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From recycling to reuse: is the upcoming EU legislation bringing us to a new era of packaging?

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NMWE and some key market statistics



NMWE members

National trade associations

- | | |
|--|--|
|  Austria |  Luxembourg |
|  Belgium |  Netherlands |
|  Bulgaria |  Poland |
|  Croatia |  Portugal |
|  Czechia |  Romania |
|  Denmark |  Serbia |
|  France |  Slovenia |
|  Georgia |  South Africa |
|  Germany |  Spain |
|  Greece |  Turkey |
|  Hungary |  UK (BDSA) |
|  Ireland |  Ukraine |
|  Italy | |

550 producers

EU associations

-  Watercoolers Europe

Bottling companies

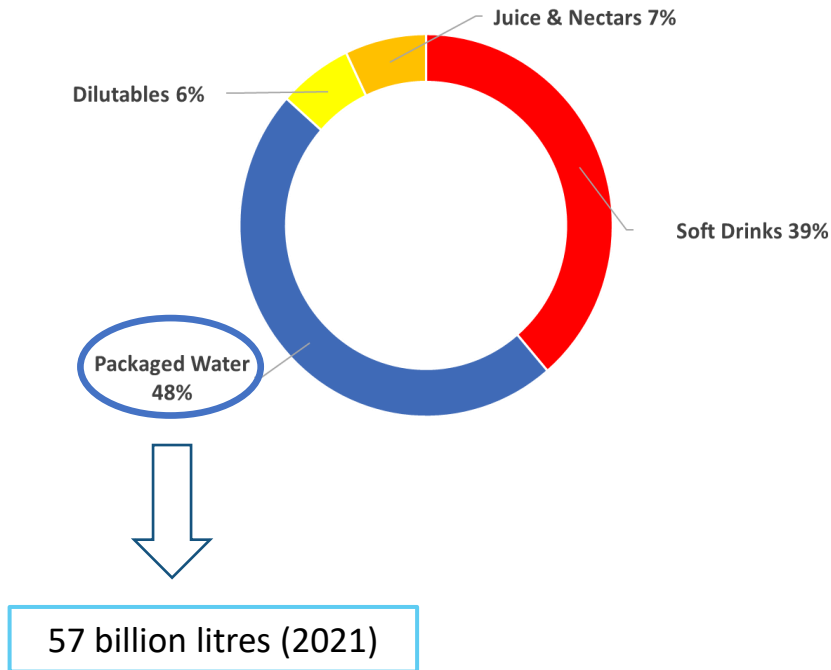


Suppliers



EU bottled water market in a nutshell

Packaged water = leader on EU NAB market



Source: GlobalData

European consumers prefer natural waters



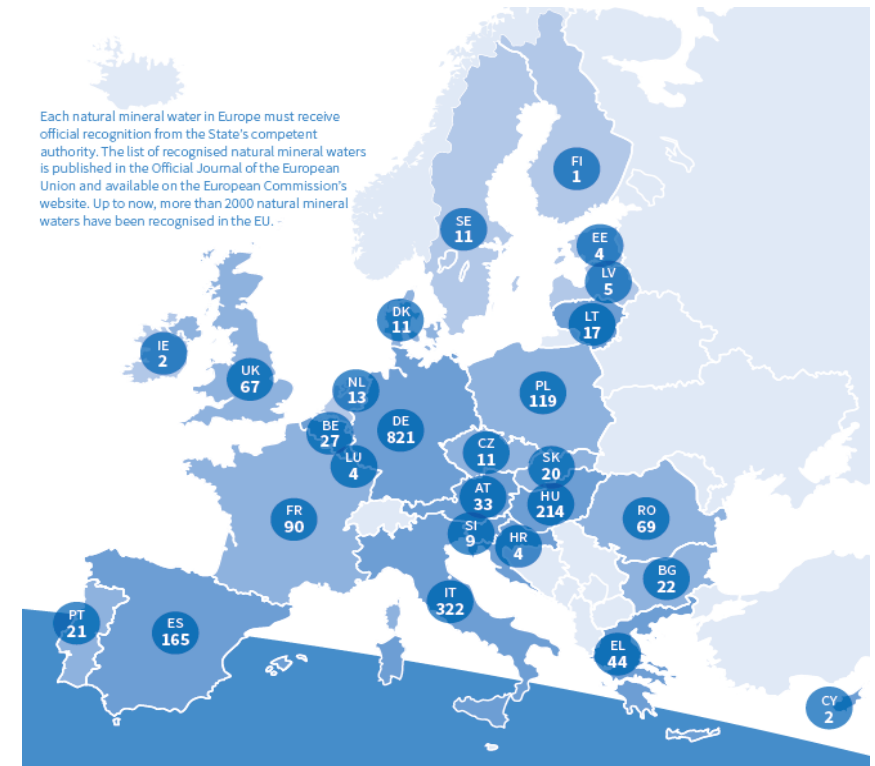
- Contrary to other continents, European consumers opt for natural, unprocessed waters (**97%** of the EU market)
- Category fully regulated under EU law since 1980
- Key criteria under Directive 2009/54/EC : protected purity at source, stable mineral composition, no transport in tankers (bottled at source), labelling + temper-evident seal

