Issue 7

September 2023

FEPE Magazine

Viktor Kovacic on finding the upsides in a declining market

UPM COMMUNICATION PAPERS

The enduring quality of paper

SCHÖNFELDER PAPIERFABRIK

Schonfelder's 100% recycled paper

PLASTIQUES VENTHENAT

Advanced technical plastic films

MARKETING COMMITTEE

Envelope, paper and packaging trends

LEGISLATION

CSRD: Sustainability reporting requirements

FEPE

A magazine about the envelope, light packaging and ecommerce packaging industries

Contents

Responsible editor: Victor Kovacic
FEPE, Avenue Louise 250, box 81
B-1050 Brussels.
VAT: BE 0889.632.530. www.fepe.org
FEPE Magazine – Text, design and production by
BelEdit Consulting, www.beledit.com

Editorial

In a world where change is the only constant, the ability to find opportunity amidst challenges defines the strength of an industry. And resilience is this industry’s hallmark.

This year’s FEPE Congress is a pivotal event that will be held in the enchanting city of Rome. It’s not merely a convention; it’s an invaluable platform where minds meet, ideas converge and partnerships form. An occasion to explore novel pathways to success, learn from industry leaders and explore strategies that will shape the trajectory of our businesses.

In these pages, you’ll find innovative solutions offered by our members. We delve into vital industry trends. We examine the ever-evolving envelope, paper and packaging markets. As sustainability takes center stage in the global conversation, decisive steps to meet new reporting requirements as of 2024 are described. Legislation is a driver of change. But designing for recyclability is not just a legislative obligation; it’s become a moral imperative. Let’s come together to discuss how we can collectively reduce packaging waste and pave the way for a greener future.

Challenges don’t define us; our response does. As we chart our course through these dynamic times, let’s keep our sights firmly set on a brighter future for our industry.

Warm regards,

Viktor

Viktor Kovacic
FEPE Managing Director

Viktor Kovacic takes the helm at FEPE

FEPE's new Managing Director Viktor Kovacic commits to building FEPE's cooperation with its partners and EU institutions.

FEPE has been under new management since June. "We are very happy to welcome Victor Kovacic as the new Managing Director of FEPE," announced FEPE President Jean de Couëspel.

"With his expertise and extensive experience in legal affairs, project management and advocacy, as well as his extensive network in Brussels, we are very confident that Viktor will be able to meet the challenges of our industry and drive future growth," said Jean.

"We would also like to sincerely thank Matti Rantanen for his services to FEPE. Matti was an asset to the organisation, working hard to achieve greater visibility for our federation, even through the difficult period of the Covid-19 crisis," Jean continued.

Viktor has previously worked as a lawyer and project manager for various international associations and European institutions. He has experience working with the European Union Council, the European Commission and the European Central Bank. He is familiar with the intricacies of European legislation and its decision-making processes.

The change in FEPE's management takes place in a difficult market environment. Traditional mail communication has recorded significant declines in volumes in recent years, while online retail has recorded double-digit growth rates. "Our industry has faced up to these challenges," said Jean, noting that FEPE members have already achieved considerable success with the development of new products and solutions, such as packaging for ecommerce, for example.

But Viktor is committed to steering FEPE to also continue to actively support the traditional envelope business. "After all, more than 40 billion envelopes are still consumed per year in Europe and the jobs of several thousand employees depend directly or indirectly on the economic success of this industry," he said.

"One of my main goals," Viktor continued, "is to strengthen FEPE's cooperation with the EU institutions, industry players and partners. In addition, I would like to support FEPE members to successfully assert their position in the rapidly changing market environment, by promoting their innovations and sustainability credentials."

"Under Viktor's leadership," Jean concluded, "we are confident that FEPE members can be at the forefront of a movement for innovative and sustainable packaging solutions, to future-proof the European envelope and packaging industry."◊

Positive strategies in a declining market

Viktor Kovacic reflects on the opportunities for FEPE members to find the upsides of a declining industry.

There are no two ways of saying it: the ongoing decline of the envelope market is a painful reality. Is it possible to see an upside? FEPE believes – and the activities of many of our members demonstrate – that yes, there's an upside: by tackling the declining market with the right attitude, there are plenty of opportunities.

ADOPT THE RIGHT ATTITUDE

Leaders' perceptions can define their future. Expecting things to 'somehow' get better, while continuing business as usual, is not helpful. Even hoping to be the 'last man standing' is not a tenable long-term position. In some circumstances, decline in a market can be stalled or reversed thanks to innovations, cost reductions or changes in external factors. This is not the case for the envelope market. The world is changing. The industry's prospects won't improve through the development of a 'better' document envelope, and consumer habits won't go back to what they once were.

MAKE THE MOST OF YOUR ASSETS

Instead, producers need to seek new markets or market segments where their experience, knowledge, skills, staff and equipment all combine to make them the favourites for a winning market strategy.

FIND DEMAND POCKETS

Even in a declining market, pockets of demand continue for some specialised products or services. Companies who excel in these products can reap the benefits.

