



## 1.1. Czech Republic: The cleanest thing in the Czech waste business is the waste

Battle lines were drawn early around the introduction of DRS in the Czech Republic, following a similar pattern to countries like Spain and Austria – the central EPR organisation (representing key industry players) fought against DRS, while NGOs, campaigners and the public were overwhelmingly in favour. Both sides remain entrenched in their position, with the Ministry of Environment (MoE) siding with the industry in resisting DRS as late as January 2020, despite the impending SUP Directive timelines. The opposition has sought to delay legislation by claiming the collection system in place is already achieving EU targets, distracting through ‘study wars’, and undermining potential legislative approaches through behind-the-scenes relationships between the MoE and waste management.

### 1.1.1. Data manipulation



According to the Czech EPR organisation, EKO-KOM, around 80% of single-use plastic beverage containers are currently collected, from a total of more than 267,000 tonnes of plastic-packaging waste.<sup>1</sup> However, there is a great deal of scepticism around EKO-KOM's figures and inconsistency in reporting. For example, in 2018, EKO-KOM reported a rate of 82% for PET collection – a jump up from EKO-KOM's own data in previous years, as well as the 74% rate reported by the MoE in 2017, and an unrealistic increase without a corresponding development in collection infrastructure.<sup>2</sup> The data remains a black box, unverifiable and not officially or independently audited – which is concerning, given that the MoE takes its official figures from EKO-KOM.

This led the Czech research organisation Institut Cirkulární Ekonomiky<sup>3</sup> (INCIEN) to conduct a study of material flow analysis in December 2018, with the results showing significantly lower collection rates than EKO-KOM suggested. For PET bottles, this was estimated at 69.5%, with 25% of PET bottles ending up in mixed municipal waste and 5.5% as litter. In total, 24,000 tonnes of PET bottles, or 42.7% of the total put on the market, were lost during consumption, separation and sorting – a significant volume, and justification for greater action. In a further spread of misinformation, EKO-KOM's claimed collection rate of 82% has been labelled as recycling, whereas INCIEN's study showed that in reality, only 57.3% was recycled.

### 1.1.2. Campaign in support of DRS

This case for action was followed by the release of research, conducted by Eunomia in January 2019, evaluating the cost-benefit ratio of introducing DRS in the Czech Republic.<sup>4</sup> The research concluded DRS was the most efficient way to comply with the SUP Directive on separate collection. Following this, a public campaign, *Zálohujme* ('Let's Deposit'),<sup>5</sup> was launched with the support of several Czech beer and mineral-water producers, including Mattoni 1873 (formerly known as KMV).<sup>6</sup> Mattoni is one of the largest producers of mineral water in Central Europe – and one of the largest users of single-use plastic packaging. It also owns the licence to sell PepsiCo brands in the Czech Republic, Slovakia and Hungary.<sup>7</sup> In early 2020, KMV explored the idea of introducing an independent deposit system for PET bottles for delivery company, Kosik, in Prague.<sup>8</sup>

The campaign was also supported by public figures, such as singer and jiu-jitsu fighter Ben Cristovao, and singer-songwriter Tomáš Klus. The campaign found widespread public support; in September 2019, two opinion polls (commissioned by the movement and carried out separately by Ipsos Mori and Kantar TNS) showed that 76% and 85% of the population were in favour of DRS. Additionally, Greenpeace, Friends of the Earth and Fashion Revolution in the Czech Republic launched a compatible campaign, *Máš na Míň* ('More for Less'), which collected more than 90,000 signatures urging politicians to introduce DRS legislation.<sup>9</sup>

### 1.1.3. Government opposition

Six months after Eunomia and INCIEN's studies, the MoE commissioned its own study, conducted by the Centre for Economic and Market Analysis (CETA),<sup>10</sup> a Czech research institution. On the same day that the study was first introduced to key stakeholders (including KMV, INCIEN and EKO-KOM), the MoE announced in a press conference that it would not introduce a DRS, and used the CETA study to justify its position.<sup>11</sup>

The MoE's decision reflected protracted lobbying against DRS by certain interest groups. These include EKO-KOM – which, as an industry-owned company responsible for managing the country's present waste-management system, has strong vested interests in the status quo and operates a de facto monopoly over waste separation. In January 2020, the Environment Minister, Richard Brabec, declared the Czech Republic would not need to introduce such a '*cost-intensive refund system*'. The main arguments used were that it is too risky and costly, and that collection rates are already high enough.<sup>12</sup> It is important to remember, however, that the MoE bases its rates on EKO-KOM's disputed collection figures.

