



Der Grüne Punkt –
Duales System Deutschland AG

The development of the Dual System in Germany

15 years of experience

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Head of International Affairs

Milestones of DSD



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1. Founded in 1990
2. Packaging Ordinance June 1991
3. Financial Crisis in 1993
4. Amendment of the Packaging Ordinance in 1998
5. Call for tender for collection and sorting in 2003/2004
6. Bought by KKR in 2005
7. Complete Take over of DKR in 2005

In the Beginning Were the Limits



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**A small country,
A dense population,
A high level of consumption
- and serious problems:**

- ☐ **Limited natural resources**
- ☐ **Limited landfill capacities**
- ☐ **A limited amount of tolerance in the population regarding a throw away society and incineration**
- ☐ **Local authorities called for help to solve the waste management problems**

The German Packaging Ordinance: Targets



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- ❑ **To introduce Extended Producer Responsibility (EPR)**
- ❑ **To internalize external costs**
- ❑ **To close the material loop**
- ❑ **To reduce waste going to landfills**



The German Packaging Ordinance: Political Background

❑ **Economic sectors affected by the Packaging Ordinance:**

- ✎ **Packaging industry**
- ✎ **Fillers**
- ✎ **Retail trade**

❑ **Alternative ways to fulfill the take-back and recycling obligation:**

- ✎ **On an individual basis**
- ✎ **By joining a dual system**

❑ **Sanctions imposed in the event of a dual system's failure:**

- ✎ **Enforcement of the individual take-back obligation**
- ✎ **Deposit on one-way packaging for beverages, dispersion paint, washing powder and detergents**

The German Packaging Ordinance: Political Background



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Why did industry set up the Dual System?

- ❑ To comply with producer responsibility
- ❑ To ensure efficiency with respect to
 - ✎ costs
 - ✎ quality of service (household-oriented)
- ❑ To avoid the implementation of the take-back obligation at the retail level
- ❑ To prevent the deposit on one-way packaging for beverages, dispersion paint, washing powder and detergents

The Organization in 1990: The founding Shareholders



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**DSD was a non-profit organization.
Among its 600 shareholders are e.g.**

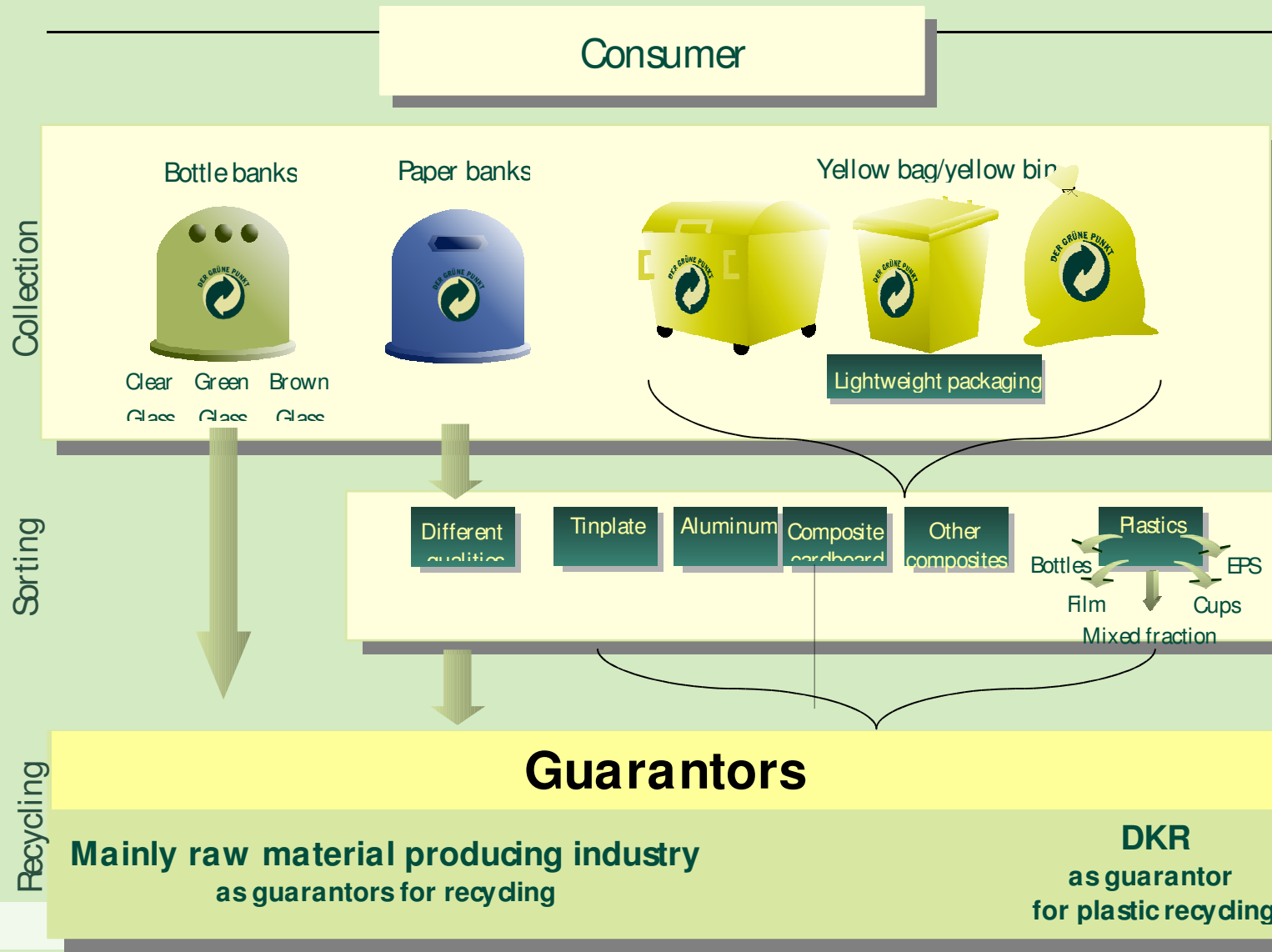
**Bayer
Beiersdorf
BP Chemicals
Braun
Coca-Cola
Gillette
Johnson&Johnson
Danone
Kellog
Kraft**