GRAB NEW MARKET OPPORTUNITIES

Of course, all envelope producers are seeing the same thing: as the envelope market declines, the packaging market is filled with opportunities. The world needs more, more-sustainable packaging for ecommerce. It needs smaller packaging, that will fit in people's mailboxes. It needs padded envelopes that will protect the contents without burdening the world with more hard-to-recycle products. It needs standardisation to influence and reduce postal costs. Nobody is better placed to fill this gap than envelope producers.

BRIDGE INFORMATION GAPS

Knowledge is power, as the saying goes. The more you know and understand the market trends, the better placed you are to face the challenges.

FEPE will continue its important role of providing relevant, timely information, analysis and insights for the benefit of all its members. ◊

Touching the future — the enduring qualities of paper

Marcus Kuhr, Key Account Director, UPM Communication Papers, outlines the many reasons and the studies that show why people continue to enjoy the printed word.

“I find television very educating,” Groucho Marx once said. “Every time somebody turns on the set, I go into the other room and read a book.”

Sadly, we will never know what Groucho would have made of the digital age and social media. But we can speculate that he would be encouraged by the resilience – and indeed recovery – of the printed word.

Recent years clearly posed formidable challenges for the paper industry. During the Covid-19 pandemic, there was a widespread withdrawal from printed communications — people read more on digital devices, across all categories of communications; newspapers, magazines, books, catalogues, bills and statements, tax statements and personal health documents.

Article by Marcus Kuhr, UPM Communication Papers.

“In an age where people are offered a seemingly limitless choice of digital mediums, there is an enduring desire for print... Paper connects us to our roots, reminding us of the tangible and tactile beauty that exists, beyond screens and devices.”

Right: Hand inspection of paper. Photos (pages 7 and 9) courtesy of UPM Communication Papers.

However, post-pandemic, there is clear and consistent evidence that in an age where people are offered a seemingly limitless choice of digital mediums, there is an enduring desire for print — and in some cases, such as magazines and books, that preference is flipping back to a majority.

The results of the huge bi-annual *Trend Tracker* by Two Sides[1] (polling 10,000 consumers in 16 countries) are striking. It revealed that a majority of European consumers prefer to read printed books (65%) and printed magazines (51%). The magazine preference is a significant reversal, up from 35% two years earlier. Even functional content, such as personal health information, shows a significant increase, up to 39% from 29%.

Clearly, paper works thanks to its various unique attributes, and because we have a very different relationship with it. This is supported by psychological studies on learning, that show we retain more when we read the printed word versus a digital device.[2]

While digital reading undoubtedly has its merits, print offers a distinctive cognitive advantage. The tactile and spatial aspects of engaging with printed materials foster a deeper connection with the content, leading to enhanced compre-hension and memory retention. It is also suggested that we are less distracted when reading the printed word, versus on a device, so we simply digest more.

But does that impact extend into other arenas, such as marketing and direct mail?

Evidence suggests, yes. According to sources like JICMAIL, direct mail enjoys high levels of attention, capturing audiences in a way that digital communication often struggles to achieve. Trust in the tactile and tangible nature of mail holds a distinctive advantage over its digital counterpart, email.

A study by automation specialist Quadien[3] found that 62% of consumers in the UK are more likely to open a physical letter than an email.

Why? The theory is that we experience a series of sensory inputs when holding a letter or a document — the feel of the paper, the texture of the envelope, the weight of the package. This sensory engagement fosters a sense of presence and connection that digital communication often lacks. It's a tangible reminder to us that a real effort was made to convey the message, while we increasingly filter out endless email spam.

Studies into advertising[4] also reveal that print and digital advertising should not be seen as opposing forces, but as interdependent components of a successful branding strategy. Each medium possesses unique attributes that maximise reach, engagement and recall. Whether it's a magazine spread, a brochure or a billboard, print provides a sensory engagement that digital interfaces can't provide.

Paper is carving out its own space in the evolving media landscape, with brands and publishers in-novating across platforms to connect to customers and readers in a meaningful and tangible way.

The unescapable truth is that paper is real and unique. It carries a sense of authenticity that transcends its material form. The historical significance, the sentiment it conveys, and the role it plays in our daily lives for communication, education and inspiration are unmatched. Sourced sustainably, recyclable and renewed by nature, paper connects us to our roots, reminding us of the tangible and tactile beauty that exists, beyond screens and devices.

