

1. 2001: Targets achieved

2001 was an important time for Comieco. During the year, in fact, the National Consortium for the Recovery and Recycling of Cellulose-based Packaging achieved and exceeded the recovery and recycling targets set by the Italian consortium system implementing Legislative Decree 22/97, i.e. 50% and 45% respectively of the total apparent paper and board packaging consumption. To achieve this target, Comieco operated, as usual, through a focused policy providing for prevention, development of separate collection, and recovery, where recycling plays a crucial role.

TABLE 1 - RECYCLING AND RECOVERY IN 1998 - 2002

Values in ,000 tons

Year	1998	1999	2000	2001	2002
Apparent paper and board packaging consumption	4,023	4,051	4,167	4,167	4,229
Recycled paper and board packaging	1,489	1,652	1,843	2,076	2,197
Paper and board packaging recovered for energy and fuel production	118	130	150	190	120
Recovered paper and board packaging	1,607	1,782	1,993	2,266	2,317
Recycling %	37.0	40.8	44.2	49.8	52.0
Total recovery %	39.9	44.0	47.8	54.4	54.8

2001 data is final but subject to further amendments; 2002 data is estimated.

The increased separate waste collection has several significant impacts:

- first, it reduces the quantity of paper and board ending up in landfills (one of the aims of Legislative Decree 22/97);
- second, it keeps the import of recovered paper from foreign Countries to a minimum, while Italian exports are growing, especially towards East-European and Far-East markets.

With 4,600,000 tons of recovered paper used in 2000, Italy now ranks fourth in Europe, just after the UK, which is third with 4,800,000 tons.

1.1 Energy recovery

As to energy recovery from packaging, fewer agreements than expected were executed with plants for fuel production from waste (for 40,000 t vs. an expected 63,000 t quantity): recovery in 2001 amounts to 190,000 t. There are 32 urban-waste incinerators in Italy, confined to the central and northern Regions, and more precisely in Lombardy (10), Emilia-Romagna (6), and Tuscany (5).

1.2 Online auctions

Comieco enters into agreements with incinerators and systems for the production of fuel from the waste that is not separately collected and is recovered as energy. In 2001, within the framework of such agreements, the Consortium paid over 9,000,000 euros to incinerator operators as a consideration for the recovered paper and board packaging. Against such consideration, the operators must collect and recover a share of the sorting and/or recycling residues provided by Comieco members. To assign such right to provision in favour of its members (paper mills and sorting systems) and to ensure maximum transparency, Comieco decided to use online auctions. The first two auctions allowed to allocate 26,960 tons, with an expected income of 1,500,000 euros.

2. Towards data certification

With transparency in mind, Comieco has decided to pursue the certification of its data, in order to check whether recycling and recovery targets are met. To this end, in 2001, the auditors Ernst & Young defined the method for calculation of the paper and board packaging rate recycled or recovered. Estimates for 2001 and forecasts for 2002 obviously refer to the same method. By adopting such practice, Comieco will be able to obtain the certification for its 2001 results.

3. Status of the national CONAI agreement

According to the frame agreement between ANCI (the Association of Italian Municipalities) and CONAI, Comieco uses the resources obtained from the CAC (CONAI environmental fee) to fund the separate waste collection of the Municipalities with which it enters into special agreements.

The Municipalities, in turn, are free to either join the agreements with Comieco or carry out the separate collection according to market rules. Four years after entering into the frame agreement, the Consortium undersigned agreements involving approximately half of Italy's Municipalities, where most of the population resides.

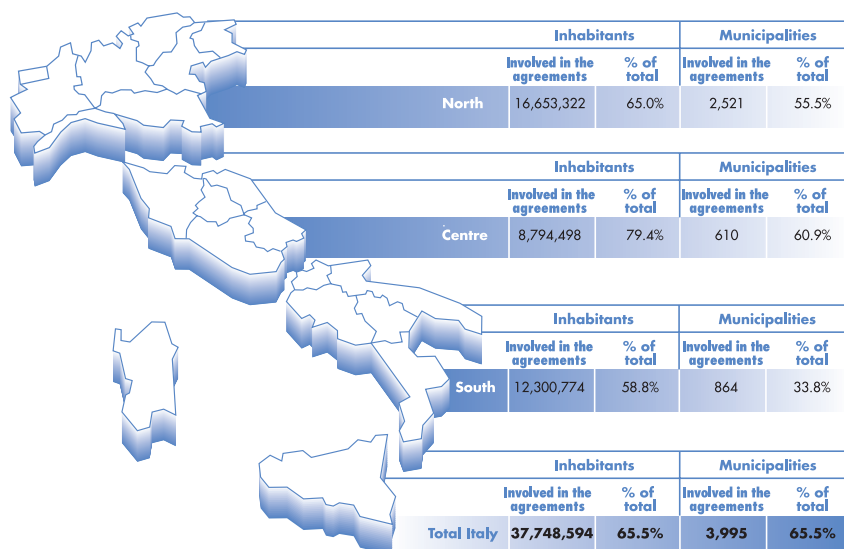
The increase in the quantity of recovered paper handled according to such agreements is particularly significant.