**L'Oreal
Procter & Gamble
McDonald's
METRO
Nestlé
Nike
Rewe
Tetra Pak
Wrigley
Unilever**

How Does the System Work?



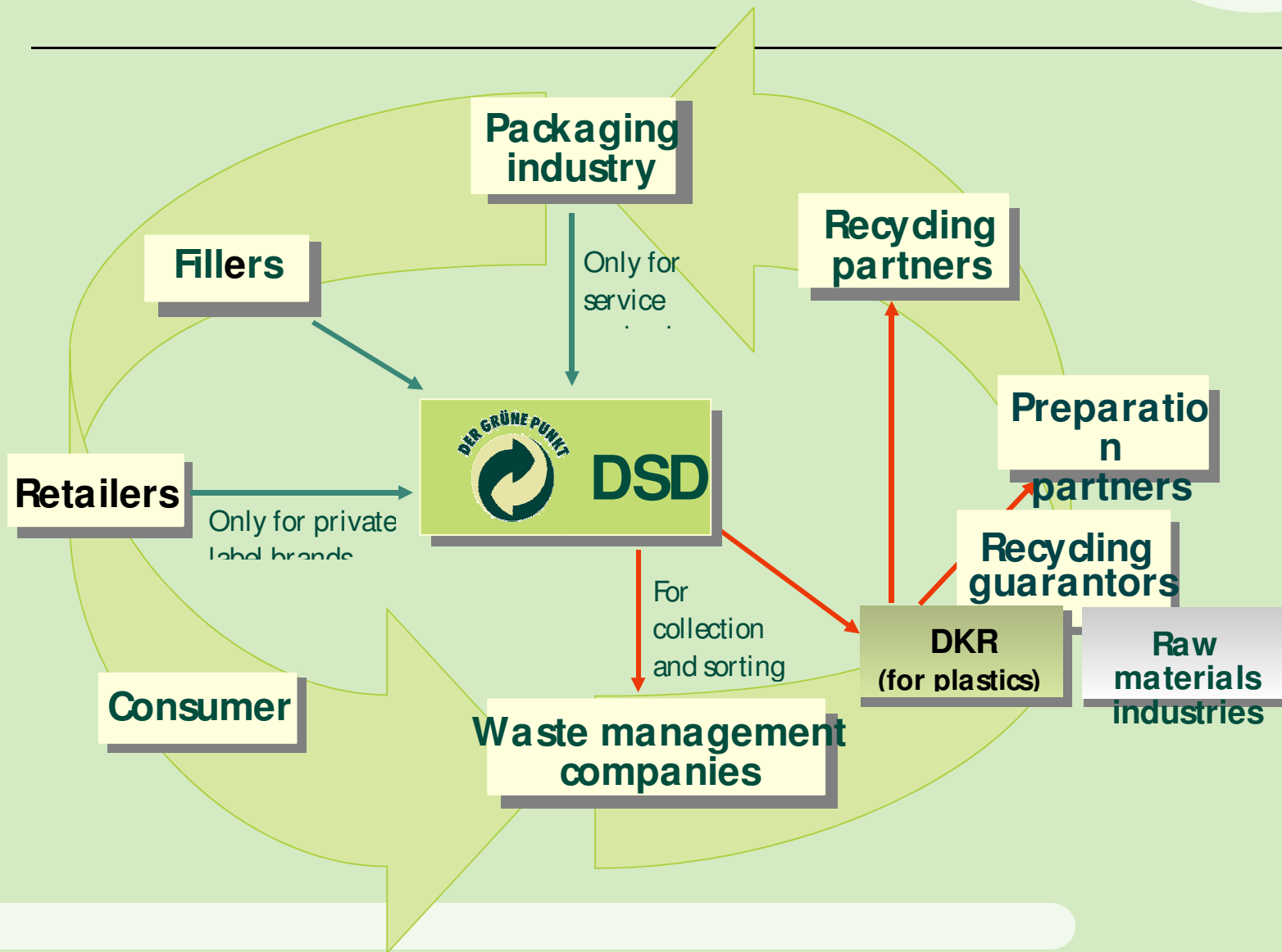
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Financing



