-conditions-for-success/>

3 As an example, in 2021 Huhtamaki acquired Hihio-Art Packaging, a leading manufacturer of paper bags, wrapping paper and folding carton packaging in China. See: Huhtamaki, Huhtamaki Annual Report 2021, <https://www.huhtamaki.com/globalassets/global/sustainability/reports/en/2021/huhtamaki-o-yj-annual-report-2021.pdf>.

The company has also a strong presence in the United States, where it is facing a class action due to toxic PFAS contamination. See: Wabi5, Class action suit brought against paper-making facilities regarding PFAS contamination,

<https://www.wabi.tv/2021/06/03/class-action-suit-brought-against-paper-making-facilities-regarding-pfas-contamination/>

themselves with their intensive lobby to water down waste reduction measures, Huhtamaki and Seda, are expanding even more dramatically. Between 2021 and 2022, Huhtamaki increased its sales by 25.3% (from 3,6 to 4,5 billion euro),⁴ while Seda sales increased by 25.24% in Italy, rising from € 227.4 to 284.8 million Euro⁵ (Seda International reports lower, but equally growing, sales.⁶) are not companies at risk of decline. They are fast-growing giants whose growth rate largely exceeds industry averages: global paper packaging market CAGR is assessed at 4.7% for the 2022 to 2030 period⁷.

Single use paper packaging producers may see a unique opportunity to increase profits from the rush to replace plastic with paper,⁸ by re-branding their products as plastic-free alternatives for food packaging. This includes downplaying the real cost of single-use paper packaging for the environment.⁹ They are misleadingly presenting single-use paper packaging as environmentally friendly¹⁰ by divulging questionable life-cycle assessment as “solid scientific findings”¹¹, even though this study has been criticized by leading scientists.¹²

Dwindling employment in the pulp and paper industry results from automation and relocation to the Southern hemisphere, not from decreased demand

The packaging industry has demagogically sounded the alarm claiming the PPWR would put jobs at risk. According to the Italian industry federation Confindustria, the PPWR puts *6.3 million employed* people at risk, working in more than 700 thousand companies in Italy.¹³

The reality is different. Between 1991 and 2022, the European pulp & paper industry *increased* its production capacity by almost 10%, from 39,5 to 43.4 million tonnes. During the same timespan, employment has *more than halved*, going from 411,113 to 179,270.¹⁴ The European pulp and paper sector has undergone significant consolidation since the turn of the century, reducing labour intensity. The

4 Huhtamaki, Investor relations, <https://www.huhtamaki.com/en/investors/investor-relations/ir-tools/>

5 ReportAziende, https://www.reportaziende.it/seda_italy_spa_na

6 ReportAziende, https://www.reportaziende.it/seda_international_packaging_group_spa_na

7 Coherent Insights, Paper packaging market analysis <https://www.coherentmarketinsights.com/market-insight/paper-packaging-market-484>

8 Packaging Insights, Fiber-based frenzy: Renewable packaging elevates brands amid plastic reduction goals, <https://www.packaginginsights.com/news/fiber-based-frenzy-renewable-packaging-elevates-brands-amid-plastic-reduction-goals.html>

9 EPN, Fern, EEB, ZWE, Rethink Plastic, Disposable Paper-based Food Packaging: the false solution to the packaging waste crisis, <https://environmentalpaper.org/wp-content/uploads/2023/09/12-09-Disposable-paper-based-food-packaging.pdf>

10 Seda Group, Overwhelming environmental benefits of single-use paper packaging confirmed for takeaway and home-delivery services, <https://www.sedagroup.com/single-use-lca-takeaway>

11 Seda Group, The science of single-use paper packaging, <https://www.sedagroup.com/the-science-of-single-use-paper-packaging>

12 Dario Cottafava, Misleading packaging studies: open letter from LCA experts, <https://medium.com/@dariocottafava/misleading-packaging-studies-open-letter-from-lca-experts-86365f47ec4f>