=> **Legal constraints as to available distribution models!**

Sector = essential to local economies throughout the EU

- Very fragmented market due to the nature of the product
- Large majority of producers = SMEs (top 3 producers represent < 25% EU volume)
- Most producers are located in rural areas where jobs are scarce
- Hundreds of regional brands with strong connection to their local 'terroir'

Around 2000 recognised sources in EU





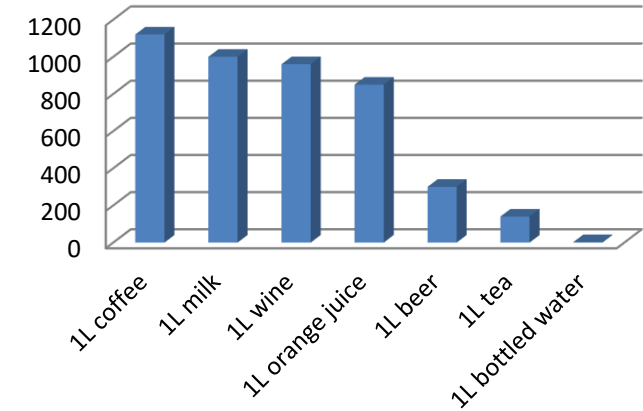
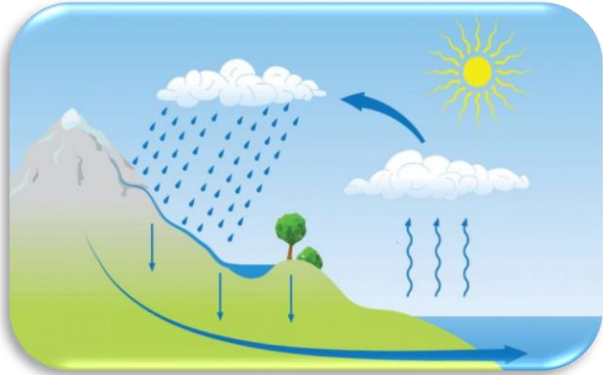
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Sustainability credentials



Guardians of water resources and biodiversity



❖ Our sector depends on a **pristine natural resource**; vast areas of land around the sources are **actively protected** via private public partnerships (corrective measures are prohibited)

❖ Producers also work towards the **preservation or restoration** of local **biodiversity** (e.g. afforestation, increase of pollinators populations, etc.)

❖ **Sustainable water abstraction levels + low water use ratio in the production** ensure availability for future generations

➤ Bottled water production has a comparatively low water footprint (see graph above)

→ Preserved **water quality** & increased **biodiversity**

EU Code of Conduct projects ongoing

1. Decarbonisation

- Aspirational target: Carbon neutrality by 2040
- Current action: Conducting decarbonisation study for the sector

2. Biodiversity

- Aspirational target: Preserve and improve biodiversity where our members operate
- Current action: Defining relevant indicators for the sector

3. Water efficiency

- Aspirational target: Demonstrate a decline in water use in 5 years
- Current action: Knowledge building on what constitutes water sustainability in the sector

4. Packaging circularity

- Aspirational target: Only recyclable/reusable packaging by 2025; 50% recycled content by 2030
- Concrete action: Promoting enablers (well-designed DRS, EPR schemes)

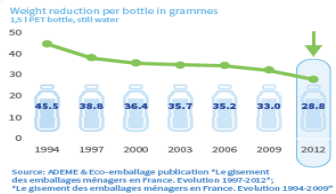


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Focus on packaging sustainability