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Problems in the start up phase

- ❑ **Tight time frame: System had to be implemented nationwide within 18 months**
- ❑ **No period of grace: High recycling quotas applied from the very beginning**
- ❑ **Law without enforcement: No proof of efficiency of alternative systems required of those not joining DSD**
- ❑ **Building on existing waste management infra-structures: Agreements had to be reached with each local authority**
- ❑ **Recycling restrictions I: Only sales packaging, no transport packaging, allowed in the system**
- ❑ **Recycling restrictions II: Only material recycling - not energy recovery - accepted**



The Financial Crisis in 1993

1. **Consumers collected more than expected**
2. **As there was no monitoring system some waste management companies invoiced not only household packaging to DSD**
3. **Guarantor for the plastic recycling had by far not enough capacities for recycling**
4. **Only parts of the obliged companies took part in the system**
5. **Companies which took part in the system did not register and pay for all their household packaging**
6. **Government did not fight against free riding**

Result: DSD had a financial loss of € 500 million
Plastic guarantor (run by chemical industry) went bankrupt



Solving the Financial Crisis in 1993/1994

1. Round table of government, industry and waste management companies
2. Government agreed to take action against free riding
3. Retailers asked their suppliers to join the system with all packaging
4. Parts of the loss were deferred, parts were waived
5. DSD changed the contracts with fillers and with waste management companies
 - Introduction of a prove system for the registered amounts of packaging; fillers have to file a certificate of a certified accountant in the end of the year confirming the correctness of reporting and payment
 - Waste management companies are paid for the output ex sorting plant
 - Later WMC's have been paid up to a certain maximum
 - Nowadays they get a fixed payment per year
6. DSD founded DKR to guarantee the recycling of all plastic packaging



Recycling of plastic packaging

- ❑ **Some scandals in the recycling of plastic packaging in the early 90s**
- ❑ **DSD – material was found on dumps in France, India and China**
- ❑ **DSD and DKR developed a monitoring system for recycling plants which is done in a similar way now all over Europe**
- ❑ **Every plant has to have a certificate of the TÜV before the first delivery**
- ❑ **DKR task force is visiting plants all over the world**
- ❑ **Since a lot of years no problems anymore**



Collection and sorting of packaging

- ❑ **Some scandals in the collection and sorting of packaging in the 90s**
- ❑ **It is difficult to monitor whether a truck is running several times of the weighbridge with the same material**
- ❑ **It is difficult to see whether the baled material really comes from household packaging or is packaging at all (waste from production)**
- ❑ **DSD has developed its own monitoring system; every year stocktaking in all sorting plants**
- ❑ **CYCLOS, a consulting company, is monitoring the collection, sorting and recycling on behalf of the ministries of environment**
- ❑ **Not announced visits during the whole year**



Monitoring of the government

1. **Every compliance scheme in Germany has to file a documentation to the ministries of environment called Mengenstromnachweis (mass flow verification)**
2. **For all recycled packaging a complete and plausible description of all material movements starting from the collection up to the recycling has to be filed in.**
3. **Weighing certificates have to document all steps between collection, sorting and recycling (especially for plastics and beverage cartons)**
4. **As said, CYCLOS/HTP is monitoring the whole system(s) on behalf of the government by checking the documents and visiting the sorting and recycling plants**