More recently (May 2020), the Environment Committee of the Czech Parliament voted down mandatory deposits; instead, it said, companies could establish voluntary systems – a proposal denounced as '*completely insufficient*' by environmental experts.<sup>13</sup> A final decision on the new waste law has been postponed to September 2020, when renewed discussions on packaging and DRS will take place.

### 1.1.4. Industry using EKO-KOM to oppose DRS

Unravelling the motivation for EKO-KOM and the MoE rejecting a system proven to create high return rates and effective closed-loop recycling reveals a web of conflicting interests and industry tactics to put off change.

First – and like other EPR organisations – EKO-KOM offers a convenient front for a familiar cast of beverage and consumer-goods companies looking to protect their interests, without undermining their brand value by coming out against DRS in their own names. EKO-KOM was founded by a number of companies – including Coca-Cola's bottler, Coca-Cola Hellenic Bottling Company (HBC)<sup>14</sup> – in the mid-1990s to set up the EPR system.<sup>15</sup> Today, EKO-KOM is owned by 10 additional shareholders, including top-10 plastic polluters Unilever, P&G and PepsiCo, as well as packaging companies Ball and Tetra Pak.<sup>16</sup> The chairman of EKO-KOM's supervisory board is the former CEO of HBC in the Czech Republic, and held both positions for several years.<sup>17</sup> Coca-Cola promotes a close partnership with EKO-KOM on its website.<sup>18</sup> Despite Coca-Cola European Partners now supporting DRS in Western Europe, Coca-Cola HBC does not appear to follow the same line.<sup>19</sup>

Second, EKO-KOM has a business interest in the status-quo separation system. Fronted by its CETA study, and with the MoE acting as a key ally, EKO-KOM is keen to retain control over lucrative PET waste streams from kerbside collection, and is even considering sorting facilities at incinerators to capture any valuable material before it is burned.<sup>20</sup> As part of the current system, it receives funding from beverage companies, as well as taxpayer money, to subsidise the separation system. A deposit system would not only remove PET bottles from its waste streams but also apportion industry funding to running the new system.

Third, EKO-KOM is the only authorised company to manage the plastic waste stream in the Czech Republic, and has established an effective monopoly. Four other companies tried to acquire an authorisation under the Czech Packaging Act from 2001, including Interseroh (from the German Alba Group),<sup>21</sup> Slovakian company Natur-Pack,<sup>22</sup> and the Czech companies REMA AOS and Ekovedic. All these companies' applications failed, or remain pending, as a result of EKO-KOM maintaining a stranglehold on the Packaging Act. Under the Act, competitors' applications requires EKO-KOM's approval,<sup>23</sup> resulting in an institutionalised monopoly by a privately owned company operating on behalf of the Czech Republic's legislation.

To be approved, sources complain they would have to share their financial data, business plans and offers they have made to municipalities with EKO-KOM – their competitor. In one case, the MoE shared an applicant's confidential business intel with EKO-KOM, which subsequently (in 2018) led to a legal case against MoE on proceedings against illegal interference.<sup>24</sup> This strongly suggests it is not EKO-KOM that works for the MoE but the MoE that serves to protect EKO-KOM's vested interests. Furthermore, the MoE summarily dismissed several complaints brought against EKO-KOM in 2015-16, including allegations it had pressured municipalities into accepting its contracts and attempted to illegally enrich shareholders through the company's reserve fund.<sup>25</sup> This is part of an ongoing police investigation.<sup>26</sup>

The case of the Czech Republic is another example of how Green Dot organisations, which are central to a country's waste management, often stand in the way of progress due to vested interests. EKO-KOM is particularly egregious in its efforts to squash competition, manipulate legislation through its close allegiance with the MoE, and use opaque and misleading data to justify its case. Claiming questionably high collection rates in this way is an attempt to delay mandatory measures for as long as possible by showing voluntary measures can achieve high rates by themselves. Crucially, the companies behind EKO-KOM are the same culprits undermining legislation in other countries. Especially interesting here is that Coca-Cola - despite its proclaimed support for DRS elsewhere in Europe - is again behind the scenes, under the guise of a Green Dot organisation, opposing this important legislation.

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