TABLE 2 – RECOVERED PAPER AMOUNTS HANDLED THROUGH THE AGREEMENTS

Year	1998 tons	1999 tons	2000 tons	2001 tons
Joint-paper and packaging	466,433	562,439	607,966	607,208
Separate	0	143,091	194,509	288,267
Total	466,433	705,530	802,475	895,475
Energy recovery	0	130,000	150,000	213,000
Total	466,433	835,530	952,475	1,108,475

Note: 1998-1999 managed prior to the 2000 agreements.

TABLE 3 – INHABITANTS AND MUNICIPALITIES INVOLVED IN THE AGREEMENTS (NORTHERN, CENTRAL AND SOUTHERN ITALY)

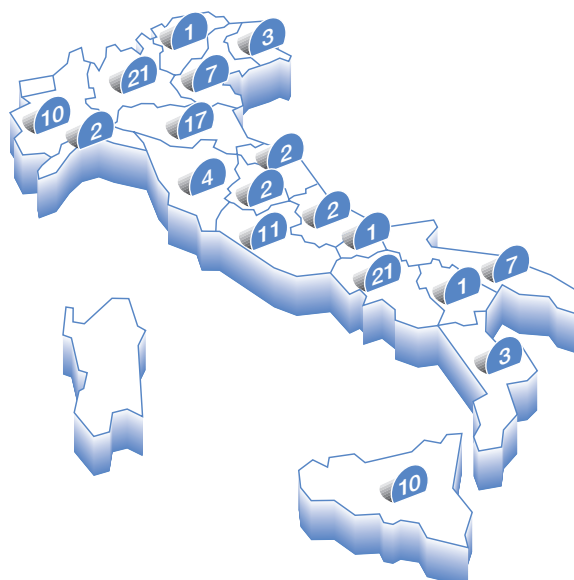


	Inhabitants		Municipalities	
	Involved in the agreements	% of total	Involved in the agreements	% of total
North	16,653,322	65.0%	2,521	55.5%
Centre	8,794,498	79.4%	610	60.9%
South	12,300,774	58.8%	864	33.8%
Total Italy	37,748,594	65.5%	3,995	65.5%

3.1 Agreement with Corepla and Rilegno for multi-material sorting plants

Comieco has entered into a general agreement with Corepla and Rilegno to promote the development of sorting plants capable of receiving different types of packaging waste from business and industrial users. The paper and board packaging sorting plants participating to the Comieco, Corepla, and Rilegno agreement, that undertake to accept secondary and tertiary packaging at no charge, are scattered throughout the territory.

FIGURE 1 – SORTING PLANTS PARTICIPATING TO THE COMIECO, COREPLA, AND RILEGNO AGREEMENT ACCEPTING PAPER AND BOARD PACKAGING



3.2 Beverage carton recycling

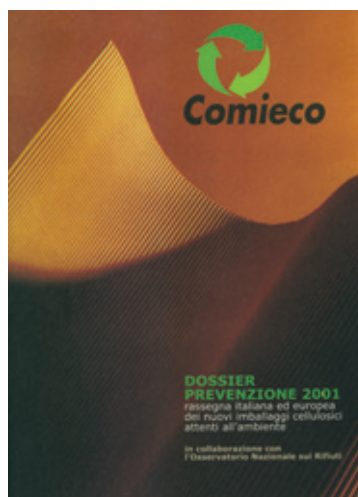
Finally, the separate waste collection test, recycling and recovery of beverage cartons, went on in 2001 and the pilot collection was launched on a group of 250,000 inhabitants. Specific systems are being designed to significantly increase the recycling rate of such materials.

4. Prevention/Innovation

To Comieco, **prevention** is a synonym for **innovation**. Prevention is a continuous improvement process, requiring constant attention by the Consortium's members towards the performance of their packaging, based on new user requests. Comieco has the task to promote such continuous improvement process by acknowledging the most effective solutions and sharing national and international innovations with other operators (mostly users) and end consumers.

4.1 Ecopremio and Prevention Dossier

Since 1998 Comieco has been organizing the Ecopremio Award for environmentally innovative paper and board packaging projects, and has been publishing the Prevention Dossier to announce any projects aimed at prevention in the production of paper and board packaging and at a wider use of recovered paper. Participation to the award is open to manufacturers, users, distributors, and all operators in the field of packaging innovation.



Based on the innovative packaging forms analysed during these years, the joint actions required of all economic operators may be summarised into 4 basic concepts:

- systems reducing the weight of packaging, without limiting its performance;
- systems simplifying packaging recovery and recycling;

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- packaging requiring less energy thanks to the lower quantity of material involved, as well as taking up smaller volumes, so as to provide an economic and energy benefit in all transportation and storage steps;
 - packaging providing for a greater use of recycled fibre.

In some cases, 30 to 40% less material is used. The submitted projects, if judged eligible, are published in the "Prevention Dossier", at its third edition in 2002 and available, like the 2000 and 2001 editions, on Comieco's website (www.comieco.org).

