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Are You a Final Converter?

A converter is a company which manufactures packaging from raw materials. However, during this converting stage there may be more than one phase of activity, so not all producers will supply packaging or packaging materials to another stage in the chain – they may supply on to another business at the same stage.

As a general rule it is agreed that the company who completes the final conversion on the packaging picks up the entire converting activity obligation, as suppliers to the next stage in the chain.

Identifying Obligation - Where Packer Performs an Additional Conversion Process

There may be occasions where a converter passes some packaging on to a packer/filler who subsequently performs an additional conversion process. Therefore the final element of conversion takes place when the packing/filling takes place. When these two activities are considered to happen “at the same time” or where these two activities occur on the same production line within a short time period (‘as part of the same process’), then the final conversion activity will fall back to the initial converter supplying the packer filler.

Example 1 - Bags

Company A converts plastic granules into rolls of plastic film. Their customer, **Company B**, laminates an aluminium layer onto the rolls of film. Their customer, **Company C**, forms the rolls of laminated film into bags and sells this onto the packer/ filler. In this situation **Company C** picks up the conversion obligation as they are the company who make the final packaging item.

Example 2 - Crisps

Company A laminates plastic film and passes it on to the pack/filler, **Company B**. **Company B** then places the film on to a production process where it converts the film into bags at the same time as filling the bags of crisps. In this circumstance, **Company A** is viewed as the last converter and has the conversion activity obligation while **Company B** collects the pack/ fill activity obligation.

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