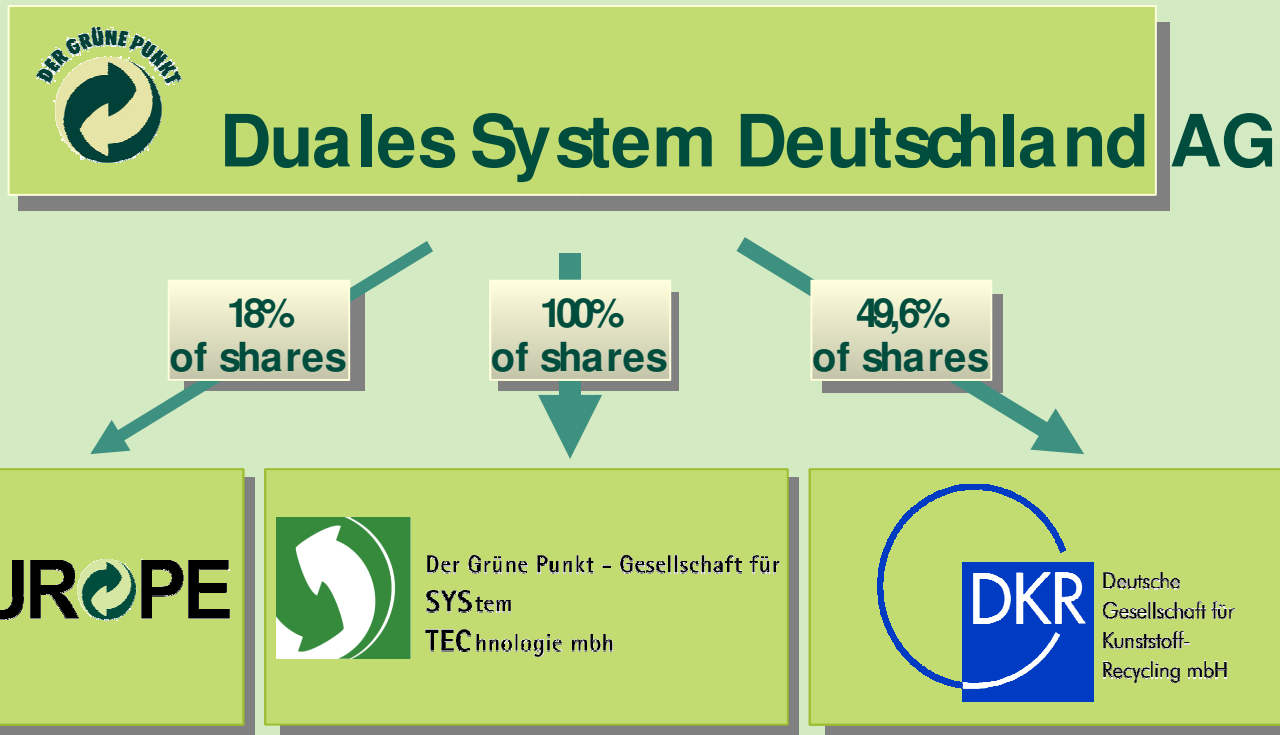
The Packaging Ordinance Amended in 1998

- ❑ **New waste management contracts have to be negotiated based on call for tenders**
- ❑ **Recycling proof has to be submitted by those not joining the Dual System**
- ❑ **Obligation to join the Dual System applies if no alternative recycling proof can be submitted**
- ❑ **Separate collection and sorting quotas replaced by one recycling quota**
- ❑ **Energy recovery is partly accepted**

