



Canadian Beverage Association

Association canadienne des boissons

September 8, 2023
Tracey Spack, Director
Plastics Regulatory Affairs Division
351 Blvd Saint-Joseph
Gatineau, QC
K1A 0H3
via email: plastiques-plastics@ec.gc.ca

Dear Ms. Spack,

We appreciate the opportunity to provide comments on the *Consultation document: Pollution prevention planning notice for primary food plastic packaging*.¹ We have outlined our initial recommendations in the attached submission, and our team may have more feedback on these policy proposals as we continue to engage our membership and evaluate potential impacts.

The Canadian Beverage Association (CBA) is the national voice for more than 60 brands of juices, bottled waters, sports drinks, ready-to-serve iced teas and coffees, carbonated soft drinks, energy drinks, and other non-alcoholic beverages. Our members directly employ more than 20,000 Canadians and operate production facilities and distribution centres throughout the country.

As signatories to the Ocean Plastics Charter² and members of the Ellen MacArthur Foundation's Network,³ CBA members view sustainable packaging design, extended producer responsibility and the increased use of recycled content as essential components in accelerating the transition to a circular economy. CBA members have committed to make 100% of their packaging recyclable, reusable or compostable by 2025,⁴ and play an active role in deposit-return and beverage recycling programs across the country, which are achieving recovery rates ranging from 65% to 85%.

To support the beverage sector in its goal of beverage container circularity, we have included the following recommendations in the attached submission:

- **Recommendation 1:** Work with the Competition Bureau of Canada to ensure policy approaches taken to meet environmental objectives support fair, open competition among producers of store brand and branded products.
- **Recommendation 2:** Ensure that any pollution prevention planning policies complement and do not conflict with the goals of the Grocery Code of Conduct.
- **Recommendation 3:** Convene a working group of impacted brand owners to discuss the importance of harmonized policies (e.g., extended producer responsibility, recycled content standards, labelling and pollution prevention planning) in order to reduce burden and support improved environmental outcomes.
- **Recommendation 4:** Ensure brand owners retain the flexibility to meet their reuse and refill goals in the way best suited for their business model.

¹ <https://www.canada.ca/en/environment-climate-change/corporate/transparency/consultations/consultation-pollution-prevention-planning-notice-primary-food-plastic-packaging.html>

² <https://www.canada.ca/en/environment-climate-change/services/managing-reducing-waste/international-commitments/ocean-plastics-charter.html>

³ <https://ellenmacarthurfoundation.org/network/who-is-in-the-network>

⁴ <https://ellenmacarthurfoundation.org/global-commitment-2022/overview>

- **Recommendation 5:** Conduct analysis of existing reuse models, consumers' participation in those reuse models, and consumer acceptance of additional reusable and refillable packaging, along with an assessment of the cost implications and convenience standards.
- **Recommendation 6:** Clearly define the role retailers should play in collecting single-use, reusable and refillable containers.
- **Recommendation 7:** Explore policy mechanisms to ensure that food-grade material is used for food-grade packaging applications and not downcycled into other materials.
- **Recommendation 8:** Prepare lifecycle analysis to assess emissions associated with shifting from rPET beverage containers to reusable/refillable beverage containers.

We welcome the opportunity to discuss our comments with you in more detail and look forward to working with Environment and Climate Change Canada (ECCC) to build the circular economy. If you have any questions or would like to schedule a meeting to discuss our submission, please do not hesitate to contact us.

Sincerely,



Krista Scaldwell, President
Canadian Beverage Association

Targeted Community

ECCC Proposal

ECCC has proposed to target large grocery retailers with new pollution prevention planning requirements for primary food plastic packaging. If implemented, large grocers would have the responsibility to meet recyclability, compostability, recycled content, reuse and refill objectives not only for their own private label brands, but also for the branded products sold in their stores. The rationale provided in the Consultation Paper for taking this approach is the perceived efficiency of regulating a smaller group of companies primarily due to the concentration of the retail market in Canada, along with retail's position in the supply chain. The Consultation Paper cites that the top four grocery retailers and top two general merchandise retailers comprised 80% market share in 2020. It then contends that large grocery retailers can use their position in the marketplace to meet the P2 Notice objectives both through requirements on private label manufacturers and "engaging brands and suppliers to influence practices further up the value chain through procurement policies."