As we are given an endless choice of mediums, it emerges that paper is not simply a material, but much more. It occupies a much deeper connection and, just as Groucho perhaps predicted, paper cannot simply be replaced with a screen if we want to learn, grow and share. ◊

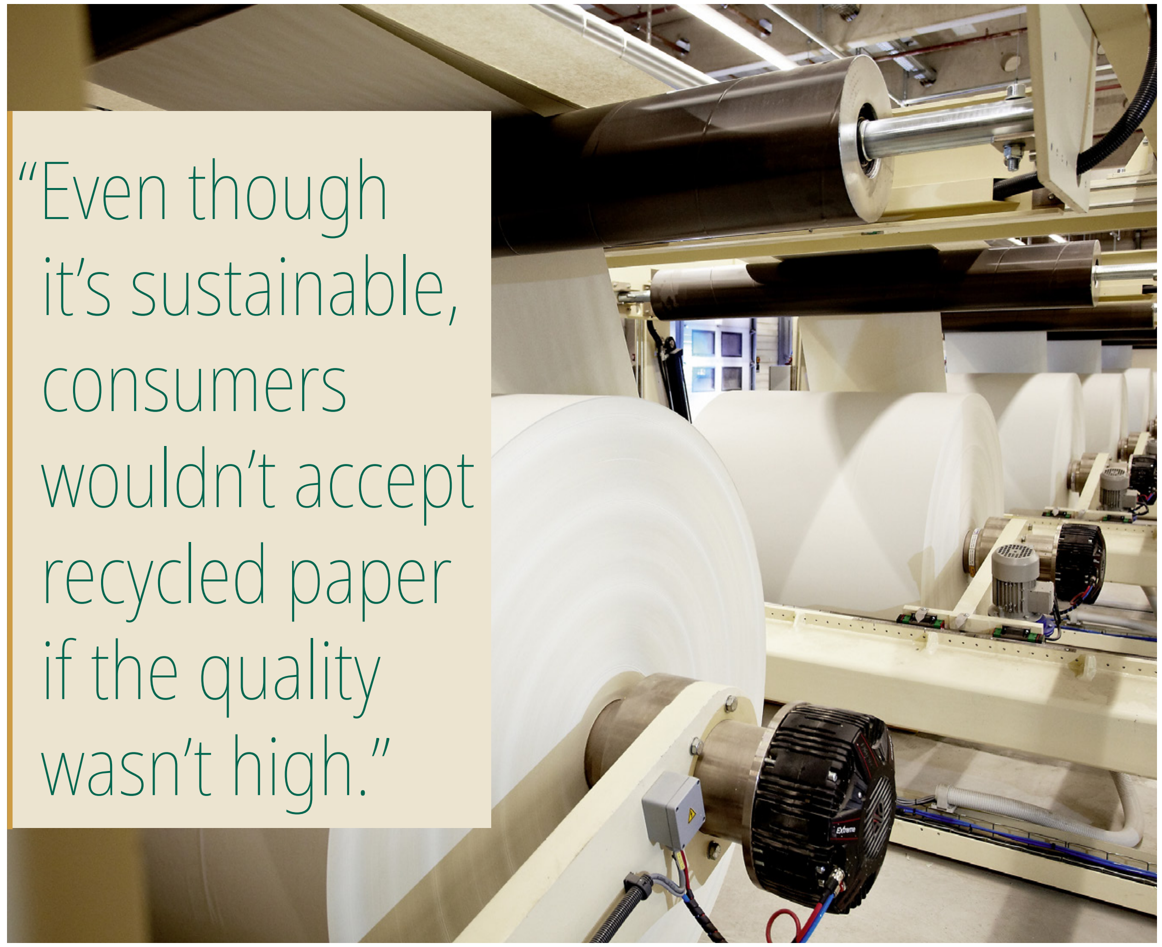
Sources:

[1] Two Sides - European Consumer Preference for Printed Materials Has Recovered Post-Pandemic
[2] TheMantic Education - Digital vs. Print Reading: Which One's Better?
[3] Two Sides - Mail more trusted than email
[4] Startup.info - Why Print Ads Still Effective Branding Approach in Today's Digital Age

"Sticking to our strategy: high-quality recycled papers"

Felix Cordier (General Manager, Schönfelder Papierfabrik) is a 6th-generation paper engineer in the Cordier family. He spoke with FEPE about Schönfelder Papierfabrik's recycled papers.

Schönfelder Papierfabrik GmbH, Germany



"Even though it's sustainable, consumers wouldn't accept recycled paper if the quality wasn't high."

Converting line in Niederwürschnitz

Can you tell us about Schönfelder Papierfabrik and yourself?

The Schönfelder paper mill is in Saxony, north of the Czech border. It was founded in 1911 during the German industrial revolution. The factory emerged from an old wood-grinding factory. The production started with newsprint based on groundwood pulp.

Today the Schönfeld paper mill produces improved newsprint, recycled offset papers, recycled volume paper and recycled envelope paper from waste paper.

The mill reflects the eventful history of the last century. During GDR times, the paper machine produced SC qualities for all GDR magazines. In 1992, production stopped completely. After 4 years of negotiations, my father, Volker Cordier, was able to restart the paper production in 1997. I joined the company in 2000; our family has been in the paper business for six generations!

In 2012, Schönfelder started a newly built deinking plant, which is still the most modern 2-loop deinking plant in Europe. It also began the production of brown papers, thus markedly expanding the product range of envelopes.

Schönfelder Papierfabrik produces graphical, speciality and packaging 100% recycled paper – including recycled envelope papers – as well as converting equipment. What is the share of each product type in your total production?

All our production is based on 100% waste paper. We produce high-quality recycled papers. In graphical paper, we offer a full range of uncoated offset papers in various brightnesses and colours. We have also very successfully launched our Saveco brand, which offers cut sizes, as well as highspeed inkjet and digital paper.

