

PACKAGING LABELS – Don't lose your bottle over the label

Questions for investors to ask management of companies in the Plastic Supply chain

Recommended Questions	
Q.1	How is your company impacted by the rising price of recycled plastic? <p>Background: As regulation tightens, demand for recycled feedstock has risen and this is reflected in recycled product prices. For example, the EU market is showing a 51% premium of recycled feedstock over fossil-based. Also, in the UK, manufacturers prefer to pay the £200 (USD 248) per tonne plastic tax as it is cheaper than using recycled content in their packaging.</p>
Q.2	Are existing branded products compatible with current recycling processes? <p>Background: Numerous colours make the sorting and recycling process more complicated than it needs to be. Also, often labels cannot be recycled and are difficult to be removed which jeopardises the whole bottle from recycling.</p>
Q.3	When considering recycling, do you consider the container (e.g bottle) and the label? <p>Background: The packaging companies that are using PET clear bottles should include new innovative types of labels in their products, such as SKC Ecolabel or Pentalabel SmartCycle. Both can be recycled alongside the PET bottle they decorate. Widespread adoption would push down prices of these new labels therefore allowing profit margins to be maintained. Those that are using non-PET bottles should use a label that can be recycled even if it has to be separated from the bottle.</p>
Q.4	Would the company be impacted by being unable to use a slightly discoloured bottle to facilitate improved recycling? <p>Background: When the bottle is made from recycled material, the colour shade is highly dependent on the feedstock used, and consequently achieving consistency is not always easy. Brand owners, manufacturers and packaging companies need to recognise the difficulty for recyclers to achieve colour consistency specifications. Lower colour expectations would discourage the default position of turning to virgin options. There is a marketing challenge for these brand owners, but at least this move would align their sustainability credentials with their products, a claim they are keen to make.</p>

Report's Key Takeaways

- Few disagree that plastic recycling is desirable, but rates remain woefully inadequate at only 9% globally and at a marginally better 15% for plastic packaging.
- There is a supply constraint for recycled feedstock so greater efforts are needed to satisfy rising demand.
- Rising demand pushes the recycling prices up as well.
- Brands and consumer companies could adopt a self-help approach by thinking about both their containers and labelling.
- As self-regulation looks unlikely – driven by fear that a competitor will be advantaged by remaining unsustainable – policymakers need to fill the gap.
- Recycling is an important step in improving circularity, however we should remain mindful that it will not solve the global plastic pollution problem on its own.

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