

Delivering Circularity through Deposit Refund Systems (DRS)

Guiding principles for designing or revising efficient DRS

Well-designed Deposit Refund Systems (DRS) are a very effective way to raise collection rates of recyclable packaging, in addition to preventing littering.

To help facilitate greater circularity, the International Council of Bottled Water Associations (ICBWA) has issued guiding principles for setting up efficient DRS or revising existing DRS so that beverage bottles can have a second life.

Around the world, bottled water producers provide consumers with high-quality and healthy products (natural mineral waters, spring waters, artesian waters, purified waters, etc.) in fully recyclable packaging materials, be it PET plastic (polyethylene terephthalate), glass, or aluminium cans.

When properly collected, sorted, and recycled, those materials are valuable resources which can be incorporated into new bottles or cans over and over again. Unfortunately, in some regions of the world, collection rates for the recycling of beverage packaging are still fairly low and litter is a disturbing phenomenon. As a result, bottled water producers cannot fulfil their ambition to incorporate recycled material into new beverage packaging and make it fully 'circular'.

In order for the industry to incorporate recycled PET, glass, or aluminium back into bottles or cans, thereby reducing the use of virgin materials, producers need to have access to a sufficient quantity of high-quality food-grade recycled materials.

Alongside other efficient extended producer responsibility schemes, well-designed deposit refund systems (DRS) are very effective at collecting beverage packaging. They are also successful at preventing litter.

“We want all our bottles to be a resource, not a waste, says Jack West, Chairman of ICBWA. Well-designed DRS definitely have a role to play towards packaging circularity and resource efficiency.”

However, the performance of existing DRS varies substantially depending on their design features, with the most successful ones achieving collection rates well beyond 90%. This is why ICBWA members believe that new Deposit Refund Systems, or revisions to existing Deposit Refund Systems, should be drafted in accordance with some basic principles with respect to governance, coverage/scope, consumer incentivisation and convenience, etc.

The ICBWA supports systems that are designed to be cost efficient, transparent, and provide the most accessibility to consumers wanting to participate. These attributes are crucial to ensuring a scheme which recovers the highest amount of food-grade recycled material, while keeping the cost to participate reasonable for consumers and beverage manufacturers.

ANNEX

Guidelines for Setting Up a New Deposit Refund Systems for Beverage Packaging or for Revising an Existing Refund System

Area	Recommendation
Governance	<ul style="list-style-type: none"> • The deposit scheme should be subject to strong governance, with a clear legal structure, operating in a transparent fashion, providing regular reporting, delivering efficient operations • The scheme should be not-for-profit, industry-run and centrally operated
Contribution to the scheme	<ul style="list-style-type: none"> • The scheme should be financed by producers in a way which precludes cross-subsidisation between packaging materials, so as to encourage recyclability • The scope of the scheme should be as wide as possible, taking into account local specificities
Scope	<ul style="list-style-type: none"> • The types and materials to be covered should be evaluated by the managing entity
Unredeemed deposits	<ul style="list-style-type: none"> • Unclaimed deposits and the process of the sales of the collected materials should support the deposit scheme ('stay in the system')
Fraud prevention	<ul style="list-style-type: none"> • Adequate controls to reduce fraud and abuse should be installed
Deposit fee	<ul style="list-style-type: none"> • The deposit fee should incentivise consumers while being reasonable, taking into account local geographies
Consumer education and convenience	<ul style="list-style-type: none"> • The system should provide convenient return points for consumers • The scheme should allow for digital repayment systems if locally available (e.g., via a phone application) • The system should include a consumer educational component on the benefits of recycling, recycling streams, sorting, etc. • The amount of the deposit fee should be labelled separately from the cost of the beverage