We entered the envelope paper market step by step starting at the end of the 1990s. We listened to our customers and built up a whole framework of products and services to meet our customers' needs. We are very proud that our team consistently produces high quality paper. This is quite extraordinary given the inconsistent qualities of waste paper.

From developing brown envelope papers, we moved on to also develop packaging papers. The quantities of all product groups change according to demand.

How have changes in the envelope sector affected Schönfelder? And how do you think the situation will evolve?

We have been following the market very closely for 20 years and note the developments: the decrease in demand for letter and document envelopes, the increasing share of direct mail and the increasing demand for ecommerce protective envelopes and light packaging. However, our volumes have

Quality control at the paper machine

always grown against the trend during this time. We believe that one reason is our focus on 100% recycled paper. We are therefore sticking to our strategy and remain committed to the continuous improvement of our products, including those for ecommerce. We will continue to produce high quality recycled paper products.

As the letter envelope market declines and the ecommerce packaging market grows, what are the implications for your business?

Our long-term strategy remains the same and we will continue on our way, listening to our customers and building on our existing framework. For example, we have developed a whole range of recycled envelope papers suitable for the ecommerce segment.

Over the past 10 years we have also gained considerable expertise in ecommerce packaging, producing papers developed in close cooperation with our customers.

What are the benefits of recycled papers and why should people switch to 100% recycled papers?

With a recycling rate of over 80%, paper is simply unbeatable in terms of sustainability. The latest life cycle assessment data confirm the sustainability credentials of producing paper from waste paper: 78% less water and 68% less energy are consumed, and 15% less CO_2 emissions are produced, compared to the use of virgin fibre papers.

But it's important to note that it only works because consumers recognise the end products' good quality. Even though it's sustainable, consumers wouldn't accept recycled paper if the quality wasn't high.

Our raw materials are sourced locally, so we have always been able to deliver reliably even when supply chains have been disrupted.

Many companies and consumers want to use more sustainable products. Do they cost more? Are customers willing to pay more?

There are many different types of recycled paper. This means that we can offer very affordable papers as well as higher level solutions, depending on our customers' priorities. And no compromises need to be made in terms of runnability.

> "Runnability, logistics and an extremely low rate of complaints are important criteria that generate loyalty."

In difficult economic times, what keeps your customers loyal?

Our customers are themselves facing tough competition and they know about all the costs that arise until the envelope or mailing bag has fulfilled its function. Runnability, logistics and an extremely low rate of complaints are important criteria that generate loyalty. The pure purchase price is only one aspect, but it must also be acceptable.

New EU legislation will make it mandatory for larger companies to include detailed, fact-based sustainability reporting in their annual report. Are your customers already asking for such data from you? Are you ready?

In the future these rules will also apply to medium-sized companies like us. Therefore, we are also preparing ourselves accordingly and projects are underway to meet these requirements in the future. Our sustainability is already certified today, in particular by the Blue Angel, ISO 50001, ISO 9001 and ISO 14001.

How can Schönfelder support FEPE's members and partners?

The envelope industry is asking for a variety of individual, customised solutions. In this way we have a perfect fit with our customers. Naturally, we have new developments underway in cooperation with customers.

We've always pursued long-term partnerships with our customers. Our mid-size organisation offers the possibility to develop customer-fitted solutions together. Our team of production, R&D and sales has the knowledge about the fibres and show the possibility of converting. We are looking forward to new projects! ◊

Advanced technical flexible plastic films

Michel Rauturier, Venthenat Managing Director and Nicolas Venthenat, Polystyrene film Commercial Market Manager, describe Venthenat's products and services, and outline how the company is meeting business challenges and customer demands.