NAB sector = best candidate for packaging circularity



= Reduction
in action

- Sector was **pioneer** in setting up national **packaging recovery schemes**
 - Non-alcoholic beverage (NAB) producers use **100% recyclable packaging** (PET, glass, aluminium) including labels and lids, with **PET** being the **most recycled polymer**
 - NMWE & UNESDA co-founded **design guidelines** for recycling with PET value chain
 - Continuous achievements in **light-weighting**: today it is possible to pack **1.5 litre** of natural mineral water with as little as **20 gr of PET**
- => NMWE members have the ambition to **close the loop** on their packaging and make **voluntary pledges** and **commitments**

NMWE journey towards packaging circularity



May 2018 – First sector’s voluntary pledge (before SUPD)

- NMWE (ex. EFBW) pledges to **collect 90% of all PET bottles** and include at **least 25% recycled PET** into new bottles
- Highlights that increasing rPET content « *will require a consistent supply of high-quality material* ».



2020 – Joining FEVE’s Close the Glass Loop initiative



- Boost **collection** for recycling rates for **glass packaging** to reach an EU average of **80% by 2025** and **90% by 2030**
- Improve the quality of recycled glass, to increase the **recycled content of glass packaging**



July 2021 – Signing the EU Code of Conduct for responsible food businesses and marketing practices under the Farm to Fork Strategy (see further)

July 2021 – EU Code of Conduct: NMWE aspirations & commitments in packaging

Only recyclable
or reusable
packaging by 2025

90% collection
of bottles by
2025

At least 50% of
rPET use by 2030
(30% by 2025)

The enabling factors

1. Collection

DRS minimum
requirements

2. Recycling

Access to a fair
rPET quota

3. Decision making

Science-based impact
assessments

4. Policy

Internal market protection, long-
term visibility for the industry



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The revision of the Packaging & Packaging Waste legislation:

A new era of packaging?



PPWR: an opportunity to lift hurdles

- Lagging packaging collection rates

- Difficulty for bottlers to access “their” recycled material

Figure 1: Average recycling rates by material, EU DRS vs Non-DRS countries

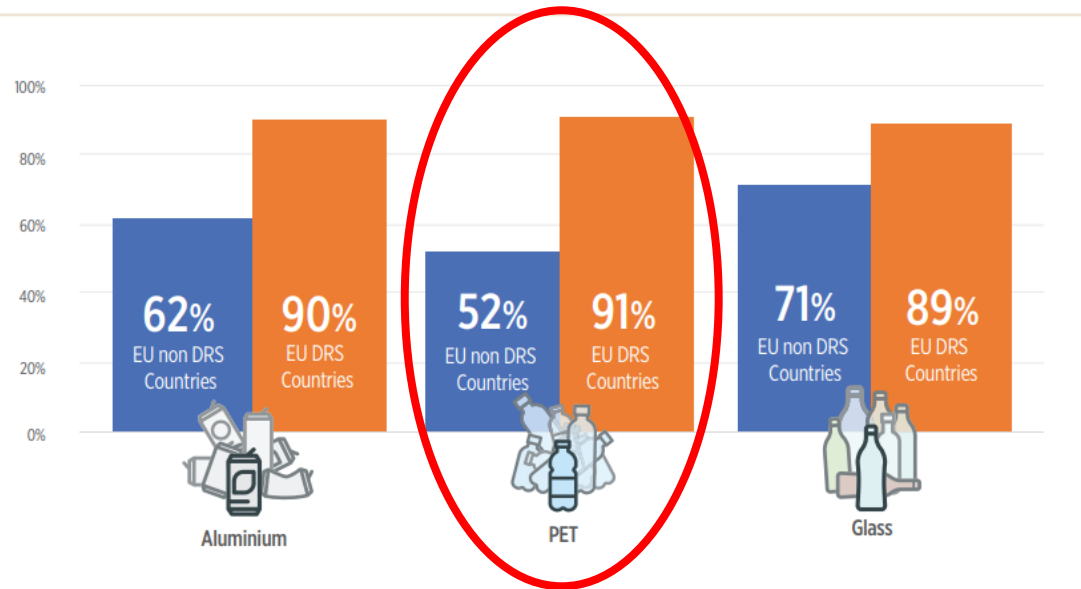
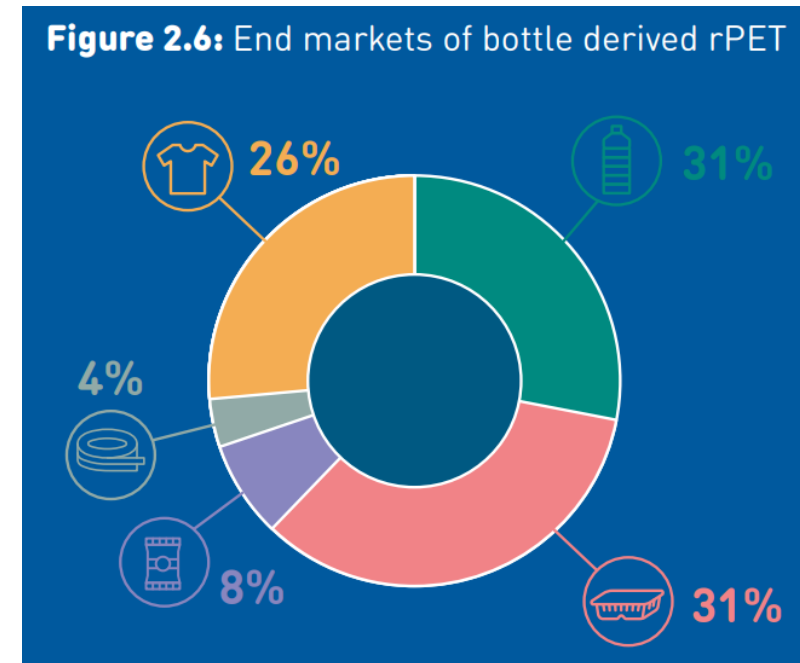