The Organization in the year 2000: Subsidiaries and Affiliates



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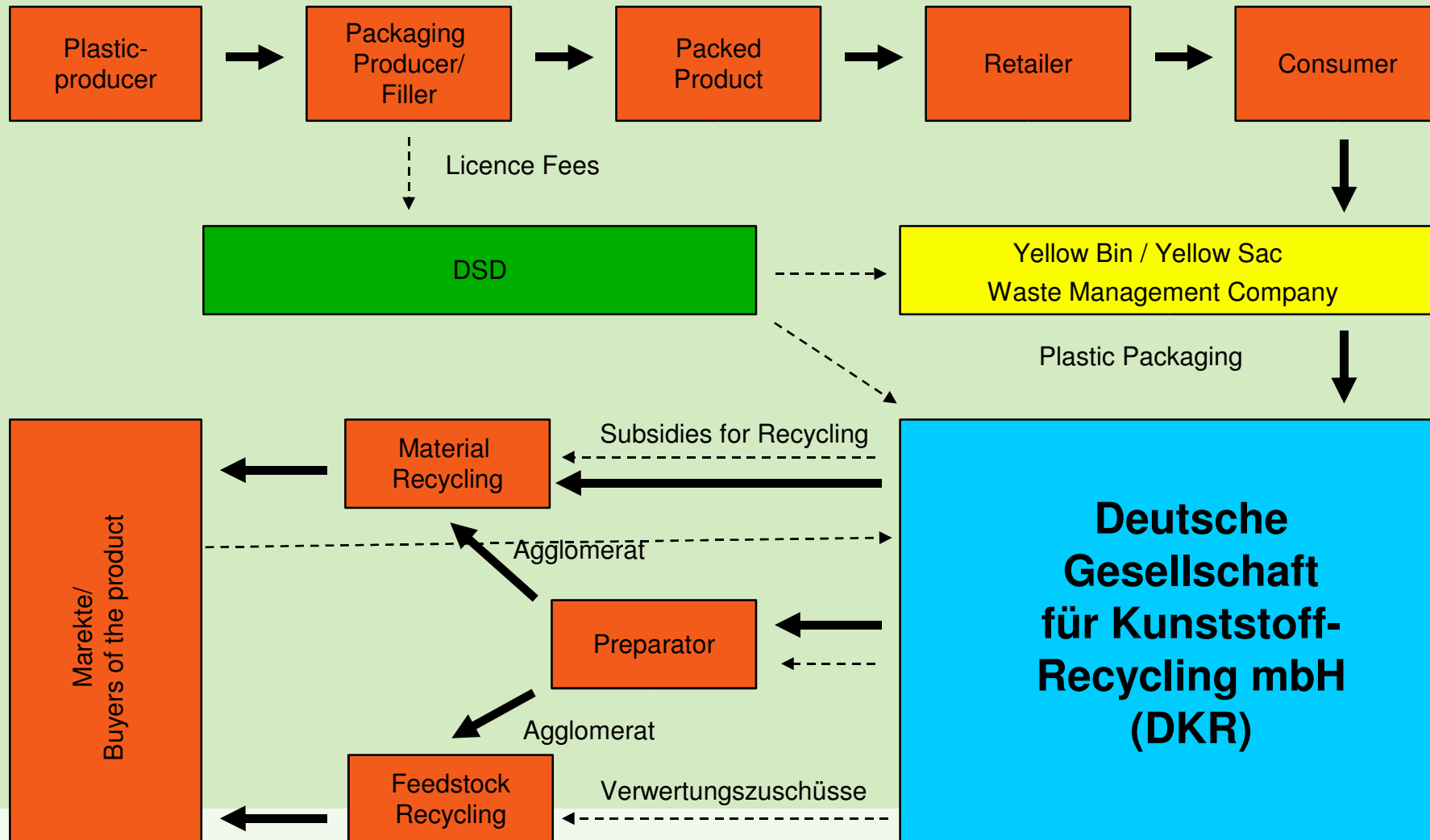


DKR: Guarantor of the Dual System



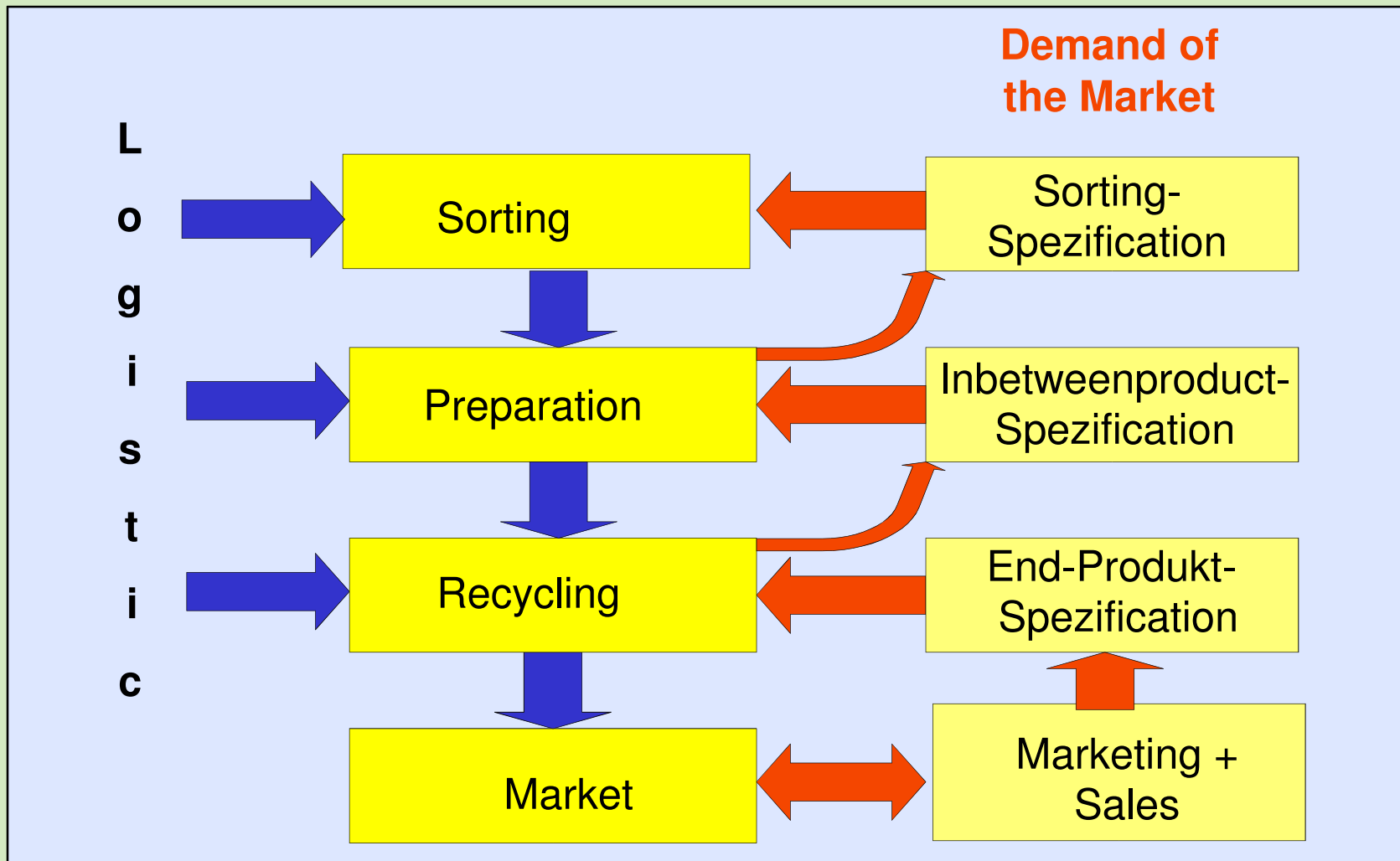
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Material Streams →
Financial Flows - - - - -





