

The need to set essential criteria for setting up managed pool systems

POLICY BRIEFING
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Credits

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Zero Waste Europe is the European network of communities, local leaders, experts, and change agents working towards the elimination of waste in our society. We advocate for sustainable systems and the redesign of our relationship with resources, to accelerate a just transition towards zero waste for the benefit of people and the planet.



Environmental Action Germany (DUH) has been committed to preserving the natural foundations of life for more than 40 years. In doing so, it brings together environmental and consumer protection like no other organisation in Germany. In the area of circular economy, DUH has been campaigning for waste prevention, responsible consumption and sustainable business models.



Genossenschaft
Deutscher Brunnen eG

With around 180 member companies, the Genossenschaft Deutscher Brunnen (GDB) manages the reusable and recycling systems of German mineral springs. The most famous trademark of these pool systems is the pearl bottle for mineral water. There are around 1 billion returnable bottles and around 100 million associated crates in the returnable systems. This makes it the largest managed reusable system in Europe.



Reloop is an international non-profit organization that brings together industry, government, and NGOs who share a vision of a thriving global circular economy - a system where resources are kept in continuous use and waste and pollution are eliminated. Our broad network seeks to bring about positive change at all levels of resource and waste policy. We want a world free of pollution, where an ambitious and integrated circular economy allows our precious resources to remain resources, so that people, businesses and nature can flourish.



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1. Introduction

The EU Commission has expressed interest in introducing binding measures to strengthen waste prevention and reuse within the revision of the EU Packaging and Packaging Waste Directive (PPWD); as such, several policy measures are currently being studied, from reuse targets to standardisation.

Targets are an essential tool to kickstart the change needed in the packaging landscape in Europe; and a proven mechanism to introduce legal certainty and a sense of direction into legislation. However, the mere introduction of reuse targets without accompanying measures and guidance could bring challenges in the implementation stage - such as inefficient, individualised, and scattered reusable packaging systems; pseudo-reusable packaging that is not actually taken back or reused; lack of access from SMEs to reusable packaging-schemes; concerns regarding high investment costs among businesses; lack of cooperation between businesses; and confusion among consumers, among many others.

In this debate, the standardisation of certain elements of the process - such as packaging or washing processes - is presumed to be a key factor for success. When looking at current success stories in the field of reusable packaging in Europe, one can indeed observe a certain degree of standardisation of packaging, logistics, or washing processes. Yet, the main reason for their success lies in the pooling system itself, which enables a central governance structure; ownership; shared access; and self-imposed quality and efficiency standards. This avoids problems that have emerged in contexts where only standard packaging is used, without centrally managing the pool.

In this respect, and based on existing real-world experiences, **there is a strong point to make in favour of well-managed pool systems for reusable packaging as a key instrument to make efficient and effective reuse systems work; and in favour of making them an essential accompanying tool to any reuse targets.** This paper intends to provide guidance on this topic and propose policy proposals to take into account when creating EU legislation on reuse.

2. Definition of a managed pool system for reusable packaging

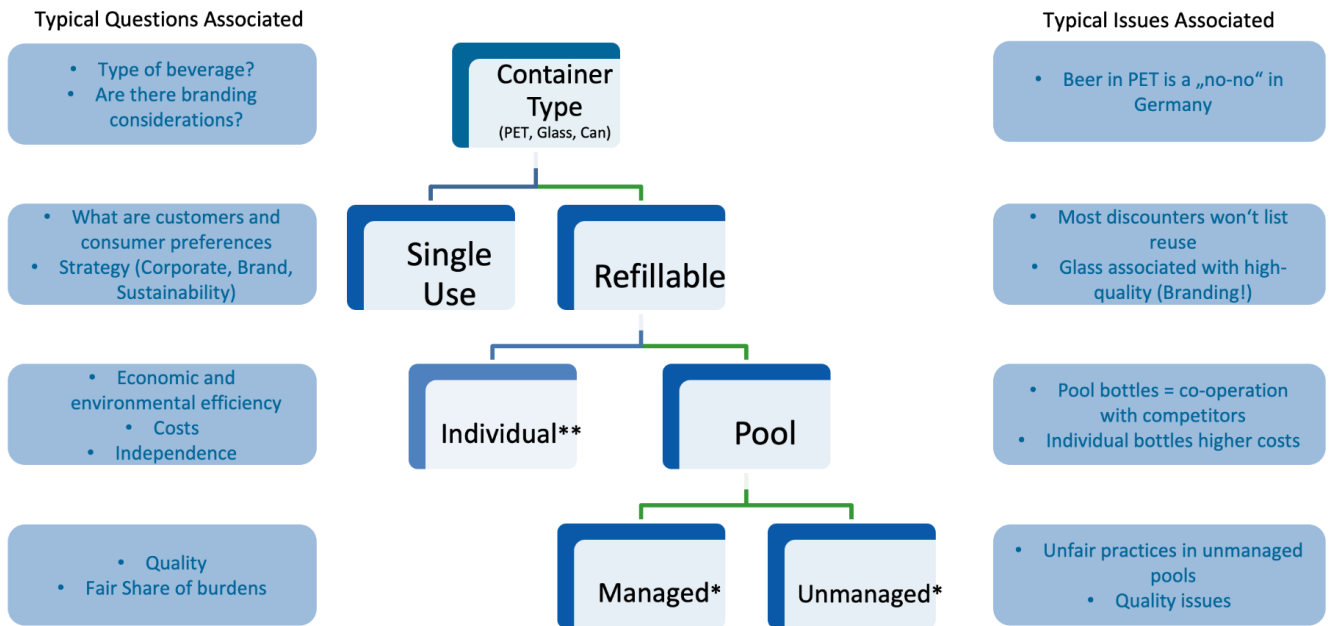
Within the reusable packaging world, there are three types of systems:

