

Written Declaration Nr. 0091/2008 on deposits

DEPOSIT SYSTEMS: PERCEPTION AND REALITY

APEAL, the Association of European Producers of Steel for Packaging, would like to express its concerns regarding “**Written declaration nr 0091/2008**”, petitioned by Mrs. Hélène Goudin, Mr. Nils Lundgren, Mr. Henrik Lax and Mr. John Bowis. In the declaration, the petitioners claim that the lack of compatibility between national deposit and return systems constitutes obstacles for trade and hence a restriction of competition on the internal market, harming in the end the European consumer. They are therefore calling the Commission to “take measures to induce producers of metal beverage cans to make their deposit and return systems mutually compatible...”.

When reading the argumentation of this written declaration our industry would like to make it very clear that:

- The European metal packaging sector is **not** initiating this declaration and does not support it.
- Deposit systems are costly and **endanger very well performing, existing holistic collection and recovery systems** as established in most Member States.
- Deposit systems, when added to existing holistic collection systems, are **counter-productive** from an environmental point of view.
- According to factual information across Europe, introducing deposit schemes for metal beverage cans **does not guarantee higher recycling rates at all** (*metal packaging recycling rate for Sweden is 71%*). On the contrary, countries with **holistic collection and recovery systems** - without any deposit schemes - are consistently demonstrating **very high recycling rates** for cans (*metal packaging recycling rate for Belgium is 94%, for the Netherlands 85%*), generally in a **much more cost-effective way** !
- Deposit systems themselves lead to **market barriers, the distortion of the internal market** (*cf. Court of Justice Luxembourg verdict Case C 309/02*) and **increased prices for the consumer**.
- A recent **PROGNOS-study** on the effectiveness of the **German deposit system** has shown us that **the objectives** (reduction of littering, reduction of environmental impacts, and increases of market shares of refillable packaging) **have not been achieved**.

*We therefore ask you **not to sign** the written declaration
Nr. 0091/2008*

DEPOSIT SYSTEMS: PERCEPTION AND REALITY

Factsheet

Deposit systems are costly and endanger holistic collection and recovery systems as established in most Member States

European Packaging waste legislation requires Member States to set up holistic return, collection and recovery systems covering all types of packaging (household, commercial and industrial) and applications (food, beverage, etc).

This approach has led to excellent recycling results for all packaging materials with metal packaging in the lead. In Belgium, for example, **94%** of all household, commercial and industrial metal packaging is being recycled. The European average for steel packaging recycling is **66%** and still rising.

Mandatory deposit systems separate the packaging waste stream into beverage containers and other packaging types. By extracting beverage containers from the integrated systems, **the recycling of non-beverage packaging containers becomes disproportionately costly, ultimately threatening the viability and hence the very existence of established integrated schemes.**

Deposit systems, when added to existing holistic collection systems, are counter-productive from an environmental point of view

Achieving overall higher recycling rates?

Sweden is mentioned as a model country for achieving **high packaging recycling rates**. The influence of the voluntary deposit system for beverage containers in achieving this has to be put into perspective. If it is true that 85% of aluminum beverage containers managed by the deposit system are collected for recycling, only 66% of non-beverage metal containers are being recycled (2006 official statistics) and an overall recycling rate of **only 58%** for all packaging materials is achieved. In Belgium, with its well organized and highly developed holistic collection system, the industry has continued jointly to strive to meet targets, reaching unequalled results in the world. In 2007, **90.8%** of household packaging put on the market **was recycled**. Indeed a study by **BIO-IS**¹, commissioned by APEAL in 2005, has also demonstrated of the **negative impact on the global efficiency** when both systems (deposit and holistic multi-material collection systems) are combined, consequently **not leading to higher recycling rates.**

Reducing litter?

Stating that deposit systems for metal beverage cans are an effective tool in fighting litter **is completely incorrect**, as beverage packaging only constitutes a minor fraction (**0,45%**) of all litter. Indeed, litter merely consists of non-beverage packaging items such as plastic bags, cigarette butts, chewing gum, paper tissues, etc. So, extracting the metal beverage cans from litter is not bringing us any closer to a solution for the issue on litter. The idea of fighting litter through deposits is a myth.

