

PRO EUROPE Comments on:

Mandatory Deposit Systems for One-Way Packaging

PRO EUROPE represents 31 national schemes responsible for the collection, recovery and recycling of packaging waste active in 27 Member States, 2 candidate countries, Norway, Iceland, Ukraine and Canada¹.

PRO EUROPE's member organisations contribute to 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.

1.0 Summary

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 management of the whole packaging waste stream without creating obstacles to trade within the internal European market.

PRO EUROPE members have a number of concerns over 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.

Against this background, mandatory deposit systems:

- Lack clear environmental or economic justification
- Can introduce distortions to internal markets
- Can have negative effects on consumers' general willingness to sort their packaging
- Can damage the viability of existing proven and optimised systems of collection and recycling
- Leads to an increase of environmental pollution
- Is an ineffective approach towards the littering problem

PRO EUROPE supports the setting of recycling and recovery targets for recyclable material in the context of producer responsibility instruments and has worked extensively with both authorities and individual obligated client companies to ensure that such targets are met in the most cost efficient and environmentally sound manner.

However, we would question the imposition of mandatory deposit systems on one way packaging and suggest that producers and compliance organisations should be offered the freedom to meet recycling targets in the most appropriate manner for each member state without endangering the functioning of the internal market.

¹ ARA (Austria), CEVKO (Turkey), CSR (Canada), DSD (Germany), Eco-Emballages (France), EcoEmbes (Spain), ECO-ROM (Romania), ECO-PACK (Bulgaria), EKO-KOM (Czech Republic), Eko-Ozra (Croatia), ENVI-PAK (Slovakia), ETO (Estonia), FOST Plus (Belgium), Green Dot Cyprus (Cyprus), Grønt Punkt Norge (Norway), GREENPAK (Malta), HeRRCo (Greece), LZP (Latvia), NEDVANG (Netherlands), Öko Pannon (Hungary), PYR (Finland), REPA (Sweden), REPAK (Ireland), Rekopol (Poland), SLOPAK (Slovenia), Sociedade Ponto Verde (Portugal), UkrPec (Ukraine), Valorlux (Luxembourg), VALPAK (UK), Zaliasis Taskas (Lithuania)

2.0 Environmental Arguments

2.1 Recovery Rates

Countries with a deposit system for one-way beverage containers do not necessarily lead to the achievement of higher collection and recycling rates.

Analysis of the recovery and recycling rates achieved for used packaging in 2004 in the member states by the European Commission show that e.g. Denmark has one of the lowest recycling results for plastics, paper and metal packaging within the European Union².

2.2 Resource consumption

In general for the introduction of deposit systems, new transport systems have been set up. This has resulted in increased fuel consumption, traffic congestion and CO₂ emissions. This is corroborated by a research study from PETCORE³ which has shown that the kerbside collection and recycling of beverage containers via a collection system like the DSD system in Germany produces a lower environmental impact than collection via the current German mandatory deposit system.

2.3 Littering

Drink containers represent a small but highly visible part of all litter and PRO EUROPE would absolutely agree that the elimination of littering is a highly desirable aim. Studies show that the average share of packaging waste is 6 % of the overall litter stream. Beverage packaging waste accounts for only 0.45 % of the total litter. By far the largest fraction of the overall litter stream consists of cigarette butts, organic waste and non-packaging litter.⁴ In fact PRO EUROPE and its members already run educational programs⁵ in this area and are ready to co-operate with authorities and industry to tackle this problem.

Much research has been done into potential policy initiatives which could effectively tackle the problem of litter. In a recent study the declared reasons for littering are “by mistake”, inadvertently” (for 65%) followed by “lack of infrastructure” (38%) and imitation (35%).⁶ The main conclusions of which are that consumer education, enforcement and the availability of litter receptacles are the most important factors affecting litter levels⁷. We therefore feel that the association of litter reduction with the introduction of mandatory deposit systems is erroneous.

2.4 Consumers' willingness to separate waste

In almost all EU member states, systems now exist which rely on consumers to separate their waste into numerous streams in order that it can be separately collected for recycling. Although this can at times be onerous, it has become a part of the national culture for many mature recycling systems.

If consumers are further required to separate another waste stream which must be dealt with in a special way and deposited away from the home, this will not only confuse the consumer but also mean additional effort, thereby reducing the willingness of consumers to continue separating waste. Moreover, it seems unlikely that consumers would differentiate between plastic bottles which must remain in the separate collection system (e.g. for detergents) and those which must be returned to the retailer.

