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## Grappling with eco-fees

### Packagers shipping abroad can't afford to leave data reporting requirements and fee liabilities out of package design decisions.

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Many packagers ship products overseas to locations where strict packaging laws and guidelines are enforced. Yet they are often unaware of the new requirements, taxes and fees imposed by such laws and guidelines. Worse, an overzealous marketing department may change a package without taking into account how such a change may affect packaging reporting requirements or fees.

#### Do you have the data?

As part of the European Union's (EU) Directive on Packaging and Packaging Waste, Germany, France, Austria, Belgium, Luxembourg, United Kingdom, Ireland, Spain, Sweden and Portugal all impose fees on manufacturers for primary and secondary packaging by material type. Other member countries are rapidly following suit, and many of these countries also impose fees for distribution packaging such as corrugated cases. Unfortunately, each country has developed its own unique program with different data requirements and fee structures, making broad compliance difficult at best.

The packaging-related data that packagers must furnish varies considerably depending on the country (Figure 1). [All charts and tables were supplied by the author.] For example, Germany and France require packagers to report the shelf volume of each package; the United Kingdom requires recycled-content data; and Belgium requires reporting of progress in reducing product-to-package ratio over time. Countries outside the EU, including Japan and Taiwan, also regulate and levy fees on packaging.

In most cases, manufacturers must be prepared to provide data on each specific component of a package, not just the packaging ensemble as a whole. Additionally, packagers need to establish programs to obtain certificates of compliance from vendors (and in some cases, customers) to assure their products comply with international packaging requirements (see PW, Nov. '97, p. 78).

### **Fees vary, too**

Just as intricate as the variations in reporting requirements are the fees that differ-sometimes wildly-among countries (Figure 2). The fees that a given package incurs may differ so much because each country often has its own definitions of what constitutes a given material.

For example, in France, Ireland and the U.K., paperboard is classified as paper if it contains at least 50% fiber. However, in Austria, coated paperboard must contain at least 80% fiber to be classified as paper. In Belgium and Luxembourg paperboard must contain 85% fiber, and in Germany 95% fiber is required.

Going further, in Belgium and Germany the fees on paperboard are based on fiber content. A box that is 80% paper, 10% plastic, and 10% metal would be considered composite. In Spain, packagers must pay the highest fee of any material that represents 15% or more of the packaging component in question. If a paperboard box consists of 15% plastic, 15% foil and 70% paper, a packager must pay the fee for plastic, which is double the fee for paper and higher than that of metal. But if the box is 80% paper, 10% plastic, and 10% metal, the fee in Spain is based on paper.

### **Composites are higher**

In several countries-Austria, Belgium, Luxembourg and Germany-material with a lower fiber content is categorized as "composite," which carries a significantly higher fee. Yet France, Ireland, Sweden and the U.K. have no separate composite category. In general, fees on plastics and composites are significantly higher than any other materials.

For example, if a computer software producer decides to put its new internationally marketed software program in a glossy folding carton, fees incurred in some countries may increase by more than 500%. A similar fee increase would be levied on a company that unwittingly decides to add a hot stamp to its folding cartons.

Germany is a good example. A 100-g folding carton with no coatings or hot stamping would incur fees of only 2.3¢ per carton. If the box has a glossy coating or is hot-stamped, reducing the fiber content to less than 95%, the fee jumps to 12¢ per carton. In some cases these changes can make the amount of the fees greater than the actual cost of the packaging materials themselves.

In most countries, the packager is primarily responsible for fees and penalties. However, in the United Kingdom, all sectors of the supply chain—from package manufacturer to retailer—must pay a percentage of the obligation, which increases the complexity of the reporting requirements (Figure 4). Each sector must report on the amount and type of packaging it puts into the local market. Many companies fall into multiple sectors, further increasing the complexity of their reporting requirements. Some examples might be a company that manufactures its own packaging, or one that owns its own retail stores.

### **Establish a packaging database**

One way to make sense of the shifting sands of overseas eco-taxes and fees is to develop a packaging database (Figure 3). A packaging database might include all the information necessary to report in every country where a company does business. Significant detail regarding material types and recycled content should be incorporated so that the company can determine country-by-country differences in definition. Knowing and responding to these differences can reduce a packager's fees.

The database also needs to include data on differences in country definitions for recycled content. For example, the U.K. defines recycled content to mean both pre- and post-consumer materials.

Such a database can be used to provide the data necessary to support varying reporting requirements. It also makes it easier for packagers to evaluate their packaging choices. Using the information in this database, companies can establish a base year from which to evaluate packaging changes. From base year data, companies can develop strategies to enhance and monitor performance, measure packaging reduction and most importantly, reduce packaging fees and related costs for international shipments.

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