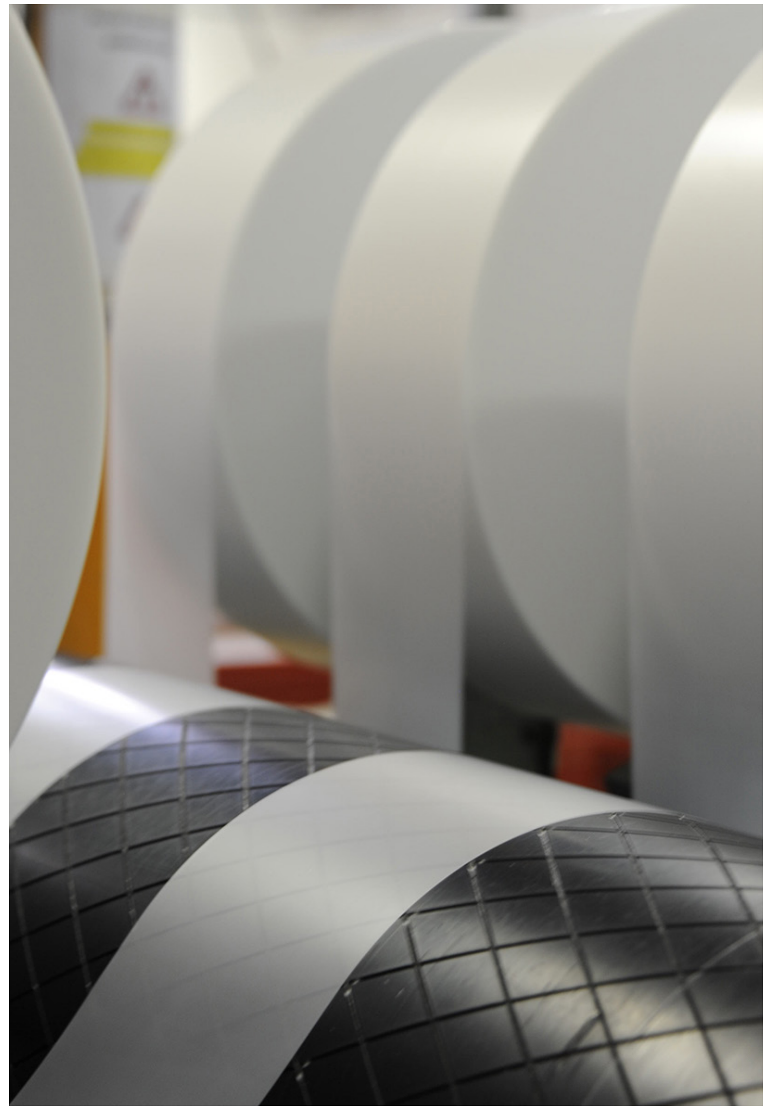
LEADER IN BLOWN EXTRUSION OF THIN PLASTIC FILM

Plastiques Venthenat specialises in thin blown extrusion of technical plastic films. Based in France, Venthenat is a worldwide leader in the industry thanks to its expertise and a unique extrusion process.

Venthenat's main goal has been to develop the best technical flexible plastic films for niche markets, to meet the demands of advanced manufacturing processes in the fields of pharma, food and flexible packaging applications.

"Venthenat offers a wide range of polystyrene film thicknesses from 25µ up to 80µ," Nicolas explained. "The usual thickness are: 32µ, 29µ and 27µ. The company has been able to downgauge to provide a 25µ thickness, to offer a more competitive solution."

In the envelope industry, Venthenat films are mostly used in traditional window envelopes, notably UNIVEDER polystyrene film and PLACEVIT PVC film. Their product range also includes: Barex film, EVOH film, COC film for converters (for pharmaceutical packaging), Lactips film (bio-sourced and water-soluble film) and PVC film for flexible packaging. Venthenat is also developing thinner films to meet the demand for more environmentally-friendly products and reduce the weight of materials.



Photos courtesy of Plastiques Venthenat

Like other companies, Venthenat is facing a changing business environment: sustainability concerns, political and economic instability, soaring energy costs and recruitment problems.

"Our industrial and commercial policy is in place for facing these unavoidable issues, whether in the short or long term," said Michel.

"For example, a cost decrease policy has been put in place. But our customers are also concerned with the sustainability of the products they use. This is an important consideration in our current operations as well as our long-term business plan, which includes new developments to address new markets and applications.

"We are convinced that we have to be very flexible, making sure that our long-term strategy is adaptable to new challenges," Michel explained.

"Our production capability has to be adjusted in the face of a decreasing envelope market along with demand for a wider diversity of window envelope film qualities and thicknesses," added Nicolas. "We work closely with our customers to offer the solutions they need. ◊

See: www.plastiques-venthenat.fr/our-products

Envelope, paper and packaging market trends

Participants at the latest FEPE Marketing Committee meeting reported common trends in different markets.

CONTINUED DECLINE FOR ENVELOPES

There are no signs of any improvement in the envelope market, which continues its decline. Recent decline is partially due to overstocking and paper prices, but it is also due to an apparently permanent reduction in demand from office suppliers. While the need for measures taken during the Covid-19 crisis – such as remote working and increased digitalisation – has gradually diminished, some changes have settled into 'business as usual'; e.g. partial remote work and more digital communication. Moreover, when companies need to cut costs, one of the first things to be reduced is marketing, particularly mail campaigns, resulting in decreased demand for envelopes.

COST CUTTING CONFLICTS WITH PAY DEMANDS

Due to inflation and increased costs of energy and raw materials, companies are under heavy pressure to cut costs. At the same time, employees – who are facing their own rising costs – are demanding pay increases. The resulting industrial disputes put further pressure on production and availability.

ECOMMERCE DROP IS TEMPORARY

Several markets reported a drop in ecommerce figures. Again, this was expected to be either temporary – influenced by high inflation and reduced consumer confidence – or simply a market stabilisation following the very high growth of ecommerce during the Covid-19 crisis. However, the fall in ecomerce is interpreted as a tempororary dip: in the long term, ecommerce will only increase, especially as the inflation peak appears to have passed.

STOCKPILES LEAD TO LOWER DEMAND

At the latest meeting of the FEPE Marketing Committee, one factor was observed across most markets: the effect of stockpiling.