Figure 2.6: End markets of bottle derived rPET

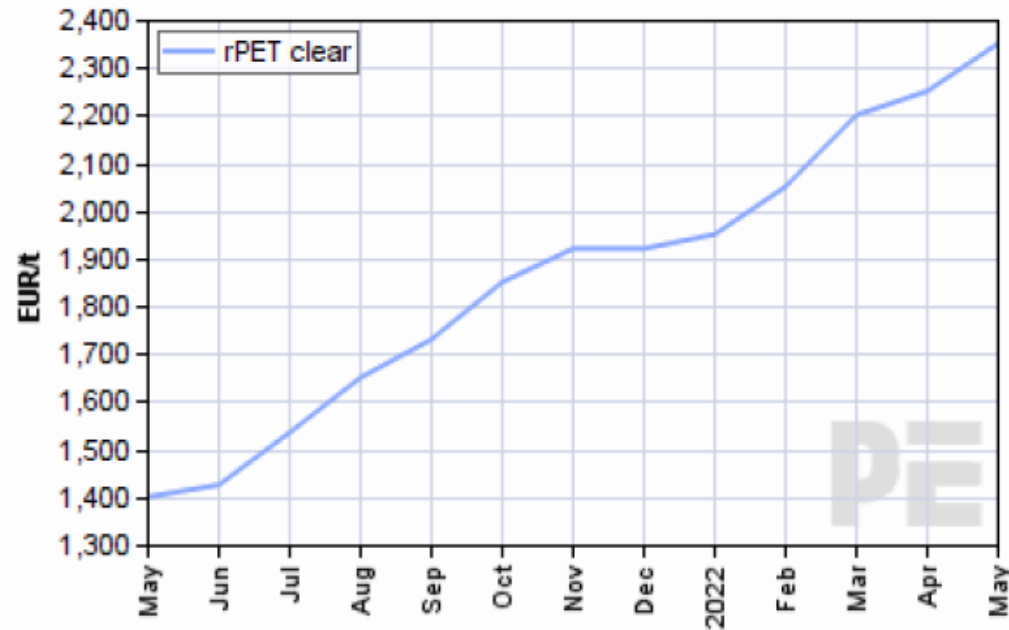


[Target 90: The dual-action approach for circular drinks packaging in Europe, Reloop, October 2022](#)

[How circular is PET? Eunomia & Zero Waste Europe, February 2022](#)

