German recycling monopoly contested

By Carol J. Williams, Los Angeles Times, 8/12/2002

COLOGNE, Germany - Barely a decade old and already a world leader in recycling, this nation’s Green Dot program is presenting European neighbors with the uncomfortable question of whether principle is more important than performance.

The nonprofit Duales System Deutschland exceeds every environmental goal set under a sweeping 1991 law on packaging disposal, but it does so because it enjoys a near monopoly in what has grown into a $40 billion annual business in Germany.

And that, say the competition watchdogs of the European Commission, is an unfair advantage that must be eliminated to ensure a free market.

Since an EC ruling last year that Green Dot stifles competition, the program has been under pressure from the office of European Competition Commissioner Mario Monti to cease presenting itself to fee-paying producers of packaging as an all-or-nothing way to get rid of their trash. Green Dot may do the best job on the continent of turning waste into worth, but it must let others take on some of the lucrative work, Monti’s office and the European Court of Justice decided.

At Green Dot’s headquarters in this Rhine River city, director Wolfram Brueck argues instead for a policy that boils down to the adage: If it ain’t broke, don’t fix it.

In fact, said Brueck, Green Dot’s performance depends on the huge volume of waste guaranteed by its control of the market. The program’s right to process every can, bottle, bag, and container placed in its receptacles, which are located at virtually all homes and apartments in Germany, ensures that there is money for investment in research and development of better waste disposal and recycling techniques, he said.

’’We have done our part to build up a recycling industry that performs better here than anywhere else in the European Union,’’ said Brueck. He said the company has breakthrough technology that makes glass recycling profitable, and produces everything from fuel to lawn furniture out of reprocessed plastic.

Germany recycles about 30 percent of its household waste, a bigger proportion than any other developed country, according to the Organization for Economic Cooperation and Development.

The other 70 percent still goes to landfills, but that share will have to be reduced drastically within three years when a law takes effect prohibiting the disposal of unprocessed waste at such sites, said Heike Schiffler, Green Dot communications director. She and Brueck argue that farming out part of the recycling to for-profit competitors will shave off Green Dot’s lucrative sectors that fund research needed to meet those tougher targets. Two of the best earners - glass and aluminum - are
likely to suffer anyway next year when a new law imposing higher deposits on drink cans and bottles may encourage consumers to return them to stores instead of putting them in Green Dot containers.

The restrictions on landfill dumping, beginning in 2005, will mean more waste will have to be incinerated - a process that could imperil air quality unless without further refinement of the burning technology can be achieved, Brueck said.

Green Dot defenders say potential competitors want only those aspects of the job that provide quick profits, such as aluminum and glass recycling. Plastics are much more expensive to recycle, and the market for resale is still limited, making that sector less attractive for businesses just getting a foothold.

Green Dot charges its 19,000 producer-clients for the right to print the Green Dot logo on their packaging and uses those licensing fees to fund a nationwide network of collection, sorting, processing, sales, and disposal. Only products with the logo are meant to go into the program’s bins.

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