

PRO EUROPE COMMENTS

Position of PRO EUROPE on the introduction of Mandatory Deposit Systems for one-way packaging

PRO EUROPE represents 26 national schemes responsible for the collection, recovery and recycling of packaging waste which are active in 21 Member States, 3 candidate countries (Turkey, Bulgaria, Romania), Norway and Canada¹. PRO EUROPE's member organisations are responsible for meeting the recovery and recycling targets laid down in EU Directive 2004/12/EC on Packaging and Packaging Waste. As practitioners who are closely involved in the collection and recycling of packaging waste, PRO EUROPE has widely collaborated with the European institutions in shaping the revised Packaging Directive by sharing experience and expertise.

PRO EUROPE members are strongly concerned by the introduction of mandatory deposit systems on non-refillable drinks containers in countries, such as Germany, where comprehensive and effective collection and recycling systems are already in place.

At present, the collection and recycling schemes established by PRO EUROPE members ensure a high level of recycling for non-refillable drink containers, as part of the integrated management of the whole packaging waste stream without creating obstacles to trade within the internal European market.

Against this background, the introduction of mandatory deposit systems lack of clear environmental or economic justification. They appear to be disproportionate, introduce distortions to the internal market and even more importantly, are counter-productive from an environmental point of view.

The introduction of mandatory deposit for one-way beverage packaging is not an adequate solution because it

- Leads to market barriers and disturbs the internal market
- Leads to increased resource consumption and pollution
- Is an ineffective approach to the littering problem
- Leads to not justified discrimination of one-way packaging
- Leads to increased costs for the consumer
- Has negative effects on the consumers general willingness to separate his packaging
- Has negative effects on jobs
- Damages the idea of Producer Responsibility
- Endangers the existing of established collection and recovery systems

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1. The flawed environmental argument

Setting-up separate compulsory schemes for non-refillable beverage containers, where effective systems already exist cannot be justified from an environmental standpoint. Such systems, based on mandatory deposits applied on non-refillable beverage packaging, would bring the following side effects:

- **Increased resource consumption and pollution:**
 A new transport system needs to be set up for the take-back of only one small fraction of the packaging waste stream, resulting in increased fuel consumption, traffic congestion and CO2 emissions.
- **Ineffective approach to littering problem:**
 Drink containers represent present only a small part of all litter. Policy initiatives to tackle this problem are to be welcome, but should tackle all types of litter and avoid the disruption of existing recycling systems, which have proven to be successful. Littering is a behavioural problem that should be addressed through education, communication, and the improvement of disposal infrastructures, e.g. increasing trashcans. PRO EUROPE and its members are ready to co-operate with authorities and industry to tackle the problem.
- **Discrimination of one-way-packaging although equally environmentally friendly:**
 It is highly questionable from an environmental standpoint to claim that refillable containers are superior to other packaging systems, for example recyclable packaging which are already collected and recycled in a high percentage by PRO EUROPE's members. This is especially true when the packaging has to be sent over longer distances for reuse. In addition, refillable containers require cleaning with the consequent consumption of water, use of detergents and increase in effluents. As a study of PETCORE has proven the functioning kerbside collection and recycling of beverage bottles via the DSD system is more environmental friendly than the collection and recycling via the current German mandatory deposit.
- **A functioning deposit system does not lead to an increase of use of refillables:**
 Analysis shows that there were no such effects visible in Sweden and other countries using deposit for a long time, in the contrary one way packaging is increasing year by year. Even in an unstable deposit system as currently in Germany the quota of refillables is decreasing again after a peak in the beginning.
- **Negative effect on the consumers' willingness to separate:**
 Having to separate another waste stream which has to be dealt with in a special way will not only confuse the consumer but also mean an additional effort, hence reducing the willingness of the consumers to separate. Moreover it is unlikely that the consumer will differentiate between e.g. detergent plastic bottles remaining in the separate collection and beverage plastic bottles going to the retailer. So, mandatory deposit would damage the current recycling performance of the other packaging as well.
- **Damaging the idea of Producer Responsibility**
 The concept of producer responsibility involves packaging producers, fillers and retailers in running their self-help-organizations actively to organize the collection, sorting and recovery of used packaging. Within a mandatory deposit system for one-way-packaging only the operator of this system is involved so that it has no consequences whether the involved packaging is optimized or not.

2. Negative economic effects for consumer and industry

Besides environmental consequences a mandatory deposit for one-way beverage packaging has negative economic effects as well

- **Higher costs for the consumer**

The recycling systems set up under the Packaging Directive are already funded by the industry. With the additional burden of running a separate system for one-way beverage containers, costs for those companies will increase tremendously. There will be extra handling and sorting required. The increase in costs will ultimately be passed on to the consumer in form of higher prices. The additional costs and space requirements will also force retailers to reduce shelf-space allocated to deposit-bearing products and thus the variety stocked. The consumer will hence face a decrease in the choice of products.

Studies for Belgium and France have shown that running an integrated system for packaging and a mandatory deposit for certain kinds of beverage packaging would cost 2 up to 3 times more than running only one system for all packaging.

- **Negative effects on jobs**

A study of the Swiss based PROGNOSE institute has shown that in Germany up to 9.700 jobs have been lost since and by the introduction of the mandatory deposit system.

- **Economic threat to existing systems:**

Mandatory deposit systems separate the packaging waste stream into beverage containers and other packaging types. With the critical mass of non-refillable drink containers, which make up in most of the member-states approximately 80% of all collected household plastic packaging, missing in the comprehensive systems, the recycling of the rest of the packaging types becomes disproportionately costly, ultimately threatening the viability and hence the very existence of established schemes. In the acceding states, where the setting up of collection and recycling systems is still in a preliminary stage, the diversion of limited resources into various schemes would no doubt jeopardize the effective and successful implementation due to the high associated costs.

- **Market distortion**

Besides damaging non-refillable packaging industries, such as glass bottle and can producers, and discriminating between large surface supermarkets and small retailers, mandatory deposits create considerable market distortions. Experience has shown that consumers try to avoid the deposit by shifting to deposit free products. This includes the shopping in stores across borders where mandatory deposits are not applied. Consequently, retailers in the border region are faced with tremendous losses due to 'customer migration'.

3. Market Barriers

Mandatory deposit-refund systems also create barriers to the free movement of goods, a fundamental principle of the European Treaties, as the distribution channels for economic reasons tend to discriminate against goods in non-refillable packaging, making distribution of certain foreign products more difficult. To overcome this barrier to access the market, foreign beverage producers will be obliged to change their packaging or to produce different kinds of packaging for the respective European countries or even to produce different packaging only for one country

("Island-Solution" in Germany). Producers for whom the costs of changing the packaging are out-of-proportion to their market share would be inclined to withdraw their products from the market in question. The European Commission shares this concern as shown by the recent opening of an infringement procedure against the German government on the subject of its mandatory deposit system.

The introduction of mandatory deposit for one-way beverage packaging is therefore not an adequate solution!

The introduction of mandatory deposit systems seems disproportionate and counter-productive when comprehensive and efficient collection and recycling systems are already in place. PRO EUROPE believes that rather than singling out beverage containers for special treatment, emphasis should be on tackling packaging waste as a whole and in a coherent and efficient manner. Against this background, PRO EUROPE supports the infringement procedure initiated by the European Commission in October 2003 and calls on the Member States not to follow the German model but to further promote the comprehensive schemes in place.