

PRESS RELEASE

The producers' responsibility – Use of recyclates is essential for meeting recycling quotas

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- **Low oil prices and cheap virgin material lead to a loss of sales markets for recycled plastics.**
- **The Zentrale Stelle Verpackungsregister (Central Agency Packaging Register – ZSVR) sees an urgent need for action on part of packaging manufacturers.**
- **Ms Gunda Rachut, Chair of the ZSVR, commented: "Many producers seem to be unaware of the urgency of the situation: if the cycles do not function, companies risk a tightening of legislation, e.g. in form of levies or product bans."**
- **In order to close gaps and create a functioning market, it is necessary for all parties to work together more intensively to put a circular economy into effect.**

As recycled material is expensive, which is partly due to the steps in the recycling process, the recycling sector has been facing a challenging situation for several years. The coronavirus pandemic has led to a significant aggravation of this situation. Moreover, the markets for recyclates have now collapsed and the crude oil price, which is the basic material for plastic products, keeps dropping to new lows. Accordingly, newly-produced material and packaging are becoming cheaper, and the price difference to recyclates therefore continues to widen. The ZSVR is monitoring recycling rates, and is now raising the alarm: recycling quotas as defined by the Verpackungsgesetz (Packaging Act) cannot be met. If the responsible producers and filling parties do not significantly increase the use of recyclates, the legislator will have to force them to do so.

With regard to the current crisis situation, Ms Rachut says: *"If we merely compare prices, using newly-produced plastic material and packaging is significantly cheaper than the use of recycled material. The current low demand for plastic recyclates is threatening the existence of several recycling companies. Yet we need a strong recycling infrastructure to achieve high recycling rates, as this is the only way to reduce carbon emissions. However, given the current situation, there is no investment, and the pioneers of plastic recycling are on the verge of collapse. This is a clear wake-up call: the producers must take countermeasures and fill the gaps swiftly. Merely raising cost arguments falls far short."*

The overarching objective remains a functioning recycling market

Since the Verpackungsgesetz entered into force, the ZSVR has observed significant positive developments at all stages of the value chain within the recycling economy. These developments range from important milestones, increasing system participation volumes and producer registrations in the LUCID packaging register, to the further development of technological possibilities in facilities – for example, improved sorting of recyclable materials. Regarding the area of recycling design, progress is visible as well.

In order to meet the requirements set out in the Verpackungsgesetz to achieve a functioning recycling market, all parties involved in the closed substance cycle must now cooperate even more closely. Ms Rachut appeals to the producers: *"The entire system is facing a major challenge. Prioritisation of the circular economy by the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety in the wake of the German Presidency of the EU Council underscores the high importance of the topic: with a climate-neutral and sustainable orientation, the Ministry promotes the circular economy at EU level. But the Presidency of the Council starts with a heavy burden – the coronavirus pandemic – which may also claim economic victims in the recycling sector. Hence, in order to actually achieve the recycling objectives, extraordinary efforts are required from all parties involved."*

About the ZSVR

The Stiftung Zentrale Stelle Verpackungsregister (Foundation Central Agency Packaging Register – ZSVR) is headquartered in Osnabrück. The founders are the Bundesvereinigung der Deutschen Ernährungsindustrie (Federation of German Food and Drink Industries – BVE), the Handelsverband Deutschland (German Retail Association – HDE), the IK Industrievereinigung Kunststoffverpackungen (German Plastics Association – IK), and the Markenverband (German Trade Mark Association). Since the Verpackungsgesetz (Packaging Act) entered into force on 1 January 2019, the ZSVR has served as an entrusted body to foster greater transparency and control in packaging recycling. To this end, the ZSVR maintains a register of all industrial and commercial companies under legal obligation, reconciles volumes between producers and systems, and provides for more recycling-friendly design by setting standards. Lawyer Gunda Rachut is the Chair of the Foundation.

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