CBA Response on Targeted Community

The distinction between retailers' relationship with their private label suppliers and brand owners must be highlighted as a starting point. Retailers contract with private label manufacturers to produce products and packaging to the retailer's specification for their store branded products. These private label products are then placed on store shelves to directly compete with branded products supplied by brand owners. Requirements can be set for retailers to meet certain objectives for their private label products because they are the brand holder and responsible producer. A mandate, however, should not be given to retailers to guide the packaging decisions of brand owners. Doing so will disrupt business relationships and competitive processes. Policymaking in this area requires a careful review of competition compliance requirements.

- **Recommendation 1:** Work with the Competition Bureau of Canada to ensure policy approaches taken to meet environmental objectives support fair, open competition among producers of store brand and branded products.

Grocery Code of Conduct

Brand owners are confronting challenges with the concentration of ownership in Canada's grocery retail market. Costs to get products on store shelves at large grocery stores have increased by more than 20% since 2012.⁵ As supply chain challenges continue, brand owners routinely face arbitrary fees and unilateral changes to supplier agreements that lead to uncertainty, burden and additional costs. Further strain on the relationship between retailers and brand owners through new retail procurement policies could worsen inflation at a time when many Canadians are struggling.

A more balanced relationship between brand owners and retailers is required to ensure brand owners have certainty and fairness when selling products through large grocery stores. To meet this objective, the CBA supports the proposal to establish a Grocery Code of Conduct, which has been developed by Food, Health & Consumer Products of Canada (FHCP). Introducing a Grocery Code of Conduct would ensure brand owners have negotiated supplier agreements in writing with retailers, as well as a fair dispute resolution process.

⁵ <http://www.fhpc.ca/Priorities-Policy/FAIR-Practice-Now>

As discussions about a Code of Conduct progress, the P2 Notice proposes to create new requirements for retailers to “influence practices” of brand owners. If implemented, individual retailers would be empowered by the federal government to guide the packaging decisions of brand owners on reuse, refill and recycled content. These requirements will complicate progress made toward a Grocery Code of Conduct and further imbalance the relationship between retailers and brand owners.

- **Recommendation 2:** Ensure that any pollution prevention planning policies complement and do not conflict with the goals of the Grocery Code of Conduct.

Harmonization

In 1998, the Canadian Council of Ministers of the Environment (CCME) signed the Canada-Wide Accord on Environmental Harmonization,⁶ which includes the goal “to develop and implement consistent environmental measures in all jurisdictions, including policies, standards, objectives, legislation and regulations.”⁷ In 2009, CCME published the Canada-Wide Action Plan for Extended Producer Responsibility with the goal to “promote harmonization and consistency of programs across the country.”⁸ For more than a decade, industry has worked toward these goals by harmonizing paper and packaging programs first through the Canadian Stewardship Services Alliance and now through Circular Materials.

CBA members have proudly supported the implementation of extended producer responsibility systems across Canada and have consistently advocated for greater harmonization of material categories, reporting, targets and regulatory frameworks. Specifically, the beverage sector is working to harmonize deposit-return and beverage container recycling programs through the Beverage Container Recycling Network of Canada.⁹

The Consultation Paper takes the opposite approach. It would create obligations for Canada’s six largest grocery retailers to develop their own individual pollution prevention plans. The Consultation Paper does not specify different goals for retailers’ private label products and for branded products. As a result, one retailer, with fewer private label reuse and refill products, may make brand owners supply more reuse products than other retail locations. If implemented, the P2 Notice will fragment the approach to reuse and refill with different requirements among Canada’s six largest grocery retailers and no requirements among small retailers. Taking this approach will disrupt not only business arrangements but also long-standing efforts toward harmonization in Canada.

- **Recommendation 3:** Convene a working group of impacted brand owners to discuss the importance of harmonized policies (e.g., extended producer responsibility, recycled content standards, labelling and pollution prevention planning) in order to reduce burden and support improved environmental outcomes.

