



2020 :

A CHALLENGING YEAR FOR PLASTIC PACKAGING

Paris, November 9, 2020 – Elipso, as the representative of plastic packaging manufacturers (rigid and flexible), has launched an economic survey among its members to measure the impact of the COVID-19 crisis on the industry's activity as well as the main orientations in terms of circular transition.

A RESILIENT SECTOR DESPITE PLASTICS HUNTING

During the first containment phase, **the industry was able to count on the strong mobilization of all its employees throughout France.** "We must salute the work of the men and women in the packaging sector, without whom supply disruptions or shortages may have had much bigger impact," says Françoise Andres, CEO and President of Elipso.

The consultation of Elipso members in October nevertheless created a certain surprise with a strengthening of the packaging price criterion which confirms buying power as the number one priority of customers in the sector. 66% of those polled emphasized a "price war" back at the top of the list for negotiations, ahead of environmental criteria. Françoise ANDRES sees this as "the end of a short-lived state² of grace, the spectre of a major economic crisis putting buying power² back at the heart of consumer concerns".

The sector is seeking a **balance between a delicate economic equation and a circular transition that is more difficult but still relevant.** Indeed, 98% of Elipso members voted in favor of continuing this type of investment in a previous survey in May 2020¹.

Moreover, after an intense year 2019 due to the parliamentary debates on the Anti-waste law for a circular economy, the year 2020 is also marked by a strong anti-plastic campaign. Companies are aspiring to a real green transition, to the right packaging, leaving room for innovation and the development of new solutions. **Life cycle analysis and decarbonation issues must be placed at the center of every decision, regardless of the material.** Opposing one material to another would be sterile. It will not make it possible to build tomorrow's economic and societal model.

A lack of understanding is felt by the packaging industry. "The anti-waste law has set a framework for action for the decades to come but **we must not overlook the negative impact of a hunt for plastic.** A categorical rejection may lead to other materials that are

¹ <http://www.elipso.org/wp-content/uploads/2020/11/PR-Plastics-Packaging-Perspectives-post-covid-.pdf>

absolutely non-recyclable, often imported and with a CO2 impact far greater than plastic packaging," the President of Elipso agrees.

A YEAR 2020 THAT LEAVES WINNERS AND LOSERS, BUT REASSURING PROSPECTS FOR 2021

57% of those surveyed reported a decrease in their sales in 2020 compared to 2019. However, there is some resilience for 2021 where 83% expect stable or increasing revenues. This is due in particular to the **adaptability of the national industrial tool in this special period.** Thus, even if more than half of the respondents do not believe there will be a return to normal in 2021, the risk of failure on the part of packaging manufacturers appears very limited for the moment.

Françoise ANDRES emphasizes that "the survey confirms a cleavage between winners and losers during the COVID-19 crisis, revealing a certain dichotomy in the industry for the years to come. Sectors closed by confinement or deserted for health reasons, such as Foodservices and Cosmetics, are facing an unprecedented slowdown. The State must support credit insurance, our companies cannot bear the risk of customer default alone. »

This observation seems to be verified on the customer side where Elipso members raise strong concerns. 44% envisage a cash-flow impasse on the customer side in the coming months, with some of them noting an extension of payment deadlines. These alerts are to be taken in the light of the global context and the national and European economic crisis we are entering.

THE CIRCULAR TRANSITION REMAINS THE STRATEGIC HORIZON OF THE SECTOR

However, this period confirms a certainty already acquired by the sector: **promoting and implementing circular economy is the only way to successfully overcome the next decades.** This transition will pass mainly through the central axis that is **the development of the incorporation of recycled plastic material** on which the sector is concentrating its efforts, confirmed by more than 80% of Elipso² members.

The implementation of a virtuous recycling loop is an unprecedented opportunity to decouple the production of CO2-emitting fossil resources from the production of packaging while relocating part of the production of the raw materials needed for manufacturing on national territory.

As these issues have become strategic, the industry is formulating the ambition that the price differential between virgin and recycled material would not become a brake on the development of incorporation. "The increase in collection for all packaging is today more than a necessity, it's the last step to reach to be definitively in a circular economy. Expectations are high on all sides, from citizens to manufacturers and marketers. It is the responsibility of local authorities to move faster and stronger on the extension of sorting

² Post-crisis survey, Elipso, may 2020

instructions which allows all plastic packaging to be collected in the yellow bin. Let's go" encourages Françoise ANDRES.

This craze still faces **certain regulatory obstacles that exclude most food and cosmetic packaging from the benefits of recycled plastic**. This limits the growth in the use of recycled plastic. The president of Elipso hopes "that the Government will help us to accelerate European work on legislation to develop the use of recycled resins suitable for food contact other than PET. The industry is ready and willing, let's not put unnecessary obstacles in our way! ».

A WELL-RECEIVED RECOVERY PLAN

Finally, the annual survey shows that 88% of those surveyed welcomed the government's proposed recovery plan. 63% of them already state that they will use one of the many windows open for the development of the circular economy and the transformation of industry. A third of the members nevertheless note some difficulties in understanding or a lack of time and resources internally to understand the many chapters of the France Relance plan.

"The recovery plan and other business support measures are essential to get through the crisis and prepare for the future by enabling a real transformation of our industries." concludes Françoise ANDRES.

Methodology and sampling :

Survey conducted from 12 to 26 October 2020 among Elipso member companies. The rate of validated responses covers more than 60% of the members representing 1.3 million tons of plastic put on the market. The companies that participated are 5% of VSEs, 51% of ETIs, 36% of SMEs and 8% of EGs. Responses are validated by number of responding companies, not by turnover.

ELIPSO is the professional association that represents plastic packaging manufacturers (rigid and flexible) in France. Our companies, present throughout France, employ 38,000 people in 320 companies (mostly SMEs) for an annual turnover of 8.1 billion euros.

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