

**Question for written answer E-002661/2013
to the Commission
Rule 117
Satu Hassi (Verts/ALE)**

Subject: Vertical monopoly in the drinks packaging recycling system

Until 2005 the recycling of drinks packaging in Finland was based mainly on reusable glass and plastic bottles. In 2008 the reusable plastic bottles were replaced with soft PET bottles, the material of which can be recycled. The recycling of both the reusable bottles and the drinks packaging made from recyclable material is managed by the firm of Suomen Palautuspakkaus Oy (Palpa), half of which is owned by retail chains and the other half by breweries. The high cost of joining the drinks deposit system (EUR 7600) makes this an exclusive club.

Palpa's position is that of a not-for-profit undertaking, but in fact it makes a profit from the deposits, which are not returned to the consumer. In Norway, for example, if at least 95% of the deposits are not returned, the balance is paid to the state. Statistics from the Tampere Region environmental centre show that the net takings in deposits from 2005 to 2011 were some EUR 100 million. Palpa pays handling and transport compensation to the drinks trade and breweries, which are its owners.

The move from reusable bottles to bottles and cans of which only the material is recycled was driven by the big commercial chains, as it reduces handling costs in shops.

Because the retail firms own a significant share in Palpa, its activity is close to a vertical monopoly in which the owner of the recycling system can influence the market position of the various packaging forms in a way which is not necessarily better for the environment, and also discriminates against smaller operators.

Does the Commission consider that Palpa's monopoly and the profit it collects from deposits is in accordance with EU legislation on competition and waste? If not, what measures does the Commission propose to take?