Overall environmental impact

Furthermore, the 2005 BIO-IS study has demonstrated that the **environmental impact of the combined system** of deposits for one-way beverage containers and multi-material curbside collection systems **is always worse** than that of the multi-material collection system alone, when taking into account **all environmental themes.**

Deposit systems themselves lead to market barriers, the distortion of the internal market and increased prices for the consumer.

Mandatory deposit systems also create **barriers to the free movement of goods**, a fundamental principle of the European Treaties. The European Court of Justice has acknowledged that deposit systems are more likely to hinder trade than general collection systems (Case C-309/02²). Both the Commission and the Court have been highly critical about the operational conditions of deposits such as labelling requirements and compensation for deposit amounts. The German mandatory deposit system for example has heavily fragmented and disrupted the German beverage market putting imports at a competitive disadvantage.

Other negative economic effects of establishing a deposit system **are the price increases.**

The recycling systems set up under the packaging Directive are already funded by industry. With the additional burden of running a separate system for one-way beverage containers, **costs for those companies will increase tremendously.** The study carried out in 2005 by BIO-IS demonstrated that when combining a deposit system with an existing multi-material collection system for one-way packaging, costs per tonne are doubled from 320-770 €/tonne up to 790-1,200 €/tonne.

The increase in costs will ultimately be passed onto consumers in the form of higher prices.

¹ BIOS-IS study (March 2005), 'Environmental- and Cost-Efficiency of Household Packaging Waste Collection Systems: Impact of a Deposit System on an Existing Multimaterial Kerbside Selective Collection System'.

² Case C-309/02 Radlberger Getränkegesellschaft [2004] ECR I1763.

DEPOSIT SYSTEMS: PERCEPTION AND REALITY

The German Case Study

In the beer, soft drinks and water markets, a mandatory deposit for non-refillable glass, metal and plastics packaging has been implemented in Germany since January 1st, 2003. APEAL, Ball Packaging Europe and SKB (Stichting Kringloop Blik) commissioned a study³ with Prognos, a well known German/Swiss consultant in strategic & environmental consultancy. The study assessed the environmental and macro-economic impact of the mandatory deposit on one-way beverage packaging in Germany. Conclusions show that the mandatory deposit has not reached the objectives (reduction of littering, reduction of environmental impacts, and increases of market shares of refillable packaging).

CONCLUSION

Objective 1: Stabilisation / Increases of the Market Shares of refillable packaging.

Results:

The market share of refillable beverage packaging was at 58% in 2002, went up to 65% in 2003 (year of enactment of deposits) and has decreased continuously thereafter in 2004, 2005 and 2006 down to a level of 53%.

Conclusion:

→ *The political objective regarding market shares of refillables has not been reached.*

Objective 2: Reduction of Littering in streets and public areas.

Results:

According to recent studies, beverage packaging contributes only to a minor extent to littering, and there are no significant quantitative effects in litter reduction and no economic effects in street cleaning identifiable as result of the introduction of deposits on non-refillable beverage packaging.

Conclusion:

→ *The political objective regarding littering has not been reached.*

Objective 3: Reduction of Environmental Impacts attributable to beverage packaging.

Results:

For 2002, the CO₂ emissions attributable to beverage packaging are calculated to be at 3.8 Million tonnes. This is a share of 0.4 percent - compared to total annual CO₂ emissions of about 865 Million tonnes in Germany. In 2006, CO₂ emissions attributable to beverage packaging are calculated to be at 3.3 Million tonnes. This reduction of 0.5 Million tonnes has improved the national CO₂ balance in Germany by 0.05 percent. As to the consumption of energy resources and the emissions of airborne gases, the calculations show similar results regarding shares and rate of improvement.

Conclusion:

→ *The significance of emissions and energy consumption attributable to beverage packaging is rather low (shares of 0.4% and less). The improvements following the introduction of mandatory deposits are only very minor. Fighting CO₂ emissions through improving recycling rates is far more cost effective.*

³ Prognos study (November 2007), 'Effects of deposits on beverage packaging in Germany', Prognos AG.



The Association of European Producers of Steel for Packaging

Avenue Louise 89 • BE-1050 Brussels • Phone +32/2/537 91 51 • Fax +32/2/537 86 49

E-mail : info@apeal.be • www.apeal.org • www.steelforpackaging.org