Reuse and Refill Systems

ECCC Proposal

ECCC has outlined that the P2 must include strategies to increase the sale of:

⁶ <https://scics.ca/en/product-produit/news-release-environmental-harmonization-accord-approved-by-twelve-jurisdictions/#:~:text=The%20Canada%2DWide%20Accord%20on,environmental%20quality%20for%20all%20Canadians.>

⁷ [https://files.pca-cpa.org/pcadocs/bi-c/2.%20Canada/3.%20Exhibits/Exhibit%20R-024%20-%20CCME%20A%20Canada-Wide%20Accord%20on%20Environmental%20Harmonization%20\(1998\).pdf](https://files.pca-cpa.org/pcadocs/bi-c/2.%20Canada/3.%20Exhibits/Exhibit%20R-024%20-%20CCME%20A%20Canada-Wide%20Accord%20on%20Environmental%20Harmonization%20(1998).pdf)

⁸ https://ccme.ca/en/res/cap-epr_e.pdf

⁹ <https://www.recyclingnetwork.ca>

- Products within a reuse-refill system
- Products free of plastic packaging and/or
- Concentrated products.

The targets for these strategies are:

- 20% by 2026
- 50% by 2030
- 60% by 2034

And products within a reuse-refill system must account for at least 50% of the above targets.

CBA Response on Reuse and Refill Systems

In addition to creating a greater imbalance between retailers and brand owners, the pollution prevention planning requirements will duplicate the commitments and strategies beverage companies already have in place. For example:

- The Coca Cola Company has committed to make all primary consumer packaging recyclable by 2025; use 50% recycled content by 2030 and aim to have at least 25% of beverages globally across its brands sold in refillable/returnable glass or plastic bottles.¹⁰
- PepsiCo has committed globally to design 100% of packaging to be recyclable, compostable, biodegradable or reusable by 2025;¹¹ reduce virgin plastics per serving by 50% by 2030 through initiatives, such as SodaStream,¹² use 50% recycled content in plastic packaging by 2030 and deliver 20% of beverage servings through reusable models.¹³
- Keurig Dr. Pepper has committed to convert 100% of packaging to be recyclable or compostable by 2025; use 25% post-consumer recycled content in plastic packaging by 2025; achieve a 20% virgin plastic reduction across its plastic packaging portfolio by 2025.¹⁴

CBA members are pursuing these goals through sustainable packaging design, participation in initiatives, such as the Canada Plastics Pact, and the design of efficient, producer-managed beverage container recycling systems that can return material back to producers to reincorporate into new products and packaging as recycled content.

Each company has tailored its reuse and refill goals to its unique business plan, which accounts for what can be accomplished over the coming years. For example, PepsiCo's Sodastream is a leading reuse platform and has the potential to eliminate the need for more than 200 billion plastic bottles by 2030.¹⁵ In another effort, The Coca-Cola Company partnered with A&W in 2021 to deliver a reusable cup takeback program in Greater Vancouver Area. Customers can purchase a \$3 A&W Cup Crew exchangeable cup, which is made from recyclable polypropylene. Customers can exchange their cup each time they visit a participating location for a new, cleaned exchangeable cup and receive a 20-cent discount. The beverage sector is already taking action to advance reuse and refill models within their own business plans. Introducing requirements on retailers to meet reuse and refill targets for the products sold in their stores could disrupt these plans.

¹⁰ <https://www.coca-colacompany.com/media-center/coca-cola-announces-industry-leading-target-for-reusable-packaging>

¹¹ <https://www.pepsico.com/our-impact/esg-topics-a-z/packaging>

¹² <https://www.pepsico.com/our-stories/press-release/pepsico-introduces-new-packaging-goal-doubling-down-on-scaling-reusable-packaging-12052022>

¹³ <https://www.pepsico.com/docs/default-source/annual-reports/2022-pepsico-annual-report.pdf>

¹⁴ <https://www.keurigdrpepper.com/en/our-company/corporate-responsibility/environment/>

¹⁵ <https://www.pepsico.com/our-stories/press-release/pepsico-introduces-new-packaging-goal-doubling-down-on-scaling-reusable-packaging-12052022>

- **Recommendation 4:** Ensure brand owners retain the flexibility to meet their reuse and refill goals in the way best suited for their business model.

Baseline Data

Policies with significant economic impact should be evidence-based and driven by solid baseline data. Specifically, the federal government's *Policy on Regulatory Development*¹⁶ states that proposals and regulatory decisions should be based on "evidence, robust analysis of costs and benefits, and the assessment of risk, while being open to public scrutiny."

CBA members are actively participating in recycling programs and are increasing the use of recycled content in their packaging. Reuse policies should be thoroughly assessed to ensure they do not negatively impact the investments and recycling system transitions being undertaken to meet collection targets.