Because of the supply chain disruptions that were caused by Covid-19 and the war in Ukraine, in 2022 many companies took the precaution of stockpiling paper and/or paper products, including envelopes. Demand was therefore reduced as companies used up stock.

HIGH PAPER PRICE INCREASES INTEREST IN PLASTICS

Another recurring observation was that the surge in paper prices made plastics more appealing to customers, for packaging and padded envelopes. This was expected to be a temporary trend, given the increasing regulatory pressure towards recyclability of products.

SIGNS OF RECOVERY

Energy and gas prices have stabilised and even started to go down, somewhat helping companies meet customers' demands to reduce prices. Meanwhile, availability of raw materials, including paper, has been improving.

However, it is difficult to predict the business outlook, due to the war in Ukraine, inflation and rising interest rates.

STILL NO SIGNS OF STANDARISATION FOR ECOMMERCE PACKAGING

Many new ecommerce protective packaging solutions are appearing in the market.

However, there are still no signs of any emerging standards or norms in terms of sizing or construction.

ARE POSTAL COSTS KILLING THE POST?

Several countries reported that postage prices continue to increase, while some even report that the service is deteriorating. In some regions, postal delivery has been reduced to less than once per weekday — even if this has not been officially announced to the public.

The increase in postage costs is also affecting the direct mail market, with some marketeers switching to digital marketing communication rather than print. It is unclear if this is a trend or a blip, but it does signal instability in the market.

REDUCED DEMAND FOR NEWSPRINT

The falling demand for newspapers and magazines is impacting the paper market in many countries. Paper producers expect to compensate by meeting the markets' increasing demands for paper packaging.

LEGISLATION FAVOURS DIGITAL

Many companies and official authorities have already switched to sending invoices by email rather than by post. The main reasons for digital invoicing are to achieve cost savings through automation and to avoid postal delivery costs. This is one of the major factors that has contributed to the reduced envelope volumes over the past years.

Several EU regulatory measures are now combining to encourage or enforce e-invoicing in Europe. An e-invoice is not just a PDF of an invoice: rather, it is an invoice that has been issued, transmitted and received in a structured data format which allows for its automatic and electronic processing (as defined in Directive 2014/55/EU). When an e-invoice is received, it is absorbed by the IT system without human intervention and is immediately available for further processing (e.g. invoice verification and approval). In contrast to paper or PDF invoices, no manual steps need to be taken and the process can be fully automated. The main benefits of e-invoicing are related to preventing tax fraud, etc.

E-invoicing will have a heavy impact on the envelope market, already weakened by PDF invoicing. In France, for example, e-invoicing will be mandatory for all companies, subject to VAT, depending on the company's size: large companies by July 2024, mid-sized by 1 January 2025 and small and micro-enterprises by 1 January 2026.

E-reporting will be mandatory even for transactions not associated with e-invoicing, including transactions with an individual not liable for VAT and cross-border sales with exempted entities.

Similar regulations are expected across Europe.

Gascogne new paper machine from 2025

The Gascogne Group has placed an order with the Andritz Group for a new paper machine, with a planned start-up in 2025.

The aim of this investment (€220m in total) is to replace the three oldest machines at the Mimizan site with a single machine.

"This is a logical and historic investment for our Group. Over the past eight years, we have already invested €230 million. This paper machine is therefore a logical continuation of our investment policy in our production equipment. Certainly for the Gascogne Group, but also for the industry, it is a significant event. Utilising the most advanced paper making technology, we look forward to operating a machine that will answer our customers' demand as well as society's and consumers' new expectations regarding sustainability," said Dominique Coutière, Chairman and CEO of the Group.

This project is creating a positive dynamic affecting all of the Group's employees, but also a number of service providers associated with the project.

Construction of a brand new building is due to start before the end of the first half of 2023. It will house the new production line and its modern packaging line, as well as offices and a reception area.

With this investment, the Gascogne Group is committed to sustainable and innovative development in the Landes region in France for the next 50 years.

Press contact: Alice HELT +33 787 747 934

ABOUT THE GASCOGNE GROUP

The Gascogne Group is one of the main specialists in maritime pine processing, fully integrating the entire wood, paper and converting chain. The Group relies on four complementary activities (wood, paper, sacks and flexible) to expand in markets such as unbleached machine glazed kraft paper, human and animal food sacks, laminate solutions for building insulation, and technical wood for carpentry. ◊

Sustainability reporting requirements as of 2024

SUSTAINABILITY REPORTING IN ANNUAL REPORTS

Measures under the EU Green Deal are leading to significant changes in EU legislation. Notably, the **Corporate Sustainability Reporting Directive (CSRD), EU Taxonomy Regulation**, etc. call for increasing disclosures regarding environmental, social and governance (ESG) matters.

For example, companies will be required to incorporate their non-financial sustainability reports into their annual reports, rather than publishing separate (voluntary) sustainability reports. They will also be required to translate their ESG ambitions and activities into standardised, comparable sustainability data.

The legislation poses new challenges for companies, such as identifying which data to include in sustainability reporting or ensuring the accuracy and credibility of data.

