

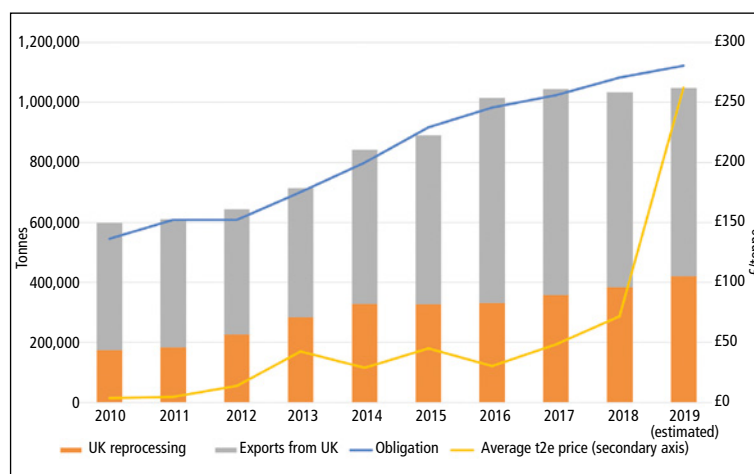
PRNs – an ongoing discussion

Over the past year, plastics and plastic waste have found themselves in the focus of the public eye. Now it's the turn of PRNs – Packaging Recovery Notes – and especially Plastics PRNs, where particularly the rapid rise in prices has caught many by surprise, writes **Angus Macpherson**, Managing Director of The Environment Exchange

But what are PRNs, anyway? The PRN system is the mechanism used by the UK to implement the requirements of the European Directive on Packaging and Packaging Waste. This directive is aimed at continuously improving the environmental performance of packaging and facilitating the correct functioning of the EU internal market, thereby protecting the free circulation of packaged goods in all Member States.

In the UK, therefore, Packaging Recovery Notes and Packaging Export Recovery Notes, collectively known as PRNs, are evidence of recycling of UK sourced packaging waste issued by reprocessors and exporters that are accredited by the UK Environment Agencies. Exporters must demonstrate that they export to the EU or to reprocessors that operate to broadly equivalent standards to those required within the EU.

PRNs are needed by all UK business that have a turnover of greater than £2m – or roughly €2.68m – and 'handle' more than 50 tonnes of packaging, to prove compliance under the UK Producer Responsibility Regulations. Handling is a broad concept that covers raw material manufacturing, converting, pack filling and selling, including giving away, packaging. These businesses have an obligation to demonstrate that a proportion of either their packaging, identified by specific material, or an equivalent tonnage is recycled. Proof, which is required annually, is having the requisite PRNs, which are expressed in tonnes, of recycled Aluminium, Glass, Plastic, Paper, Steel



Demand: supply balance in the UK plastic PRN market 2010-2019 and its impact on plastic PRN price

and Wood Packaging. Additionally there is a General Recycling obligation which can be met using PRNs of any material denomination.

Businesses do not need to recycle their own packaging, but may meet their obligation by buying PRN certificates from accredited reprocessors as evidence that an equivalent amount of packaging waste has been recovered and recycled on their behalf.

To both comply with EU packaging targets and encourage the environmentally sustainable disposal of packaging, the UK has been increasing the annual recycling target for all materials, and for plastic in particular. Additionally plastic has been very successful at growing its use and percentage of the packaging market. As a result, the UK national obligation for plastic packaging recycling has been increasing year on year. In 2010 it was just over 545,000, by 2018 it had reached double that figure and in 2019 the obligation is currently estimated at over 1.1 million tonnes. While UK plastic recyclers have risen to the challenge of meeting these targets, to do so they have been extremely reliant on export markets. Historically this has been to China, but as a destination this has been closing over the last 5 years. While Hong Kong, Indonesia, Malaysia, Taiwan and Vietnam have

been providing alternative destinations, they are becoming increasingly challenging. As a result, demand for plastic PRNs is increasing while supply becomes constrained, with the margin for error between the two reducing. So as the global price for secondary raw material has fallen, the PRN price has risen, some say exponentially, to maintain the necessary levels of recycling.

This issue, which has been brewing for some time, has come to a head in 2019 with prices of plastic PRNs traded through The Environment Exchange (t2e) averaging £262.17 per tonne with a peak of £480.00 – €545.00 – as uncertainty increases. Concurrently, businesses are revisiting their packaging materials, with some seeking a solution through lightweighting; others through substitution and others are considering the challenges of collection, a circular solution. Equally the threat, or in some people's eyes the promise, of a deposit scheme approaches.

Whichever, with almost £60 million paid to plastic reprocessors and exporters in 2018, users of plastic packaging are now adjusting to a new paradigm of high plastic PRN prices and an aspiration that a more stable plastic packaging collection and reprocessing infrastructure will follow.

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