The market steered Integrated Qualitymanagement - System



MARKETABLE PRODUCTS for plastic packaging



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**Rocking horse
(100 percent
bottle
regrinate)**



Regrinate



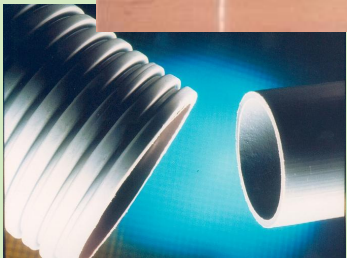
**Chair(100
percent
cup/tubs-
regrinate)**



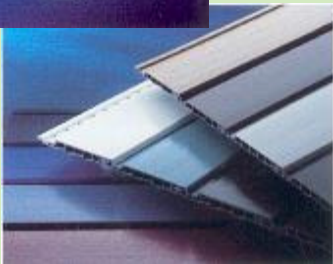
**Spacer (100
percent
cup/tubs-
regrinate)**



**Pipes (100
percent bottle-
regrinate)**



**Panelling (100
percent PO-
regrinate)**



**Paletts (100 percent
films)**

Waste Management System evolution

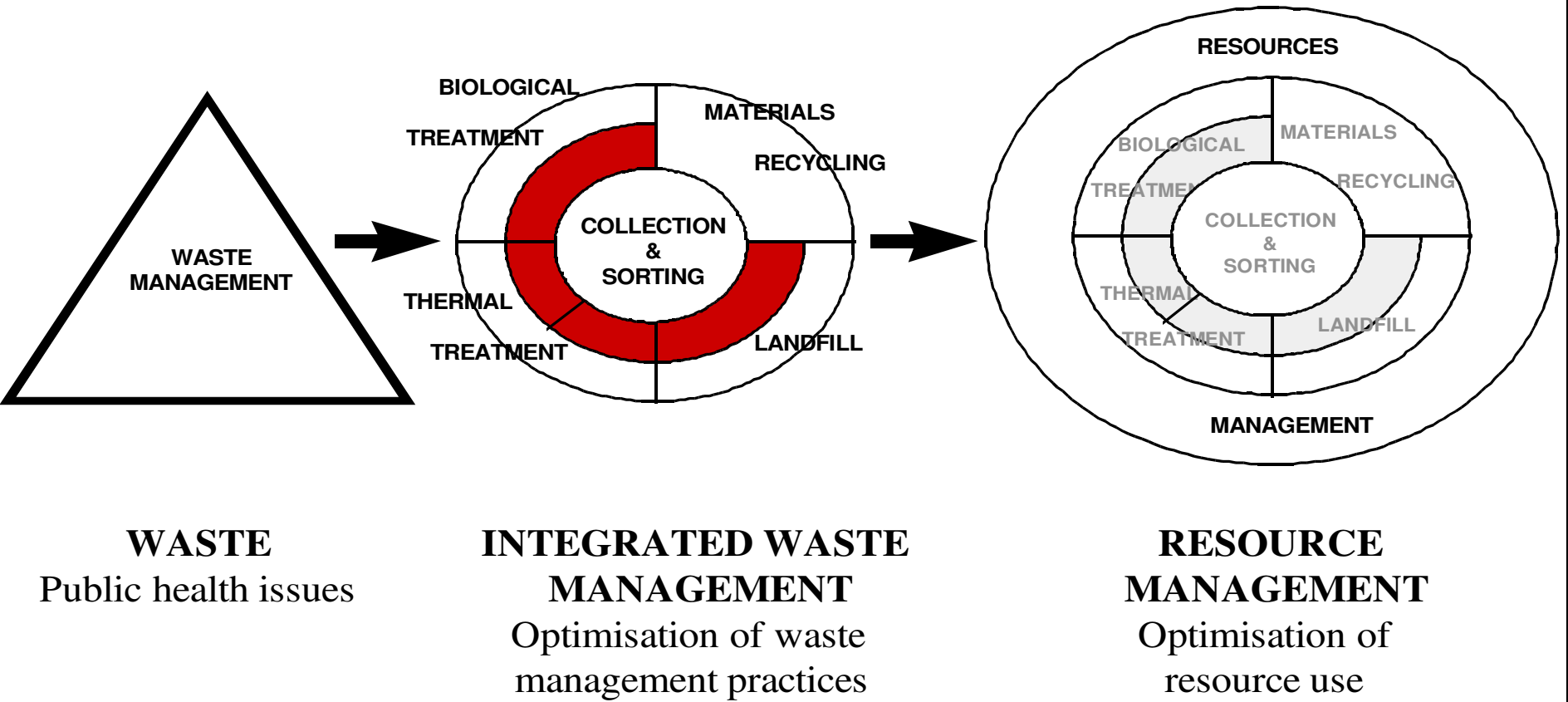


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Optimise waste management



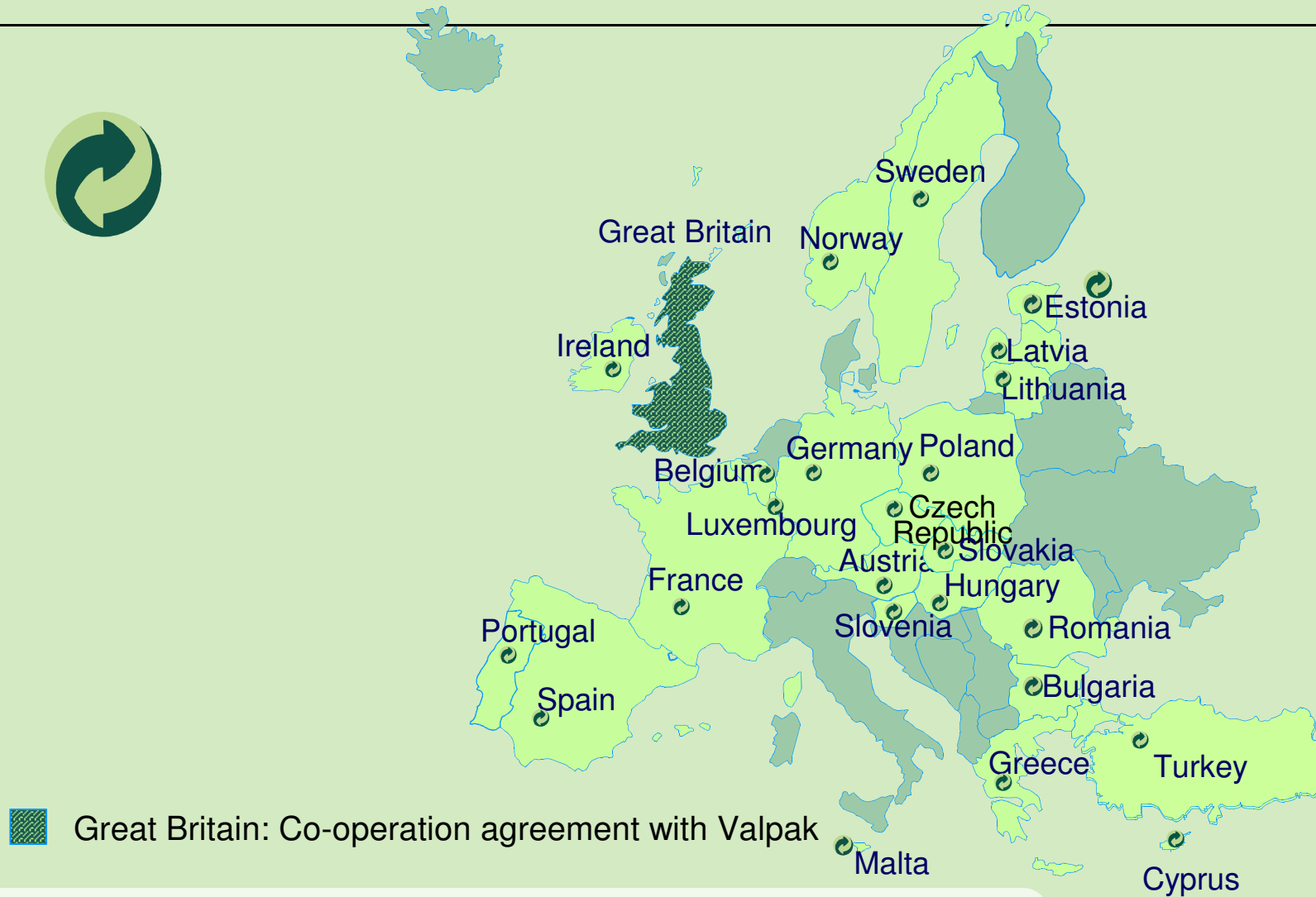
Larger than waste management



The Green Dot in Europe (1)



