

## **Deposit Return System call for evidence**

### **Response from O-I**

O-I is the world's leading maker of glass containers. The company has 35 plants in 10 countries employing 8,000 employees in Europe. In Scotland, our Alloa plant employs directly 600 highly qualified and skilled people who produce more than 2 million bottles a day predominantly for the Scottish Whisky industry.

Due to its natural properties, glass packaging is not a "waste product". At the end of its life post-consumer glass is recycled into new products without losing its value. Some of our plants in Europe use up to 80% post-consumer glass in their production. Today 70% of the total volume of glass consumed in the EU is recycled of which 80% is genuinely recycled in a bottle-to-bottle loop.

O-I is the world's largest user of post-consumer glass: in 2014 we purchased 4.7 million metric tons of cullet globally. 3 million tons are used in Europe. Our Alloa plant uses recycled glass sourced from local authorities throughout Scotland in all its furnaces.

This makes a significant stakeholder in any debate on waste policy. For this reason we would like to raise some concerns about Scotland's proposed deposit return system.

**Our experience of these systems from other markets in Europe and across the world tells us that this proposal may not only fail to achieve its objectives, it may disrupt the existing kerbside recycling systems and distort the packaging market.**

### **1. A deposit return system risks undermining Local Authorities' kerbside recycling systems**

- The impact of deposits will affect both street cleaning services and recycling systems and will likely increase costs of both.
- The cost of emptying litter bins and street sweeping will hardly decrease because other litter – newspapers, travel tickets, coffee cups, chewing gum, cigarette packets and ends etc. – will still need to be dealt with. It is likely that costs could increase because deposits may encourage people to empty litter bins to scavenge for containers. They are unlikely to replace other items of litter after emptying.
- Drinks containers have a relatively high scrap value compared with other recyclables. Local authorities would therefore lose this value but would still incur similar collection costs (primarily labour and transport) collecting a smaller amount of lower value materials.

## **2. A deposit return system would not increase recycling rates and risks disrupting the market**

- In Germany, the introduction of a deposit return scheme changed the packaging market for water and soft drinks by incentivising retailers to stock packaging materials other than glass. One reason is lower storage costs of alternative packaging materials led to a substantial increase in volume at the expense of glass packaging. The primary consideration for retailers was not the sustainable characteristics of packaging but simply the costs associated with storage. Profits derived from unclaimed deposits also saw an increased demand from retailers for single-use beverage containers.
- This is an unintended but unfortunate outcome of a deposit system which does very little to enhance the overall environmental impact of packaging. To be effective deposit schemes should not distort the market in favour of one particular material but in our experience this is an almost unavoidable consequence of their introduction.
- The report presented by Zero Waste Scotland provides no evidence for its assumption that a 10p deposit would produce an 85% return rate and a 20p deposit a 95% return rate.
- It suggests that a deposit return system would increase recycling rates. However, this would only be for those containers within the system.
- Even in Denmark, which has always had deposits on drinks containers and where consumers never lost the habit of returning containers to the store, the return rate is below 90%, though the law set a target of 95% in 2001 and the deadline for achieving it has been postponed more than once since then.
- Hawaii, the most recent US state to impose deposits (2005) was at 72% until 2011 and reached 77% in 2012.
- The report has ignored AG Barr's experience with a deposit on glass refillable bottles. Their customers make a conscious decision to choose containers with a deposit so a high return rate would be expected.

In fact, despite much effort to keep the system working, including increasing the deposits from 20p to 30p in 2008, many of its customers forfeit the refund. In 2012, when the government included glass in kerbside collections the return rate dropped from 65% to 57% and has kept going down to 54% today.

- The trial machines in Heriot Watt University achieve 50% recovery, despite the machines being close to where the drinks are consumed and the sales outlets and the fact that the university campus is a largely closed and pedestrian community.

### **3. A deposit return system would target only a small amount of litter and have no impact on littering behaviour**

- Eunomia says beverage containers are 40% of litter based on volume. Studies that measure number of littered items put it at between 3%-20%.
- The report suggests that there could be a reduction in litter of around 17% but there is little hard evidence from anywhere that deposit schemes reduce littering.

