



# Bryggeriforeningen

DANISH BREWERS' ASSOCIATION

Schleswig-Holsteinischer Landtag  
Wirtschaftsausschuss  
Att.: Thomas Wagner, Ausschussgeschäftsführer  
By e-mail: [Wirtschaftsausschuss@landtag.ltsh.de](mailto:Wirtschaftsausschuss@landtag.ltsh.de)

Copenhagen, 28<sup>th</sup> May 2015

Schleswig-Holsteinischer Landtag  
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Dear Thomas Wagner,

**RE: Bericht der Landesregierung zu den aktuellen Entwicklungen beim Dosenpfand unter besonderer Berücksichtigung der Aspekte des Grenzhandels.**

With reference to your letter of 11<sup>th</sup> May 2015 concerning a hearing about the possible consequences of introducing a deposit requirement in the cross border trade please allow me to also express our serious concerns on behalf of The Danish Brewers' Association.

In summary the Danish Brewers' Association generally support the collection for recycling of used drinks packaging through a deposit based collection system. As such the brewers in Denmark have set up and finance the Danish deposit system, and the breweries have an extensive knowledge and experience into the necessary prerequisites for a smooth running of a deposit system.

Upon this background and with the extensive knowledge and experience it is our assessment and firm belief that the draft agreement between Denmark and Germany and Land Schleswig-Holstein cannot be implemented into a workable solution and therefore should not be supported.

Reason being that the agreement has a number of very serious and unresolved issues that needs to be addressed beforehand. We recommend the following changes:

1. Border shops must charge the Danish deposit when selling to Danish and other Scandinavian consumers, and the border shops must charge the same deposit as in Denmark.

Most of the consumers in the borders shops are Danish or Scandinavian, and the consumers transport the drinks packaging out of Germany and into the country of residence where the empty drinks packaging must be collected. To work in practise the border shops and their suppliers must be able to participate in the Danish deposit system on similar and equal terms as in Denmark.

If the border shops are forced to charge a higher deposit than in Denmark for the same beverages then the border shops and the consumers are discriminated against when buying the same deposited beer and soft drinks in the German border shops.

To avoid such a discrimination the border shops must charge the "Danish" deposit of the Danish / Scandinavian consumers, and that VAT is charged only once, i.e. a deposit of 1 DKK, including German VAT and not the 1,19 DKK which is expected in the draft agreement.



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2. It must be flexible for the consumers to return their empty packaging and to get their deposit back.

According to the draft agreement the consumer must pay a deposit of 1,19 DKK but will only get back 1 DKK on return of the empty packaging in Denmark. This is clearly discriminating because domestic sale charge a lower deposit (1 DKK) and the deposit is fully refunded on return.

Furthermore, the consumer may only return the empty packaging in Denmark. However, the border shops may not offer the consumers to take back the empty packaging and to refund them the full deposit so the consumer can avoid this loss. – The loss is inevitably.

The effect is similar to introducing a "tax" of 0,19 DKK per packaging (or 7,65 eurocent per litre) on private import of beer and soft drinks from Germany (border shops) that is not also imposed on the same products sold in Danish trade and thus protecting the domestic market from private import.

Instead the deposit system must be flexible for the consumers to use and manageable for the border shops and on the same conditions. Otherwise we risk implementing and financing a separate deposit and collection system that is not used or financed. The consumer must be able to return the empty packaging in Denmark and in the German border shops and to get their deposit back without a loss.

3. A separate deposit mark is necessary; otherwise illegal trade will increase dramatically.

With the inclusion of the border trade into the Danish deposit system it is only natural to use the existing Danish deposit mark. However, for fiscal purposes and to be able to control the deposit payment etc. it is a prerequisite that the packaging with a different deposit can be distinguished from other packaging with another deposit rate.

Without a distinct deposit mark it will be virtually impossible to combat illegal trade. We risk that illegal trade will increase dramatically if there is not a separate deposit mark for the border trade, and it will be fuelled by the high differences in excise duties and VAT rates between Denmark and Germany and in particular when a deposit is required.

The existing Danish deposit mark or symbol can be used but added with a small and visual distinction to allow for a manual and visual identification of packaging sold in Denmark and packaging sold in the border trade. The adaptation should be limited to what is technically possible.

4. The introduction of a deposit requirement in the border trade must not result in fee increases.

The draft agreement is silent on the crucial issue on how the collection of the empty packaging from the border trade must be financed. The inclusion of packaging from the border trade will require a huge investment in an expansion of the necessary collection and sorting capacity in Denmark.

The agreement must provide a firm guarantee for the necessary investments and ensure that the cost of collection of the packaging can be financed in a controlled and closed loop so we do not risk fee increases for the collection of the packaging sold in Denmark. The collection of packaging from the border trade must be financed by the revenues from scrap value of the collected packaging material and revenues from the non-redeemed deposits.



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In conclusion we support the collection of packaging from the border trade through a deposit based collection system, and that the border shops should be included in the existing deposit system in Denmark, if they can then participate on the same and equal terms as in Denmark.

However, the present draft agreement does not guarantee this, and in fact the draft agreement has quite a number of unresolved issues that needs to be addressed before a final agreement can be stipulated.

It is also our impression that the directly involved parties have not been fully involved nor been adequately consulted. It is generally our experience that an agreement cannot be satisfactorily implemented if it is not supported by the directly involved parties – a support that is lacking in this case.

The Land Schleswig-Holstein should also take into consideration that the Danish Minister for Environment has only a very small majority in the Danish Parliament to support the draft agreement whereas the four major opposition parties all call for its annulment if the agreement is not renegotiated and amended.

Please also note that there will be general election of Parliament in mid-June and that the opinion polls show that it is very likely to result in a change of government, and that therefore Land Schleswig-Holstein is recommended to at least await the outcome of the election before considering further this issue.

In conclusion we do not recommend the draft agreement as it is. The draft has yet a number of unresolved issues that needs to be addressed and solved before an agreement can be recommended.

I am of course at your disposal for any questions that you may have; in the meantime, I remain,

Yours sincerely

DANISH BREWERS' ASSOCIATION

Niels Hald

Secretary General, CEO