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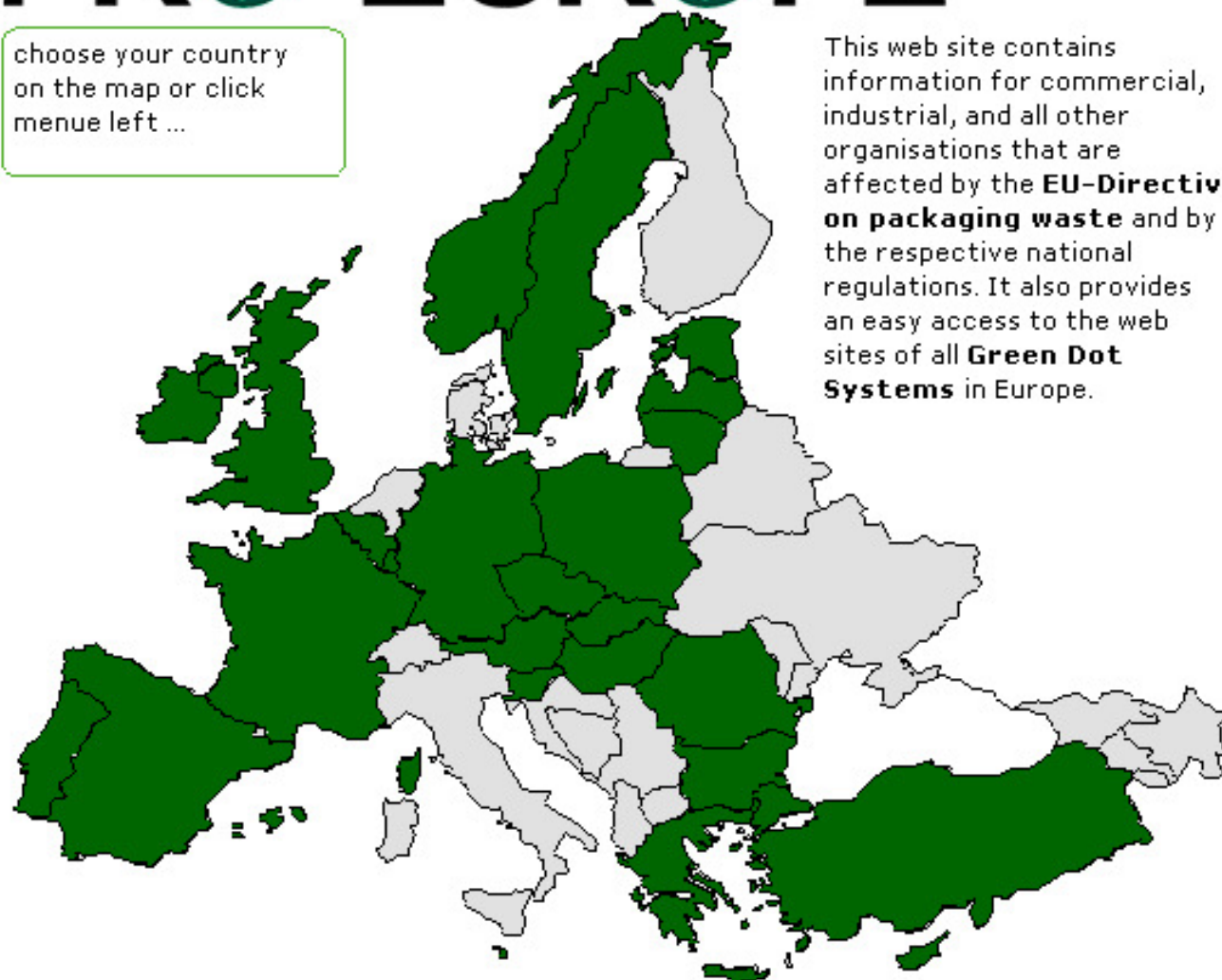


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Packaging Recovery Organisation Europe

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This web site contains information for commercial, industrial, and all other organisations that are affected by the **EU-Directive on packaging waste** and by the respective national regulations. It also provides an easy access to the web sites of all **Green Dot Systems** in Europe.

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**Thanks a lot for
your attention !**