- **Managed pool systems:** These are systems defined by a central organisation in charge of organising and monitoring a shared system of packaging.
- **Unmanaged pool systems:** These are systems that use some sort of standardised system or packaging but without central governance.
- **Individual systems:** These are reuse systems set up and run by one single company for their own packaging.

A **managed pool system** is a packaging system consisting of one (or several) defined primary – and, if required, secondary – “return from home” or “return on the go ” containers that are:

- **Jointly used (“shared”)** by a defined set of producers/packers either on a regional, national or cross-border/European level;
- Working **with an institutionalised governance structure**;
- Comprised by a **set of standards and rules**, the basis of which **guarantees the free movement of the packaging among all pool participants** (producers/packers) **and relevant stakeholders** (e.g. trade).

„Taxonomy“ of Reuse (Beverage) Containers



© T. Bielenstein, Reuse Working Group (Arbeitskreis Mehrweg)

Image 1: "Taxonomy of Reuse (Beverage) Containers" (Source: T. Bielenstein, Reuse Working Group (Arbeitskreis Mehrweg))

Managed pool systems have the following advantages:

- **Improved efficiency** - Standard ("pool") packaging can be used and returned by all system participants, minimising transport distances, enhancing logistic processes, and simplifying sorting;
- **Reduction of investments and operating costs;**
- **Lower individual risks for companies;**
- **SMEs can easily enter** refillable pool systems;
- **Increased fairness**, as every pool participant is treated equally;
- **Different packaging producers can produce containers for the pool system** based on the standards defined;
- **Possibility of upscaling reuse within a short timeframe.**

3. Essential criteria for successfully managed pool systems for reusable packaging

When setting up a managed pool system, there is no one-size-fits-all approach. However, based on the existing experience, it is possible to assess which approaches are more likely to deliver. For this reason, **it is advisable that, when defining reuse targets, the EU provides guidance and accompanying support measures on what tools are best suited to achieve them; and on the key parameters to ensure that efficiency and inclusivity are achieved.**

The following criteria have been identified as key to ensuring that a reusable system will meet its expectations:

- **Institutionalised governance structure:** The system should have a clearly defined governance structure in charge of governing the system and ensuring that the targets and objectives of the system are delivered.
- **Ownership of shared packaging:** This can either be in the hands of the pool operator or remain with the pool participants. For the joint usage of packaging type, the pool should define which packaging types and rules it will use.
- **Cooperation for system setup:** More than two players should participate in the process set-up (participation of the main market players, logistic partners, and retail is to be encouraged). It may be partially or completely moderated by a neutral organisation charged with bringing stakeholders together and ensure that agreements on pool management and packaging requirements are reached.
- **Inclusivity:** Equal access and fair conditions for all market participants are crucial to allowing small and medium-sized companies to participate in a system that they would not be able to set up on their own.
- **Transparency and reporting:** The pool system should operate using reporting systems for fillings, feeds, and rejects of, for instance, bottles/crates/boxes to the system based on testified data - specifically:
 - Each pool member should make a quantitative determination (quota) for e.g. reusable boxes or fresh glass in relation to circulation rates. In principle, there must be sufficient

capacity to ensure delivery and return of the reusable packaging to retailers/wholesalers.