Sweden has had deposits on drinks containers for 30 years and despite increasing the on-the-spot fines for littering drinks containers to £63 in 2011, it is still a problem. In any case, Sweden is not comparable with Scotland. Only 30% of Swedish households have kerbside recycling compared with national coverage in Scotland.

- The report's estimate of cost savings from litter reduction is speculative.
- No Scottish authority records the amount of litter collected. The report has ignored the most recent survey of the number of littered items in Scotland, carried out by Keep Scotland Beautiful Composition of Litter in Scotland 2014. Instead it has used an estimate of the amount of littered drinks containers by weight from a previous study by Eunomia.
- Weight of litter is of little importance - 30 grams of plastic could be 1 bottle or 20 yogurt pots. The cost of cleaning them up is very different. The report applied a further calculation to the weight data to come to the conclusion that 86% of litter could be recycled, worth £0.6 million.
- The report puts a value on the disamenity cost of litter at between £513m to £770m, based on four studies of people's claimed willingness-to-pay for less litter, three of which are not named. The fourth is a 2011 study by Wardman, University of Leeds Institute for Transport Studies for Defra. It showed people four photos of different levels of littering but, as the study points out, the results are an average value.

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## Annex 1

### Change in the soft drink, Fruit Juice and water packaging market share in Germany

Mineral Water											
share of packaging system (on production basis)											
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
reusable glass	81,18	72,10	63,76	59,93	51,02	43,65	35,98	31,10	28,53	26,53	25,77
one-way glass	6,23	1,88	1,05	0,42	0,45	0,19	0,20	0,18	0,16	0,20	0,25
reusable PET	4,64	8,30	11,87	18,51	22,13	23,44	21,17	20,20	20,43	20,19	20,38
one-way PET	5,79	16,05	22,08	19,86	25,17	31,52	41,38	47,04	50,00	51,94	52,50
Post-,Premix	0,84	0,77	0,70	0,64	0,62	0,67	0,82	0,78	0,86	0,83	0,80
can	0,19	0,18	0,13	0,04	0,01	0,01	0,01	0,00	0,01	0,01	0,01
beverage carton	1,13	0,71	0,42	0,60	0,59	0,51	0,43	0,42	0,30	0,30	0,29

Source: Gesellschaft für Verpackungsmarktforschung (GVM)



Soft Drinks											
share of packaging system (on production basis)											
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
reusable glass	34,50	30,41	26,47	24,41	19,60	14,93	12,18	10,55	4,89	5,03	4,86
one-way glass	5,15	1,33	0,67	0,23	0,06	0,05	0,06	0,07	0,05	0,07	0,06
reusable PET	30,21	26,71	24,32	34,75	35,92	33,88	31,69	29,01	26,44	26,46	24,80
one-way PET	10,51	22,37	30,91	28,21	34,08	41,57	46,56	50,84	55,38	55,19	57,28
Post-,Premix	6,81	6,59	6,09	6,32	5,91	5,41	5,39	5,19	4,89	5,03	4,86
can; tin	12,08	11,96	11,31	6,07	4,41	4,06	1,97	2,17	1,30	0,59	1,04
can; aluminium	0,74	0,62	0,23	0,02	0,01	0,10	2,14	2,16	2,18	2,76	2,59

Source: Gesellschaft für Verpackungsmarktforschung (GVM)



Fruit Juice								
share of packaging system (on production basis)								
	2000	2001	2002	2003	2004	2005	2006	2007
reusable glass		20,24	17,62	15,84	14,08	12,82	10,57	9,56
one-way glass		17,62	11,12	5,09	2,06	0,89	0,68	0,60
reusable PET		1,33	1,36	1,24	1,21	1,27	2,24	2,22
one-way PET		6,02	15,60	24,93	24,37	32,86	42,13	50,41
beverage carton		45,96	45,82	44,99	51,05	44,41	37,14	30,95
pouches		8,04	7,90	7,49	6,79	7,37	6,92	5,96
Post-,Premix		0,38	0,40	0,26	0,29	0,28	0,27	0,24

Source: Gesellschaft für Verpackungsmarktforschung (GVM)

