



**MANDATORY DEPOSIT IN GERMANY:
10 FACTS, 1 ALTERNATIVE**

Current situation

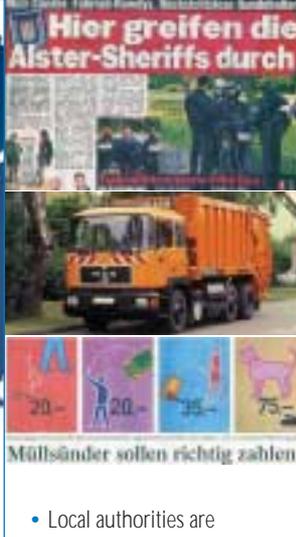
- 75% of consumers are rejecting the current system
- 62 % of consumers feel that environmental pollution is just as bad since deposits.
- Drop in industry turnover of EUR 1.2 billion.
- Loss of EUR 50 million in beer tax revenue
- Threat of 10,000 job losses.

1 Public opinion	2 Packaging	3 Return systems	4 Jobs	5 Product offer
<p>Consumers are bitter about the deposit for one-way drinks packaging. An increasing number are demanding a total withdrawal. This would open the door to a new packaging policy based on consumer interests.</p>	<p>A true market economy is based on the needs of the consumer. Mandatory deposits, however, lead to discrimination and unequal treatment for different types of packaging and drinks and to patronising treatment of the consumer.</p>	<p>75% of all consumers feel strongly that one-way drinks packaging should again be sorted for recycling at home in the 'Green Dot' yellow bin or yellow bag. The current packaging return systems to the original store are expensive, impractical and not consumer-friendly.</p>	<p>The current deposit will lead to thousands of unnecessary job cuts. Sustaining employment must be given priority and, in view of Germany's high unemployment, is one of the key tasks faced by politicians.</p>	<p>The current deposit is leading to an increase in the number of private label products on offer. This is hampering variety. Some retail stores sell almost exclusively private label drinks in one-way packaging.</p>
<p>78,4% have not seen any improvement whatsoever since 1st October 2003 (end of transition period).</p>				<p>Sales of Beverages ⁽¹⁾ subject to Deposit System</p>
<p>74,8% of those asked want to see cans disposed of in the 'Green Dot' yellow bin or bag.</p>				<p>2053</p> <p>176</p> <p>768</p> <p>1118</p> <p>71</p> <p>123</p> <p>87</p> <p>562</p> <p>843</p> <p>-59%</p> <p>■ Glass</p> <p>■ Can</p> <p>■ PET One-way</p> <p>PET One-way of which Standard</p> <p>Proprietary Packaging (Insellösungen) ⁽²⁾</p>
<p>61,7% feel that environmental pollution is just as bad since deposits.</p>				<p>4th Quarter 2002 ⁽²⁾</p> <p>4th Quarter 2003 ⁽³⁾</p>
<p>51,7% want to see mandatory deposits scrapped.</p> <p>Source: Valid Research</p>				<p>⁽¹⁾ Sold in one-way packaging, in million litres ⁽²⁾ Estimate ⁽³⁾ Limited possibility of return ⁽⁴⁾ Forecast</p> <p>Source: Gesellschaft für Verpackungsmarktforschung (GVM)</p>
<ul style="list-style-type: none"> • A majority of Germans feel "deposits on one-way packaging have many disadvantages" • The public wants to see a return to "home collection" eg. the 'Green Dot' System • The media are unanimous: "mandatory deposits : an embarrassing disaster" <p>Stop policies that work against the consumer!</p>	<ul style="list-style-type: none"> • Exempting drinks cartons from deposits favour one packaging system over another. • The system is ambiguous: still soft drinks are not subject to deposits, fizzy drinks are, Colas get a deposit, Cola Rums don't. <p>The proposed amendments to the German Packaging Decree threaten to make this unequal treatment worse.</p>	<ul style="list-style-type: none"> • There is no uniform return system for one-way packaging across Germany. • There is too much red tape. • There are five different, incompatible systems covering 10% of the drinks market at most. • Many of the different retail solutions are also incompatible. <p>The current legislation, as well as the planned amendment, do not create a consumer-friendly system for returning one-way packaging.</p>	<ul style="list-style-type: none"> • Demonstrations spurred by fear of job losses. • Up to 10,000 job cuts according to a study by Prognos AG • Government poster financed by taxpayers' money contradicts the facts. <p>Jobs are not something to be played around with!</p>	<ul style="list-style-type: none"> • Deposits are drastically reducing the number of products in one-way packaging on sale. • The variety available to consumers is limited. • There is a trend towards "private label " <p>Stop dictating to consumers!</p>