² <http://ec.europa.eu/environment/waste/pdf/2004.xls>

³ “Worlds largest PET Life Cycle Assessment – One way PET levels with refillable glass”, PETCORE 2004

⁴ Eco Emballages Study + Study of University of Vienna

⁵ „Environmental Education – the path to Sustainable Development“, PRO EUROPE 2005/2006

⁶ “Perception of Littering”, survey carried out by Eco Emballages in France in June 2006 among 1000 persons over 15 years

2.5 Changes in Consumption Trends

Even though there is no proven environmental benefit in favouring refillable compared to one-way packaging, supporters of mandatory deposit systems still cite their introduction as a means of benefiting the environment by increasing usage rates of refillable containers. In fact this is also a questionable claim.

Analysis shows that there have been no such effects visible in Sweden and other countries using deposits for extended periods, on the contrary in fact, one way packaging is increasing year by year.

Finally, even in the German deposit system where there is a relatively high financial incentive for the return of packaging (0,25 €-Cents) the quota of refillable containers for main beverage sectors is once again decreasing after reaching a short peak during the initial introductory phase of the deposit system.⁸

2.6. Producer Responsibility

The concept of producer responsibility places obligations on those producers who have a degree of control over the quantities, composition and design of packaged products for the collection and recycling of their products or packaging at the end of their life – it is the practical way by which the EU implements the “polluter pays” principle.

In addition to increasing recovery rates, one of the objectives of producer responsibility legislation is to encourage producers to reduce the quantity and improve the environmental impacts of the products for which they carry some responsibility and that end up in the national waste stream and in this respect it has proven successful in many member states⁹.

With mandatory deposit systems for one-way-packaging the producer has no incentive to reduce the quantity of packaging that he places on the market since the link that is created with producer responsibility legislation between the material produces and the price he pays for their recovery at end of life is completely severed.

3.0 Effects on Consumers and the Economy

3.1 *Effects on Producer Responsibility and Consumers:*

The existing recycling systems which were set up in each Member State under the Packaging Directive are funded by industry using producer responsibility mechanisms (described in 2.6 above). As such, costs for collection and recovery of end of life products are paid by producers and although it is understood that these must eventually be reflected in the prices paid by consumers, producer responsibility mechanisms enable producers to internalise and minimise these costs. Moreover, they are able to control these costs by optimising the packaging they choose to use.

Where separate systems are set up for the recovery of one-way beverage containers, costs for producers increase substantially due to the set up of extra handling, sorting and administration mechanisms over and above those already in place. In addition, producers have little or no control over these extra costs which tend to be passed in full to consumers (See Annex (I)).

Additional costs and space requirements also tend to encourage retailers to reduce shelf-space allocated to deposit-bearing products which in turn reduces the variety that they are willing to stock, thereby reducing consumer choice.

⁷ 65% of the interviewed people thought that education is the right tool to fight littering

⁸ Andreas Rottke, Association of German Mineralwater Producer, Presentation during a seminar of ASCON dated 24.02.2007, see also Annex 2

⁹ “Effective Packaging – Effective Prevention”, PRO EUROPE 2004/2005

3.2 **Effects on Existing Recycling Systems:**

Mandatory deposit systems separate the packaging waste stream into beverage containers and other packaging types. Therefore, since the proportion of non-refillable drink containers in kerbside collection systems reduces, the recycling of the remaining packaging becomes more costly, mainly because of the underutilization of the existing infrastructure for the collection and sorting of used household packaging. This is again reflected in costs to producers and to consumers as well and will threaten the viability of established schemes.

Running an integrated system for packaging and a mandatory deposit for certain kinds of beverage packaging would cost 2 – 3 times more than running only one system for all packaging¹⁰; this has been confirmed by the results of the PERCHARDS Study on behalf of the European Commission¹¹.

3.3 **Market Effects:**

Experience of the effects experienced through the imposition of mandatory deposit systems has shown a number of consequences on local markets:

- Consumers tend to try to avoid paying deposits by shifting to deposit free products. This includes 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'.
- Damage has been sustained by non-refillable packaging markets, for example can producers.
- Large supermarkets tend to be better equipped to cope with deposit systems than smaller retailers who usually have neither the space nor the finances to install reverse vending machines which means that they have to take back and check bottles manually.

3.4 **Effects to the Internal Market**

Moreover, mandatory deposit systems can also introduce distortions to the internal market, as highlighted in the European Commission Report on the Implementation of Directive 94/62/EC on Packaging and Packaging Waste: "*National measures can lead to distortions of competition and in some cases partitioning of the internal market, which contradicts the objectives of the directive. The beverage packaging sector has signalled such impacts from mandatory deposit systems for non-refillable containers.*" Indeed, there is a risk that a packaging produced in a Member State cannot be put on the market of another Member State having a mandatory deposit system in place because the packaging would not fit with the format imposed by the deposit system. The prospect of 27 different mandatory deposit systems and 27 different packaging requirements would make it very difficult for both small and large businesses to sell their packaging across the EU and could distort competition.