While difficult, meeting these challenges will ensure full regulatory compliance and increase your business' credibility by reassuring customers, management, staff and board members that your business is sustainable.

THE LEGAL FRAMEWORK

National, regional and EU legislation to address ESG issues is complex and continually changing.

Among many other demands, EU regulation – notably, the CSRD – will very soon require companies to disclose, in their annual report, specific information in relation to sustainability, including their:

- ◊ business model and strategy
- ◊ KPIs and targets
- ◊ risks, policies and due diligence.

The CSRD defines a set of EU sustainability reporting standards (ESRS), where 'sustainability' covers specific ESG topics as well as transversal standards.

The CSRD becomes applicable to companies in the EU from January 2024, 2025 or 2026, depending on the company (see below).

For further information, see: *www.carbontrust.com/news-and-insights/insights/corporate-sustainability-reporting-directive-csrd-explained* ◊

WHO MUST REPORT THE EUROPEAN SUSTAINABILITY STANDARDS, AND WHEN?

Jan 2024	Jan 2025	Jan 2026	Jan 2028
Companies already affected by the NFRD	All large companies (meeting 2 of 3 criteria): >250 employees and/or >€40M in sales and/or >€20M in total assets	Listed SMEs (excluding micro-enterprises)	Non-EU companies with consolidated/ individual sales in the EU of >150M in 2 consecutive years and an EU subsidiary

LEGISLATION

Designing for recyclability to reduce packaging waste

EUROSAC and CEPI Eurokraft have published *Paper Sacks – Design for Recyclability Guidelines*, aimed at helping the industry meet PPPR targets.*

MAXIMISING THE RECYCLABILITY OF PAPER SACKS

The proposed **EU Packaging and Packaging Waste Regulation (PPWR)** aims to tackle the growing problem of packaging waste. One of the targets is to make all packaging recyclable by 2030. A new publication, *Paper Sacks – Design for Recyclability Guidelines*, aims to support sack kraft paper producers, paper sack converters and fillers to maximise the recyclability of all paper sacks placed on the market.

The guidelines provide recommendations for the materials used and for the physical construction of paper sacks.

“Our industry is committed to delivering high-performance and sustainable packaging for dry bulk products that supports the transition to a bio-based, low-carbon and circular economy,” said Catherine Plitzko-Kerninon, General Delegate of EUROSAC, the European Federation of Multiwall Paper Sack Manufacturers. “One of the key action areas defined in our roadmap is to ensure that paper sacks achieve a high percentage of recycling after use. Our new guidelines provide useful information for all actors in the paper sack value chain on how to ensure the recyclability of their packaging.”

THE PREREQUISITES

How is recyclability defined? According to a new regulative proposal from the European Commission, **collection and processing structures for the packaging format must be available at an industrial scale to be considered recyclable**. It must be possible to collect the packaging from existing collection points and sort it in a qualified manner. In addition, **the packaging should be designed to be compatible with the existing recycling systems and processes**. Therefore, all packaging materials should be selected and applied by considering their impact on the recyclability.

PAPER SACK RECYCLING IN EUROPE

As paper sacks represent only a small fraction of the total paper packaging stream in Europe (1.5%), there is no Europe-wide recycling system solely for paper sacks. Instead, they will mostly be collected as part of mixed paper packaging for recycling streams. They are made up of 91.7% of paper, 2% glues and 1.1% inks. The remaining 5.2% are typically moisture barriers in the form of polyethylene film. These materials are separated out in most recycling facilities. The goal is to recycle each ingredient of the paper sack in the best way.

Source: Press release, Eurosac and CEPI Eurokraft, 27 July 2023

Paper sacks and paper bags are a bulk packaging solution used for a variety of applications including cement and building materials, food ingredients (such as flour and milk powder), pet food and animal feed, seeds, and chemicals and fertilisers. The terms paper sacks and paper bags are often used interchangeably, but a distinction can be made between the two:

» **Paper sacks** – this term can be more accurately applied to larger flexible containers made from paper for shipping industrial products between businesses, generally more than 10 kg net content. In Europe, paper sacks may contain up to 25 kg of product, so strength is a key feature. Such paper shipping sacks are more likely to arise as waste in commercial and industrial waste streams.

» **Paper bags** – this term can be more accurately applied to smaller consumer-sized packages, generally less than 10 kg net content. Such paper bags are more likely to arise as waste in household waste streams.

Both solutions are manufactured from sack kraft paper. These guidelines particularly focus on paper sacks, although many of the recommendations will also be applicable to paper bags, and indeed other packaging solutions such as paper carrier bags. Sack kraft paper is manufactured from chemical pulp produced predominantly by the kraft sulphate process. The paper sheet owes its renowned strength to the long virgin fibres which are obtained from slow-growing softwood coniferous species. Sack kraft paper is characterised by its porosity, high elasticity and high tear resistance. These properties are harnessed in a range of kraft paper sack formats which are used to package heavy powdered industrial produce which needs to be de-aerated during high-speed filling, such as construction materials (e.g. cement) and foodstuff such as flour.