The facts are clear, and so is the image they are creating. Both in Germany and abroad, the issue of deposits on packaging has become a further example of a flop and failure “made in Germany”. The past few months have shown that a mandatory deposit charged on one-way packaging

will not solve the current issues – quite the contrary, it is creating a host of new problems. Now is the right time to take a new course of action. On the one hand sufficient empirical findings now indicate that mandatory deposits are inappropriate for one-way drinks packaging. On the

other hand, other valid alternatives exist. World recycling champion Germany demands a better solution!

6 Taxes	7 The environment	8 The EU	9 Local Authorities	10 Pro-active initiatives
<p>The introduction of deposits and the related turnover losses suffered by the brewing industry have already cost the public purse EUR 50 million, not including the losses suffered by other affected industries.</p>	<p>Deposits have had little impact in terms of the environment. More than 60% of consumers feel that countryside pollution is just as bad as it was a year ago. A further 12% even go as far as to say that there is more litter on our streets today.</p>	<p>The EU has initiated infringement proceedings against Germany on the grounds of breaching an EU Treaty. Germany's determination to maintain mandatory deposits is isolating it in Europe.</p>	<p>The German government is convinced that the mandatory deposit has solved the litter issue. The reality is quite different. The current situation is not alleviating this problem at all.</p>	<p>Germany is a leading player in the field of recycling and is the world's most ardent waste collector. In addition to the 'Green Dot' yellow bins, many local authorities, interest groups and associations have introduced special initiatives in this area. The mandatory deposit systems are discouraging these.</p>
				
<ul style="list-style-type: none"> • Mandatory deposits stem economic development. • Overall the German economy will lose EUR 1.2 billion in turnover (Prognos AG). • Considerable tax losses are borne by the public purse. <p>An economic policy boost is urgently needed!</p>	<ul style="list-style-type: none"> • Drinks packaging accounts for just 0.04% of global environmental impact in Germany • Broken glass is increasingly contaminating the countryside. • The German Expert Committee on Environmental Issues has reservations concerning mandatory deposits on one-way packaging. <p>It doesn't take a sledgehammer to crack a nut!</p>	<ul style="list-style-type: none"> • The current return systems are making it impossible for foreign drinks manufacturers to export to Germany. • The German mandatory deposit systems infringe European law. <p>The European market needs an international packaging policy.</p>	<ul style="list-style-type: none"> • Local authorities are spending more on cleaning up their streets. • Despite the introduction of mandatory deposits, urban cleaning costs are up. • Intensified monitoring and greater penalties are in force at local level. <p>Local authorities need a uniform national concept that will relieve the burden.</p>	<ul style="list-style-type: none"> • The current, pseudo return systems are undermining previous efforts and successes. • State intervention is hampering private initiative. • The willingness and commitment of citizens is under threat. • A modern environmental policy needs joint participation of stakeholders. <p>Clear signals from policy makers are urgently needed. We must work together and not against one another.</p>

THE ALTERNATIVE FOR THE FUTURE

The majority of the German people want the one-way deposit systems to be scrapped. 75% of consumers feel strongly that one-way drinks packaging should be sorted for recycling at home in the yellow bin or yellow bag, as was done until the end of 2002.

The reuse quota and mandatory deposits systems are not benefiting anyone – neither the consumer nor the economy, urban areas or even the environment. What is needed is a new, consumer and environmentally-friendly solution.

90% combined rate of reuse and recycling instead of a 72% reuse quota

A combined rate of reuse and recycling for all drinks packaging is an ecologically and economically sound alternative.

According to experts, a 90% combined rate would ensure reuse levels do not drop.

It would meet political demands to encourage reuse and introduce ecologically efficient and consumer-friendly waste collection and recycling systems for one-way packaging.

Furthermore, current studies indicate that differentiating between one-way and reusable packaging is not realistic and neither helps the environment nor meets with the demands of the modern consumer.

