

Press release – Advisory Committee on Packaging – 21 June 2019

PRN price escalation

The ACP met on 19th June to consider the causes and impact of the recent rapid escalation in PRN prices and to consider possible options that could be recommended to Defra to avoid the consequences of an overheated PRN system.

It was concluded that whilst plastic PRN prices are unprecedented, this does not properly reflect the current recycling situation and that there is no reason for excessively spiralling prices beyond speculation and perception. Market reports suggest strong levels of recycling for Q2 with much greater scrutiny by businesses on waste packaging reprocessing opportunities. It is expected that this will lead to a market correction that should ensure more stable and less extreme pricing going forward.

However, it was recognised that as recycling targets increase and markets tighten, it increases the potential for excessive volatility across all materials and that there is a clear need for regulatory change to prevent this going forward. The ACP is therefore recommending to Defra that for 2020 onwards, strong consideration should be given to a mechanism that should restrict excessive pricing whilst still enabling the markets to work as intended and which will also provide a compliance option should future years see target shortfalls. The development of such a system for 2019 was considered but it was recognised that the legislative process and timetable made this extremely difficult with the danger that the introduction of such a system part way through the year might undermine existing compliance programmes.

Whilst the discussions primarily centred on the problems caused by plastic price escalation, it is clear that any material could be similarly affected. However, it was considered that the high price of aluminium was not a result of the pressures that had affected plastic but were the result of possible market manipulation that the ACP has previously raised with the Competition and Markets Authority. Defra has now supported this request and we hope that CMA will investigate the PRN market as a result.

The ACP consists of 13 members plus an independent chairman as listed below. For further queries, please contact Phil Conran on 07710 630512.

- Rick Hindley – Alupro (trade body)
- Matthew Demmon - MKD32 (glass exporter)
- Simon Weston - CPI (trade body)
- Adrian Hawkes – Valpak (compliance scheme)
- Simon Stringer – NiPak/ScotPak (compliance scheme)
- Garvin Freeman – Tata (reprocessor)
- Andrew Bird – Newcastle-under-Lyme (local authority)
- Roger Walton – Dover (local authority)
- Alison Bramfitt – Nestlé (packer filler)
- Mike Baxter – RPC bpi (reprocessor)
- Stuart Hayward-Higham - Suez (waste management)
- Kevin Vyse - M&S (retailer)
- John Dye – Scott Pallets (wood sector)
- Phil Conran – 360 Environmental (Chairman)