13 Il Sole 24 Ore, Imballaggi, la svolta Ue mette a rischio 6 milioni di occupati, Ottobre 2022, <https://www.ilssole24ore.com/art/imbballaggi-svolta-ue-mette-rischio-6-milioni-occupati-AEHIYPCC>

14 CEPI, Key statistics 2021 <https://www.cepi.org/wp-content/uploads/2022/07/Key-Statistics-2021-Final.pdf>

Confederation of European Paper Industries itself expected “further consolidation within the industry”.¹⁵ Technological innovation - not decreased production nor demand, has resulted in reduced employment.¹⁶

Despite this, the European pulp & paper industry, while continuing to invest and focus on low value quantitative output, such as throwaway packaging, risks succumbing to the competition with the more aggressive industries from South America and South-east Asia, which can access cheap raw materials and lower labour cost. In fact, European companies are now relocating their plants in the Global South: UPM to Uruguay¹⁷, Stora Enso to Brazil¹⁸ and Uruguay¹⁹, Navigator to Mozambique²⁰ - without caring much about employment in their own countries.

...In contrast to increased jobs in services and distribution for the reuse sector:

The future of the European packaging industry seems to be in the reuse segment, a work-&-skill-intensive dynamic area²¹. If properly supported, it can flourish and create new competencies and job opportunities to support the European Green Deal.

However, without the necessary legislative measures, this new industry cannot compete with the single-use packaging industry whose low costs rest on externalized environmental impacts.

Aside from its increasingly evident environmental benefits, the transition to reusable packaging systems provides an unmissable opportunity for Europe’s economy. Instead of pouring precious – and increasingly scarce – resources into short-lived throwaway items, efficient reuse systems will enable businesses and consumers to reap the utility offered by packaging, and preserve value over longer periods of time. This transition will not only cut unnecessary emissions and material extraction, but also reduce public waste management costs which are driven by littering and the uncontrolled growth of single-use waste.

Addressing Europe’s packaging waste crisis will require important industrial transitions in a sector which is still predominantly dominated by a linear paradigm of take-make-dispose. This has prompted legitimate concerns about a socially just transition away from throwaway packaging. However, the rolling out and operation of reuse systems at scale will generate economic value and jobs throughout Europe,²² and boost

15 CEPI, Unfolding The future, the forest fibre industry, November 2011, https://www.cepi.org/wp-content/uploads/2020/08/2050_roadmap_final.pdf

16 DIW, SERE, Syke, Climate Strategies, The pulp and paper overview paper, May 2016, https://www.diw.de/documents/dokumentenarchiv/17/diw_01.c.534645.de/cs-pulp-and-paper.pdf

17 UPM, Pasos de los Toros, <https://www.upmpasodelostoros.com/>

18 Stora Enso, Veracel Mill, <https://www.storaenso.com/en/about-stora-enso/stora-enso-locations/veracel-mill>

19 Stora Enso, Montes del Plata Mill, <https://www.storaenso.com/en/about-stora-enso/stora-enso-locations/montes-del-plata-mill>

20 PortucelMoçambique, home pagel, <http://en.portucelmocambique.com/>

21 Packaging Europe, Planet Reuse and New ERA launch campaign promoting reuse schemes across European sectors, <https://packagingeurope.com/news/planet-reuse-and-new-era-launch-campaign-promoting-reuse-schemes-across-european-sectors/9925.article>

22 Serious Business, #GetBack, RSVP, Zero Waste Europe, The economics of reuse systems - A study into what makes a financially viable reusable packaging system, June 2023, <https://zerowasteurope.eu/wp-content/uploads/2023/06/2023-SB-ZWE-The-economics-of-reuse-systems.pdf>

competitiveness and innovation, as European businesses become global leaders in pioneering convenient and attractive reuse options. For this to happen, it will be crucial to provide businesses with clear and ambitious reuse targets for 2030 and 2040 that will provide the confidence to innovate and invest²³.

²³Rethink Plastic Alliance, A Just Transition to Reusable Packaging. <https://rethinkplasticalliance.eu/wp-content/uploads/2022/10/A-Just-Transition-to-Reusable-Packaging.pdf>