



The new packaging law has imminent risks

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Reinhard Schneider, managing partner of Werner & Mertz has addressed an open letter to the party chairpersons of CDU, CSU, SPD, Bündnis90/Die Grünen and FDP. In it he welcomes the new packaging law that goes into effect on 1 January 2019, but the industry expert and founder of the Recyclate Initiative also issues a warning about potential undermining of the sustainable circular economy for plastic.



Reinhard Schneider, CEO Werner & Mertz Photo: Piel

The open letter in Schneider's words:

"My name is Reinhard Schneider and, as a member of the fourth generation of owners, I manage the family business of Werner & Mertz with headquarters in Mainz. We manufacture laundry detergent, care and cleaning products under the well-known umbrella brand "Frosch". The company is in the best sense "integrally sustainable", that is, as eco pioneers, we always strive to break new ground in the formulas and packaging for our products. With this letter



I would like to make you aware of the impending risk that I see in connection with the new packaging law that goes into effect on 1 January 2019.

The packaging law, in my opinion, is the first important step toward making an effective contribution to high-quality closed-loop circulation of packaging waste in general and plastic specifically. The packaging law calls for significantly higher recycling rates for plastic, among other things, and should provide incentivization for the use of recyclates in packaging. As a businessman committed to environmental protection, I welcome both the rates and incentives because we need a clear legal framework for the further development of the circular economy. Only then are the prerequisites met for fair competition. Unambiguous legal requirements also lay the foundation for urgently needed investment in systems for sorting and processing used plastic packaging so that we can prevent the incineration of more than 50 percent of the plastic collected. After all, incineration is not what the consumer pays for! Consumers have every right to expect that their trash separation efforts at home help to protect the environment. This has been substantiated by all well-known consumer surveys.

If establishing a sustainable circular economy for plastic is a political objective, then we need sufficient amounts of high-quality recyclates from the household collection of packaging with different origins. Here certain business sectors come into play which undermine the system. I dare make this rather general accusation as I have become by definition an "industry expert". In 2012 I brought the Recyclate Initiative to life for the purpose of processing plastic from the Yellow Bag collection system into high-quality recyclates that are used again in our packaging instead of landing in the trash incinerator. We invited the entire supply chain to work with us on the development of appropriate solutions. We have succeeded and I am rather proud that we have been recognized around the world as "Best Practice" for packaging made of 100 percent used plastic collected from private households.

However, headwinds are coming from industries whose business models have to be altered. Discussions have been initiated about whether residual materials from production lines or commercial waste should be regarded as "recyclates" in the sense of the packaging law. I consider that groundless because the rates relate to the collected sales packaging and not to commercial waste. Furthermore, consumers could be misled when the packaging claims "consists of xx% recyclates" as they would logically conclude that it means xx% of the packaging escapes incineration and does not pollute the environment. The latter is not the case when the promised recyclates involve only commercial waste and not – as the consumer would expect – "post-consumer recyclates". Independent studies on this particular consumer expectation are now in process.

The reason behind the above-mentioned efforts to circumvent the law is apparently the unchanged price difference between "genuine" recyclates and raw materials. It is therefore even more important that the law's planned incentives be granted only for recyclates from household collection. This specification is urgently required in the law. It would provide a clearly defined legal framework which creates a level playing field, permanently increases the demand for recyclates from household collections and encourages necessary investments. I have good reason to hope that the prices would then fall and the "wait-and-see" businesses would enter the market.

In another example, the packaging law states that dual systems are to grant incentives for higher recyclability and for higher percentages of recyclates. The extent of incentivization is left



to each dual system's discretion. Without sufficient opportunity for reciprocal financing, however, many dual systems would keep the anticipated incentivization as low as possible in order to avoid being left holding the extra costs. The first "dumping models" are already circulating in the market and are luring the license-holding customers which, given their non-ecological packaging portfolios, would have slim chances of benefiting from incentivization. A potential solution might be the establishment of a financing scheme for all providers.

Unfortunately, significant resistance is emerging to the dual systems' obligations to provide proof that – and to what extent – the collected and sorted plastic is recycled at high quality. Recyclers that produce the materials for low-grade usage fear that their products' reputation will be damaged. Furthermore, some dual systems are not at all interested in this type of transparency because the additional effort endangers their price model. But this requirement is essential! We need high-quality recyclates to establish value-added closed-loop recycling of used plastic packaging so that we can reuse that plastic in new sales packaging.

It should remain a political goal to pursue value creation that results in high-quality and multiple uses of recycled materials and not in downcycling! We were once called "recycling world champion". I think we should live up to this title and, as a (very) good example for the global market, lead the way.

The circular economy can make a substantial contribution to reducing our CO2 emissions. Recycled PET, for example, causes emissions that are 70 percent lower than those for new goods. Many studies (including from Öko-Institut) provide further evidence. Every new closed loop for plastic that was formerly incinerated conserves resources and eliminates a significant amount of CO2.

My letter is addressed to you because this issue speaks to your governance and leadership. From my perspective, what's involved here is the chance to link ecology and economy and create value in Germany.

I am available to talk to you personally about these issues."

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