- Figures for the reusable packaging fed into the market and returned during a certain time period must be reported to the central steering body.
- **Free movement of packaging:** Packaging should be allowed to circulate freely among all pool participants (producers/packers) and relevant stakeholders at all times.
- **Internal standards:** The system defines a set of standards for the functioning of the pool. These might include, among others:
 - The definition of approved products for the containers;
 - The definition of approved filling methods;
 - Quality standards for the container, its application and operations (e.g. washing standards);
 - Others (e.g. exchange of regional surplus capacities, cooperation with retail, sorting measures etc.).
- **Fair distribution of costs and benefits:** If the system is properly set up and has the right governance, it should provide a fair distribution of costs and benefits among the pool members.

4. The benefits of introducing essential criteria for pool systems for reusable packaging

From a policy-making perspective, there are **several benefits** associated with the introduction of essential criteria for pool systems:

- **Efficient implementation and tracking of reuse targets;**
- **Avoidance of situations in which pseudo-reusable products** and highly individualised solutions are trialled by companies;
- **Provide the market with time**, as well as the possibility to **adapt to the needs of different sectors**;¹
- **Establishing a “how-to” and a clear set of guidelines for EU member states** where reusable packaging is not established yet, and which are, therefore, more prone to mistakes regarding the implementation of reuse systems.
- **Centrally organised pools are the most interested to self-impose standards for the operation of the pool due to cost reduction potential.** As a result, there is less need for the EU to define such standards centrally, which can be an impossible or very granular task with regard to certain approaches.
- **Avoid standards that are too specific.** Although reusable packaging seems to be a simple concept, filling, distribution, and washing processes depend on the distribution channel, product type, sector, and individual producer, among others.²
- **Avoid standards that are too general.** At the same time, considering the specificity of reusable packaging systems (as mentioned above), standards could be too general to accommodate all

¹ For instance in Germany, there are around 34 pool bottle types for beverages in different sizes and colours and for different purposes (beer: 17, water and soft drinks: 12, juice: 5) . If such B2B packaging formats were standardised at the EU level, all of those applications would need to be accommodated. Such standardisation efforts could face a backlash from industry, since they could hinder innovation and support. On the other hand, passing no provisions at all leaves too much room for undermining reuse targets. Promoting well-managed pooling will not only create best-case shared packaging but also a set of rules for efficient systems.

² For example, one mineral water producer might use more detergent and a lower washing temperature, while another might opt for less detergent and a higher washing temperature. Both will meet the respective hygiene requirements. Furthermore, general standards regarding safety and hygiene are set by the relevant food law and do not need to be specifically regulated for reusables.

eventualities. If that's the case, the necessary steering effect towards efficient systems can also not be achieved.

- **Meeting the need for regionality for specific reuse systems.** In some cases, standard reusable packaging can be cross-regional or even supranational, but that surely doesn't always need to be the case for all reusable packaging. Putting the emphasis on the right pooling system is better than finding a "one-size-fits-all" European approach for packaging formats, washing processes, etc.
- **Quality control.** Thanks to pool governance structures, there is a general overview of aspects that are crucial to keeping the system running, such as:
 - The quantity of reusable packaging that is in the pool at a given moment,
 - The quality of the reusable packaging in the pool (e.g. quality of used material, or the number of remaining running cycles for the packaging in the pool),
 - Which companies are contributing with which share of new high-quality reusable packaging to the pool.³

³ This transparency prevents unfair situations which would push companies to shift to individual solutions, causing the pool to lose stability. This is already a problem in countries where reusable packaging systems already exist and market actors are used to them and see their benefit (e.g. Germany), hence even greater problems would be expected in countries that will start shifting towards reuse due to targets in the PPWD.

5. Conclusion

Reuse targets are key to indicating direction and legal certainty, but they require guidance on how to create the systems that will set up the right infrastructure for reuse to go mainstream.

In the coming years, we should see the creation of hundreds of pool systems for reuse packaging across Europe and beyond. Therefore, it is crucial that the new EU legislation gives a clear indication as to how these pool systems should operate. Notably, they should be centrally managed; have a fair distribution of costs and benefits; include participatory decision-making structures; set target rates for return; have minimum circulation figures according to state-of-the-art; and include transparency obligations. This is why **we strongly suggest considering the above-mentioned Essential Criteria for Pooling and further measures to support the implementation of pool systems.**