- **Recommendation 5:** Conduct analysis of existing reuse models, consumers' participation in those reuse models, and consumer acceptance of additional reusable and refillable packaging, along with an assessment of the cost implications and convenience standards.

Defining the Role of Retail in the Circular Economy

As discussed above, giving retailers a say over the business plans and packaging decisions of brand owners is not an appropriate policy tool. Instead, the federal government should work with retailers and brand owners to clearly define the roles of each party in the circular economy.

The beverage sector strongly supports extended producer responsibility for the collection and recycling of beverage containers. This policy approach sets requirements for producers (i.e., brand holders) to establish recycling systems, carry out consumer promotion and education, and meet recovery targets. Canada has 10 deposit-return systems for non-alcoholic beverage containers, and Ontario is currently exploring how to transition the management of non-alcoholic beverage containers to a DRS.

Deposit-return systems should incorporate return-to-retail collection to be cost-effective, convenient for consumers and high-performing. A recent study shows that the median return rate for a depot or hybrid deposit-return system is 70%, whereas the median return rate for return-to-retail models is 89%.¹⁷ Jurisdictions with return-to-retail collection, including European countries and Quebec, establish a regulatory obligation for retailers to collect beverage containers – with some variation in the size of obligated retailers. Retailers with this obligation work with the deposit-return system operator in their jurisdiction to place reverse-vending machines at the front of their stores to collect, count and compact beverage containers that are then transported to a sortation facility. Return-to-retail collection of single-use beverage containers also provides the necessary system for the collection of refillable beverage containers.

- **Recommendation 6:** Clearly define the role retailers should play in collecting single-use, reusable and refillable containers.

Access to Materials

¹⁶ <https://www.canada.ca/en/government/system/laws/developing-improving-federal-regulations/requirements-developing-managing-reviewing-regulations/guidelines-tools/policy-regulatory-development.html>

¹⁷ https://www.reloopplatform.org/wp-content/uploads/2023/05/RELOOP_Factsheet_Performance_12I2022.pdf

Beverage companies require bottle-to-bottle recycling to meet recycled content standards. Policies at the federal and provincial level should support recycling food-grade plastic into food-grade applications wherever possible.

Downcycling

According to the 2019 PET Recycling Report published by the National Association of PET Container Resources (NAPCOR), roughly 28% of rPET in the U.S. and Canada is used for food and beverage bottles. The largest use of rPET is for fiber at roughly 41%.¹⁸ While better than disposal, this downcycling holds back progress towards circularity for beverage containers. If governments introduce recycled content requirements, they must work with producers to ensure an adequate supply of recovered material is available.

- **Recommendation 7:** Explore policy mechanisms, such as a right of first refusal, to ensure that food-grade material is used for food-grade packaging applications and is not downcycled into other materials.

Lifecycle Analysis

New Lifecycle Analysis published by NAPCOR¹⁹ shows that PET plastic bottles, when compared to aluminum cans and glass bottles, are better for the environment using several metrics. For example, the LCA found that compared with a 12-ounce aluminum can, a 16.9-ounce PET plastic water bottle:

- Consumes 80% less energy during production.
- Creates 80% less solid waste.
- Uses 53% less water during production.
- Has a 74% lower global warming potential.
- Generates 68-83% fewer emissions that contribute to acid rain and smog formation.

NAPCOR also found²⁰ that each unit of recycled PET that replaced virgin PET results in:

- 40% less process and transport (expended) energy.
- 75% lower total energy demand.
- 60% reducing in greenhouse gas emission.

There is significant potential for increased environmental benefit and emissions reductions from the use of rPET, which should be assessed against the emissions associated with moving to reuse or refill models.

- **Recommendation 8:** Prepare lifecycle analysis to assess emissions associated with shifting from rPET beverage containers to reusable beverage containers.

¹⁸ NAPCOR. 2021. *PET Recycling Report*, p. 20. https://napcor.com/wp-content/uploads/2021/03/NAPCOR_2019RateReport_FINAL_rev.pdf

¹⁹ https://napcor.com/wp-content/uploads/2023/03/NAPCOR-37678_LCA_Executive_Summary_3.2.23.pdf

²⁰ https://napcor.com/wp-content/uploads/2020/09/VPET_RPET-LCA-Infographic.pdf