PPWR: an opportunity to lift hurdles

PIE Polymer Prices



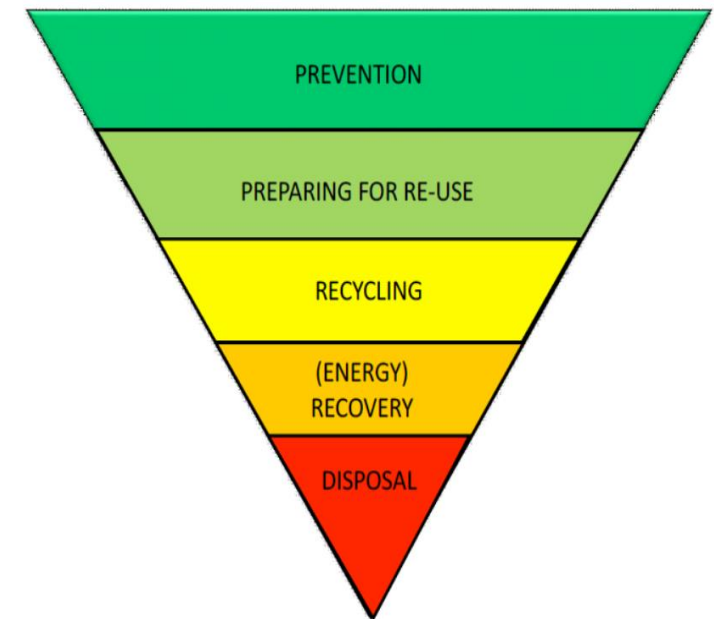
(C) 2022 Plastics Information Europe, Bad Homburg/Germany - www.pieweb.com

PPWR: an opportunity to lift hurdles

→ Struggle to reach recycled content targets of Single Use Plastics Directive from 2019

(25% in 2025, 30% in 2030)

- Other issues, e.g.
 - Lack of visibility over future EU policy options (recycling vs. reuse vs. reduction)
 - Proliferation of national measures





So, is PPWR responding to these issues?

Only partly.

Paradigm shift from recycling to reuse. Revolutionary in the level of prescriptiveness on how to produce*.

**Not necessarily a good thing.*

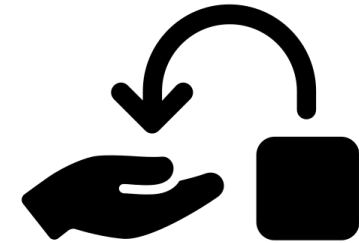
Main implications of the PPWR draft for the NMW sector

- Recycled content targets on each unit (product requirements)
 - 30% in 2030, 65% in 2040 for single-use plastic bottles
 - But also similar targets on other PET and non-PET plastic products

→ Expected huge r-material demand to meet the product requirements

- DRS mandatory from 2029
 - But subject to exemptions and text open for interpretation
 - But no fair access to the material in a closed loop

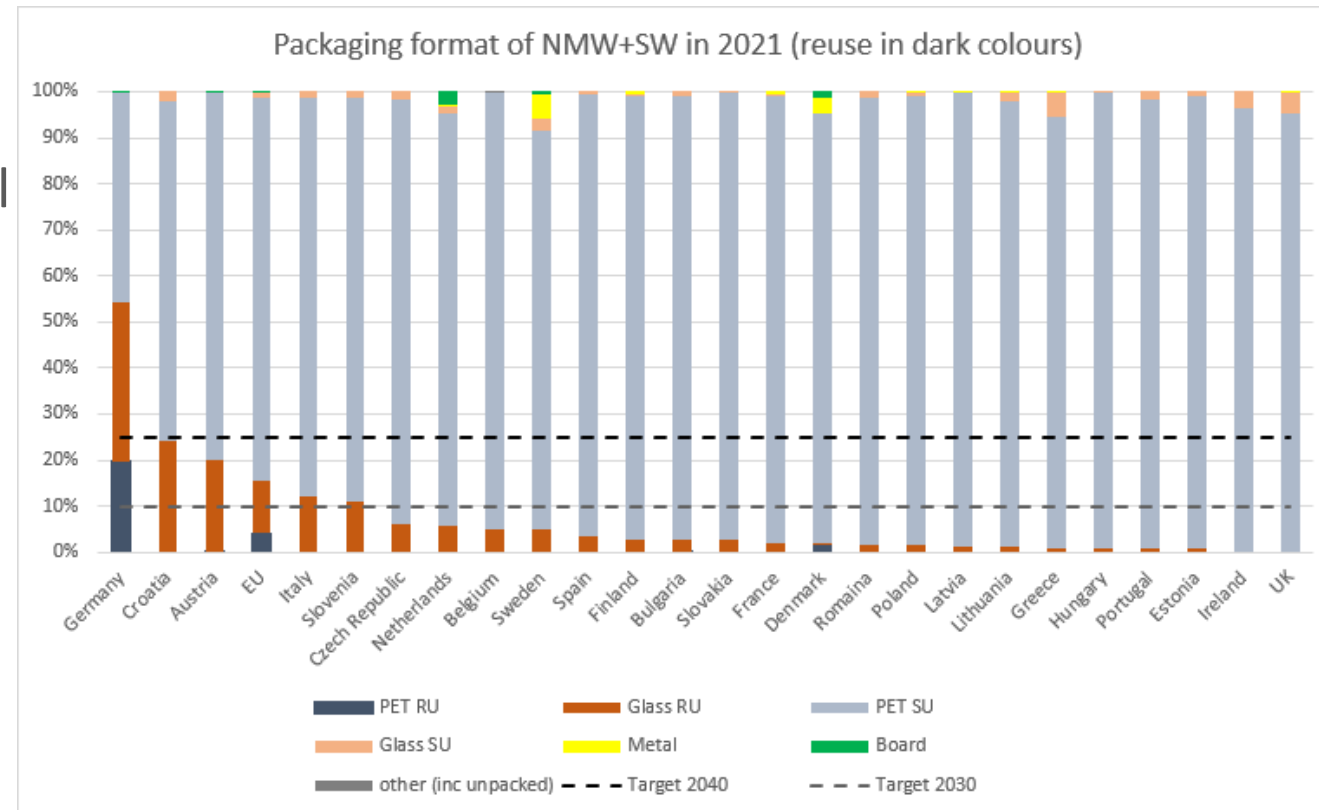
→ More collection expected, but when and who gets the material?