¹⁰ FOST Plus

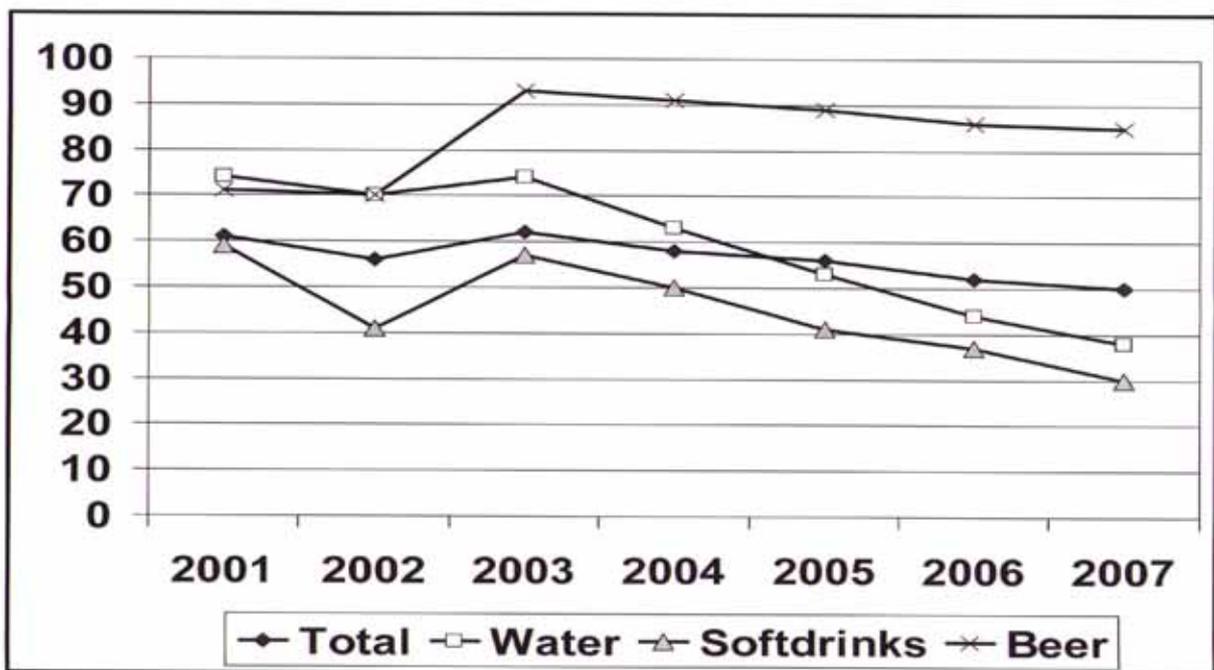
¹¹ "PERCHARDS - Study on the progress of the implementation and impact of Directive 94/62/EC of the functioning of the Internal Market", page 129

Annex (I): Effects on Consumer Costs

Comparing the costs that a filler has to pay for each one-way beverage container to the respective system and/or the retailers show discrepancies between the different solutions¹². Moreover it has to be taken into account that the non-redeemed deposit is used in most of the deposit systems to co-finance the system.

	Denmark ¹³ DEPOSIT	Norway ¹⁴ DEPOSIT	Austria ^{15,16} KERBSIDE – Green Dot	Belgium ^{17,18} KERBSIDE – Green Dot
Can Alu 0,33	2,8	2	0,496	0,21
Can Steel 0,33	4,6	4	0,516	0,063
PET bottle 0,5	4,5	4	1,830	0,79
Glass bottle 0,5	11,2	./.	2,413	0,70

Annex (II): Changes in Consumption Trends¹⁹



¹² All figures are € Cents

¹³ Moreover fillers have to pay in Denmark the yearly registration fee per filler/importer of € 150,-.

¹⁴ Moreover fillers have to pay in Norway a general registration fee of € 3.843,- as well as a registration fee per product of € 640,-;

¹⁵ ARA – full cost system for the collection, sorting and recycling of all used packaging

¹⁶ Weight of aluminium-can: 13,40 g / Weight of steel-can: 25,80 g / Weight of PET-bottle: 30 g (incl. plastic label and plastic cap) / Weight

of glass-bottle: 382,7 g (incl. paper label and aluminium cap) / Fees per 1.1.2007

¹⁷ FOST Plus - full cost system for the collection, sorting and recycling of all used packaging

¹⁸ Fees per 01.01.2007

¹⁹ Development of the German quota for refillable beverages