ITALY

Compostable-polymer industry posts decline in 2023 output / Competition with "fake" reusables, cheap Asian imports hurt business

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Italian production of compostable polymers saw a 5.5% drop in output in 2023, to 120,000 t, a study conducted by **Plastic Consult** (Milan; www.plasticconsult.it), on behalf of Italian bio-plastic association **Assobioplastiche** (Rome; www.assobioplastiche.org), has revealed.

The coffee capsule and beverage sectors pose growth opportunities for compostable polymers (Photo: PantherMedia/gioiak2)

In monetary terms, the dynamics are more alarming. Last year, the industry's turnover plummeted 25% compared with 2022, to EUR 830 mn. The drop followed a decade of consistent growth. Since 2012, the number of companies operating in this segment has more than doubled, to 290, with the number of employees surging by 133% to 2,980, the report detailed.

The general economic difficulties in the Eurozone and rising pressure from "fake" organic bags and reusable products last year are the reasons the report states for the decline. The authors add, however, that in the short term, there are few growth opportunities, mainly concentrated in the coffee capsule and beverage sector.

The combined effect of the existing trends promises the sector's overall stability and only a slight recovery in the national production of compostable products, Plastic Consult added.

However, the PPWR opens a window of opportunity for the sector, "though the industry will reap the benefits offered by the new legislation only in the medium term".

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In an interview with **PIE**, *Paolo Arcelli*, the Plastic Consult director said that the legislation process for compostable plastic was concluded far better than how it started. "In the current version, the PPWR gives space for compostable plastics and leaves to member states some flexibility in terms of applications, also to avoid cross-contaminations of plastic and organic waste streams," Arcelli said.

"This involves, for example, single-serve coffee, beverage capsules and ultra-light bags. Also, member states can uphold their respective laws concerning compostable bags and more in general compostable packaging, so there's plenty of opportunities for favourable development," he added.

With the legal framework already finalised both at the European and national levels, the key factor determining the compostable polymer industry's future will be the general economic situation.

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According to Arcelli, the evolution of the sector is tied to the dynamics of consumer spending in volumes. "The dimming of inflation rates, especially the volatile ones, like food and energy, should support the increase, which should also be favoured by cuts of BCE rates, since all loan rates, such as mortgages and personal loans, drained liquidity and restricted spending capacity during last year," he said.

"Unfair" competition

Arcelli also said that regulators should level the playing field by cracking down on fake products and countering problems created by cheap imports.

"Fake products are the perfect example of unfair competition, and they have to be tackled without a second thought, even if the "evolved fakes", such as the percent of non-compostable polymers or a reduced percent of renewable carbon – for applications where a minimum is mandatory – are difficult to identify," Arcelli said.

Cheap imports, which primarily come from Asia, on the other hand, pose a challenge that may be harder to address. "As for cheap imports, if distributors and resellers set the bar low and are at least fairly satisfied, it will be very difficult to curb the phenomenon. Anyway, more often than not, very low-cost imports have made players raise one eyebrow about their regulatory compliance," Arcelli added.

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