Main implications of the PPWR draft for the NMW sector

- Reuse target on every manufacturer and final distributor
 - 10% in 2030, 25% in 2040 of products made in reusable packaging or via refill
 - Currently marginal – mainly through HORECA and glass
 - Unclear interplay between manufacturers and final distributors
 - High investments for reuse for a company (around € 20 milion)

→ **Potentially devastating effect especially on smaller companies**

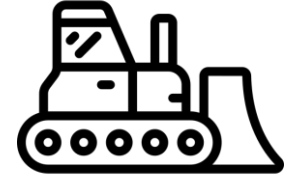


Main NMWE's asks – to close the loop via recycling



- Deposit and Return Systems (DRS) **operational at least 2 years before targets enter into force**
 - Because proper collection is fundamental to reach r-content targets
 - Because it can take time between legislating a DRS and making it actually operational
 - Best practices: recently established [Lithuanian](#) DRS improved collection from 34% to 92% collection in less than 2 years; Slovak DRS above 80% in one year
- Closed-loop recycling to be clearly favoured – bottle-to-bottle
 - **Fair access** of the bottlers to a proportionate share of the **recycled material** to be one of minimum DRS requirements in **Annex X**
 - Because closed-loop system rewards design for recycling and efforts to recycle, promotes resource efficiency, and helps avoiding downcycling greenwashing

Main NMWE's asks – to incentivize reuse



- **Keep the support of reuse, but avoid the heavy-handed approach**
 - Reuse where environmental and economic sense, complementary to recycling
 - Legislation to **reflect specificities of product groups**; e.g. natural mineral and spring water covered by Directive 2009/54/EC – bottling at source, original purity to the consumer
 - Refill not an option for NMW & SW
 - Bottling at source hampers pooling of resources
 - Hard to scale – hydrogeological constraints
 - Socio-economic consideration – often in remote areas
 - Legislation to give chance to comply to all companies
 - **Not having a target on every manufacturer**, ideally a collective target for the whole market
 - If not, then leaving the target only on final distributors still much more feasible – their demand will drive reuse while not liquidating those objectively hard to comply
 - If obligation on all producers, then sufficient exemptions necessary for proportionality

Summary

- PPWR has the potential to support the sector in its path towards better circularity and environmental sustainability
- There are some promising provisions
- But the proposal needs to improve at least in three areas
 - Proper collection infrastructure well ahead the r-content targets
 - Access of manufacturers to their recycled material
 - Reuse to be supported in a nuanced way, considering diversity of situations in terms of product category specificities and constrains, various national starting points, supply chain reality, environmental impact etc.



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Thank you!

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