



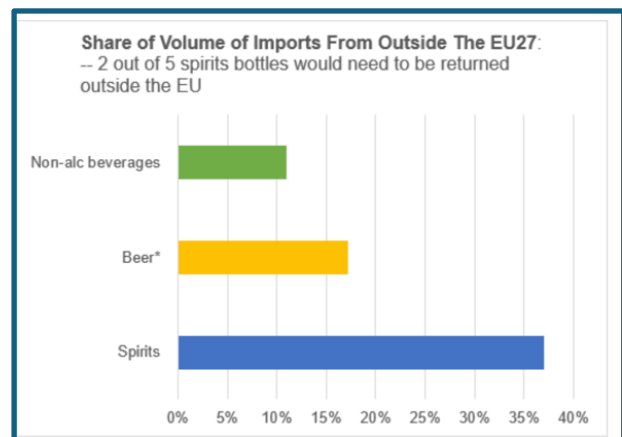
Mandatory re-use and spirits drinks

A short guide on how legally mandated re-use obligation on spirits drinks would come to the decrement of today's highest levels of consumer protection.

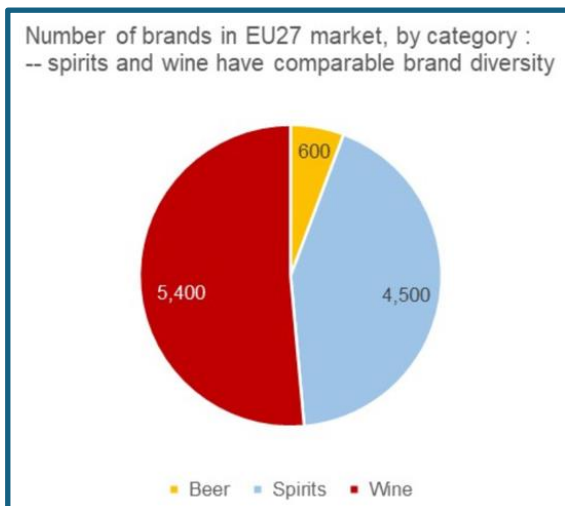
As the trilogues on the Packaging and Packaging Waste Regulation (PPWR) advance and policy makers settle rules for the years to come on how Europeans produce, use and dispose of packaging, spiritsEUROPE wishes to enrich current discussions on re-use (and refill) by adding the public health dimension, and to offer additional arguments on why the position of **the European Commission, the European Parliament and Council** which **do not foresee the legally mandated re-use for spirits drinks** is to be maintained in the trilogues.

Even though **the share of spirits drinks packaging is tiny**, accounting for only 10% of all glass (and using only 20g of glass to carry one standard drink compared to 180g for a beer), it is essential to get rules and

regulations for our sector right: our GDP and total tax revenue footprint is comparable to the brewing sector, thus any rules have implications on an economically significant sector. Further,



the **spirits sector** – just like the wine sector – is **characterized by a huge level of brand diversity. This diversity is communicated by bottle design.**



It is important to consider that **our supply chains span across the entire globe, so that two out of five spirits bottles would need to be returned from outside the EU.** Therefore, any discussion of the consumer protection dimension and any consideration of changing the current discourse, which excludes spirits



drinks bottles from the legally mandated re-use targets, needs to **consider effects in non-EU countries**. As illustrated in the 2018 [IARD report](#) “Alcohol in the shadow economy”, **fraudulent activities in terms of counterfeiting of alcoholic beverages are often tracked in non-EU countries**, for a variety of reasons. **Any policy developed in the EU which de-facto would increase the amount of re-fillable, easy to counterfeit bottles across the globe must consider these negative unintended consequences**. Imposing re-fill targets to spirits will result in the most complex and inefficient return-to-producer logistics, because of the global nature of spirits trade and the significant number of brands available in the EU27 market.

Against this background, we would like to highlight two key concerns in the discussion on mandatory re-use systems (aka refill schemes) for spirits drinks:

- 1. Counterfeiting packaging and sale of unrecorded, unregulated and illicit spirit drinks put consumers’ health at risk**
- 2. Refilling is a moment prone to fraud**

1. Counterfeiting packaging and sale of unrecorded, unregulated and illicit spirit drinks put consumers’ health at risk

Premium products, such as spirits drinks, communicate their high value, *savoir faire* and messages on the consumption via their distinguished – often Intellectual Property protected - packaging design. **As distinctive packaging designs are hard to counterfeit, these elaborate, special designs also serve as a form of consumer protection. Their legally mandated inclusion in re-use schemes would bring an immediate halt to this**, as re-use schemes work based on standardized bottles which are detectable by the reverse vending machines used to implement re-use schemes.

The fact that only standardized bottles work in re-use schemes has been demonstrated at the end of last year by an [adjustment to the new Hungarian Deposit-Return-Scheme \(DRS\)](#), which now excludes ‘special products and their packaging’.

Premium alcoholic beverages are especially popular and if not protected by appropriate packaging design, are susceptible targets for fraud and counterfeiting. The consequences of



such illicit activities pose a substantial risk to consumer protection, particularly when premium spirits packaging is replicated and filled with sub-standard, low-quality distillate. The high art of distillation, as mastered and perfected by spirits producers, holds paramount importance in this context. Any oversight in the process, particularly in unregulated distillation practices associated with counterfeit spirits, can lead to elevated levels of methanol in the final product. This, in turn, poses immediate and severe adverse health effects, unnecessarily jeopardizing consumer well-being. **Distinguished, non-standardized packaging helps to prevent such incidents and helps to protect consumers' health!**

2. Fraud at re-fill

Re-use of packaging is linked to re-fill activities as refill would be the only meaningful way of re-using specific packaging, such as spirits drinks bottles. **There is wide agreement across sectors and official bodies such as Europol, that the re-fill stage of any re-use system is where fraud is likely to happen.** A case of Italian premium wines demonstrates this practice: “The investigation discovered that low quality wines were refilled in bottles under original labels and then sold as real ones (...). The wines were sold in Belgium, France, Germany, Italy, Spain and the United States, often ending in the glasses of unaware customers (...)”, [reports Europol](#). Cases of such activities in the spirits sector are also public and “**Counterfeiters have been known to refill empty bottles** of Van Winkle Bourbon with cheaper liquids and print fake labels (...)”, as The Spirits Business [reports](#).

Unfortunately, the re-filling of individual bottles cannot be circumvented altogether. **It is when many empty bottles – systematically collected by a DRS scheme for re-use – are available, that such activities are increasingly likely to happen**, as profit is happening where many counterfeit products are sold.

Therefore, **the current course of discussion and the positions of the European Commission and the co-legislators need to be maintained and the mandated re-use of spirits drinks must continue to be a red line for policy makers in the trilogue negotiations.**
