Ján Dráb
Slovakian Institute for Environment Policy, Slovakia
Implementing DRS in Slovakia

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A short timeline

- A long tradition of deposits on some glass bottles
- 2003 – the first initiative
- Beginning 2018 – plastic waste is a major issue in Slovakia and EU
- Summer 2018 – the Minister asks IEP to prepare a costs-benefit study on implementing DRS in Slovakia
- November 2018 – study „Real Price of Deposit“ is published
- 2018/2019 – public debate
- 2019 – decision to implement DRS
- September 2019 – the law has passed by National Council
The clash of the stakeholders

- 86% of Slovak population support DRS
- Initially, Slovak producers and retailers protested DRS
- Our study and calculations were widely accepted by all the parties
- In the process of interdepartmental comment procedure most of the producers and retailers became constructive in redrafting the law
- By the end, only a small share of (predominantly domestic) retailers still fundamentally disagreed with the law
- The final act is based on the principles from our study
The aim of the legislation

- Inspired by Scandinavian model with strong central authority
- As much flexible and market-driven as possible
- With a target of 90% return rate
- All the costs should be borne by the producers
- Only limited mandatory involvement of retailers
- (So far) only one-way plastic and metal beverage containers
- Administrator – by producers (no specific market shares)
- Do not make up what was made up before: an inspiration from Lithuanian (and partly Estonian) legislation
Simplified structure

- **Act**
  - Subject matter
  - Basic provisions
  - Application of deposits for disposable beverage containers
  - Obligations of producers
  - Obligations of distributors

- **Decree of Minister**
  - Labeling
  - Minimum deposit
  - Type of packaging

- Administrator
- Authorities
- State supervision
- Offences
- Fines
- Targets
Basic information

- Only one-way **plastic** and **metal** beverage packaging (0.1 – 3l)
- **Beverages** (more than 80% share of water) – including beer, wine and juices; excluding spirits, oils and milk
- Only minimum deposit defined (10 cents for metal and 12 for plastic)
- Labeled by: text, graphic symbol and **EAN code (domestic)**
- **No provisions on RVMs** – design of the system is in full responsibility of the administrator

- Targets + fines + flexibility -> **optimum system**
Targets and fines

- A compromise with producers
- Plastic
  - 2022 – 60%
  - 2024 – 77%
  - 2027 – 90%
- Metal
  - 2025 – 70%
  - 2029 – 90%

- The aim of fines is not to raise funds but to secure functional system
- The main fine is of **4000 EUR/ton** under the target (non-arbitrary)
- It means a fine of **1 360 000 EUR** if 1% under the target
- Similar fine also applies if producer, distributor or administrator would not participate or sabotage the system
Fines

- The aim of fines is not to raise funds but to secure functional system
- The main fine is of **4000 EUR/ton** under the target
- No place for arbitrary decisions
- Also applies if for instance producer, distributor or administrator would not participate in the system
- It means a fine of **1 360 000 EUR** if 1% under the target
How to secure optimum handling fee

- All the retailers have to apply deposits on beverage packaging
- But only those with sales area greater than \textbf{300m²} are obliged to take-back (for the rest it is voluntary)
- Involvement of retailers with only mandatory take-back is \textit{insufficient} to reach high targets
- Administrator of the system will therefore have to \textit{reach the agreement} with some other retailers
- But the acts says that handling fee has to be \textit{non-discriminatory}

\(\Rightarrow\) this should secure \textit{optimum handling fee} for all the retailers
Needed changes elsewhere

- Act on waste
  - Concerning separate collection (standards of collection and collection targets)
  - Packaging recycling targets
- Act on Waste Deposit Fees
- Regulation defining the level of rates of charges for waste disposal and details related to the redistribution of revenues from charges
Where we are now

- Dec 2019/Feb 2020 – the call, evaluation and selection of the operator of DRS (central system)
- 2020-2021 – building the system
- Jan 2022 – the final implementation
Contact

Ján Dráb jan.drab@enviro.gov.sk

Institute for Environmental Policy

- Twitter: twitter.com/iep_slovakia
- LinkedIn: linkedin.com/company/10810516
- Web: minzp.sk/en/iep/

„Real Price of Deposit“ analysis including technical annex and 2 new annexes on impact of DRS on EPR and potential of separate collection for plastics