4.2 E-commerce

The Consortium, always aware of anything new in the packaging world, has promoted a permanent Working group on e-commerce, stressing the risk that new Internet-based trade forms may translate into a reduced commitment to the lower environmental impact of packaging. The Working group has already identified several fields of action and provided for a survey on the role of packaging in the international – and, particularly, European – e-commerce supply chain as well as some issues that deserve deeper insight, for which restricted working groups may be set up focusing on:

- e-commerce and packaging design, aimed at analysing solutions for packaging redesign with logistic and environmental purposes;
- logistics, e-commerce, and environment, focusing on the analysis of a number of cases and operating models concerning these issues along the supply chain. In this respect, in particular, the possible development of Italian and European regulations on e-commerce, logistics, packaging, and packaging waste will be reviewed.

4.3 Studies and research

Comieco has been pursuing for some time – alone or in partnership with other entities – a busy research plan focusing on several issues: innovation/prevention; increased collection and recycling; recovery (with special focus on composting of the pulp contents of urban waste). Finally, specific studies concern the management system, both at a national and European level.

5. Recycling and recovery targets for 2000-2005

For 2002, Comieco aims at consolidating and improving its 2001 results, especially through a strengthened collection and recycling activity in southern Italy. In this context, new challenges will concern:

- a further increase in single-material collection, with special reference to quality;
- the development of secondary and tertiary packaging collection, with special reference to packaging waste from business and craft activities;
- an improved relationship between consortia for the achievement of higher recycling levels;
- the crucial contribution of Comieco within the CONAI system to the global achievement of recycling and recovery targets.

With respect to the last objective, it should be noted that the Comieco Board of Directors has agreed on the resolution of the CONAI Board of Directors of December 13, 2001 concerning the "trade-offs between supply chains/materials for the CONAI plan", by which a trade-off system has been put in place. Following such resolution, the Comieco Board included an additional commitment to recovery and recycling in its 2002 Specific Prevention Programme, in view of achieving the relevant global objectives.

5.1 The new Packaging Directive

Comieco is actively involved in discussions on the proposed review of the Packaging Directive, which should establish the recycling and recovery targets for the 2002-2006 period. Meanwhile it has taken over the autonomous objective set by the paper supply chain to achieve a 56% use of recovered paper by 2005. This commitment corresponds to a 10,000,000 tons increase at a European level.

6. The Comieco enterprise

Comieco, established in 1985 as a free association of pulp and paper companies aware of environment protection issues, became the National Consortium for the Recovery and Recycling of Cellulose-based Packaging on October 24, 1997. In order to achieve its institutional purposes, it created a very lean structure. The Consortium is based in Milan, with an office in Rome.

6.1 The Members

Comieco has **3,594** Corporate members, plus 153 compared to last year (net of the companies that discontinued their activity or were taken over by other companies in the same sector in the meantime).

6.2 The new Board of Directors

During the general members' meeting of April 8 last, President Paolo Culicchi announced his intention to resign after his five-year mandate, having achieved the aims of his presidency. The members expressed their appreciation for the task performed, then appointed the new Board of Directors. Mr. Piero Capodieci was elected as president, Mr. Cesare Tocchio, Mr. Silvio Sanguinazzi, and Mr. Claudio Romiti as the vice presidents.

6.3 Income statement

In 2001, Comieco substantially closed its income statement with a balance, thus showing that the activity co-ordinated by the Consortium is by now in good operating order. With a staff of only 21, Comieco currently carries out an activity that personally involves most Italian households and companies. Structural costs only account for 4.5% of the overall expenditure. CONAI management costs account for 7.2%, while 88.3% is spent for operating projects.

7. Communication

Communication plays a strategic role for a Consortium whose existence is founded on co-operation with all citizens, households, small and large enterprises, and institutions.

7.1 The advertising campaign

In 2001 Comieco launched an advertising campaign with the slogan “Comieco. Nei panni della carta”.



It was a national campaign, providing for various ads in major national magazines and thousands of billboards in ten big cities (Turin, Milan, Padua, Bologna, Florence, Rome, Naples, Bari, Palermo, Catania). The campaign was aimed at matching an element of daily life like paper with the clothes we wear every day: like household cloths, in fact, paper may be washed, dried, ironed, and then reused.

7.2 Local communication

The national campaign was supported by a widespread communication effort, which in 2001 allowed Comieco to reach approximately 7,000,000 people, 2,200 schools, 20,000 teachers, and 500,000 students.

7.3 Meetings, workshops, exhibitions and sponsorships

Comieco organized **over 40 events** in 2001 to promote paper and board collection and recycling: these included meetings, workshops, specialized exhibitions and shows involving the large public. The Consortium also sponsors several initiatives especially focusing on the enhancement and use of paper and board from the ecological and recycling viewpoint, as well as in cultural and artistic terms.

7.4 The website

A strong support to the spreading of Comieco's activity is ensured by the new website (www.comieco.org), fully reorganized compared to the past and available online since February 12 of this year. The website provides real-time information on current activities and events, as well as virtually all documents drafted by the Consortium.



7.5 Publications

Comieco publishes a number of technical and information reviews supporting its commitment to paper and board recycling and recovery. All the material published by the Consortium is available on the new Website.