Performance powered by nature.

Being predominantly fibre based, paper sacks are inherently recyclable. Nonetheless, there are various properties of paper sack specifications and designs which may influence the recyclability of individual paper sacks.

DESIGN RECOMMENDATIONS

The *Paper Sacks – Design for Recyclability Guidelines* provide recommendations for all materials used in industrial paper sacks. They cover the different fibre types and the eventual additives used in sack kraft paper. For the non-fibre components,

> *“These guidelines particularly focus on paper sacks, although many of the recommendations will also be applicable to paper bags, and indeed other packaging solutions such as paper carrier bags.”*

the document informs about the implications for recyclability of different barriers that are necessary to keep the packaged product safely. Adding to that, the guidelines focus on inks, varnishes and adhesives as well as additional constructive elements such as carrying handles and patched-in plastic windows.

Paper Sacks – Design for Recyclability Guidelines concludes by saying that the technology and policy relating to collection, sorting and recycling is fast moving. Capabilities in sorting systems and reprocessing technologies keep changing. Existing technologies are evolving, and new technologies are emerging which could revolutionise recycling value chains. CEPI Eurokraft and EUROSAC maintain a watching brief on those technologies pertinent to paper sack collection, sorting and recycling.

In addition, the legal requirements and definitions of recycling are under constant review, particularly as policies relating to the EU's Circular Economy Action Plan are finalised. Also, other design for recycling guidance is being developed and revised which may provide further insights regarding the recyclability of paper sacks. The guidelines will therefore be reviewed regularly and updated as necessary to reflect the dynamic situation.

Download the Paper Sacks – Design for Recyclability Guidelines report at: www.eurosac.org ◊

WARNING FROM THE CORRUGATED BOARD INDUSTRY

In a study commissioned by the VDW,* the GVM concluded that the sweeping targets for extensive use of reusable packaging do not achieve their goals. "11% more plastic consumption, 200% more transport kilometres, 80% more storage space, and up to 400% higher costs for packaging materials. These are among the consequences that threaten to occur in 2040, if the Packaging and Packaging Waste Regulation is adopted in the form proposed by the European Commission," warns VDW Chairman Dr. Steffen P. Würth, citing the GVM study.

** VDW: Verband der Wellpappen-Industrie e.V. (Association for the Corrugated Board Industry)*

GVM: Gesellschaft für Verpackungsmarktforschung (Packaging Market Research Company)

Pro Carton responds to the PPWR

The planned PPWR regulation is known to be controversial. The paper and cardboard industry sees itself at a disadvantage. It's providing new figures to get its voice heard at European level.

In reference to the PPWR, Pro Carton Director General Horst Bittermann says that "a few fundamentalists" are ignoring the real economy and consumers. "Without a doubt," he insists, "Pro Carton supports the goal of a functioning circular economy for packaging as well as the planned harmonisation of the internal EU market. However, there are currently differing views on the ways to achieve this goal."

Among other things, the EU wants to reduce the volume of packaging by introducing a reusable quota for ecommerce packaging, for to-go packaging and certain forms of transport packaging.

According to Bittermann, the fibre-based and renewable packaging materials in question – paper, corrugated board and cardboard – are already environmentally friendly packaging materials and prime examples of a circular economy that has been functioning for decades, as they are already characterised by high recycling rates.

Bittermann notes that a recent McKinsey study found that compared to single-use alternatives, the introduction of reusable packaging in the online trade of non-food products in Germany leads to an increase in $C0_2$ emissions of 10–40% and a cost increase of over 50%, depending on the packaging material. Making every tenth parcel reusable would lead to additional costs of around €30 million for the entire market in Germany, the study notes. For parcels reaching 20 turns, transport is likely to account for more than 75% of costs and more than 65% of $C0_2$ emissions.

According to Bittermann, the argument against the mandatory introduction of reusable packaging is that long transport routes are necessary, and the logistics for this are not established. Complex cleaning processes, especially for food packaging, also lead to unnecessarily high water consumption and a hygiene problem. Lower circulation figures would still have to be expected, because not every consumer would end up returning the pizza packaging, for example. This could therefore also have negative consequences for the environmental impact of reusable packaging.

"Options with the lowest environmental impact and the lowest cost for consumers should be promoted and supported," he added. Bittermann also said that, so far, the relevant authorities proposing the PPWR have presented no scientific evidence for the advantages of a reusable system. He says this is not just about the environmental advantages and disadvantages of packaging, but also about food, "protecting it and wasting food, if these products are not adequately protected by packaging."

"The ecological impact of food wastage is many times higher than that of protective packaging," he contends. What counts, he says, is the smallest possible ecological footprint with the best possible functionality of the packaging throughout its life cycle. ◊

FEDERATION FOR ENVELOPES AND FOR LIGHT
AND ECOMMERCE PACKAGING IN EUROPE

FIND OUT MORE

secretariat@fepe.org | www.fepe.org

TO ORDER EXTRA COPIES OF THIS ISSUE OR
DOWNLOAD A DIGITAL VERSION:

fepe.org/publications