

is Unique in the World of Recycling

PETCO have taken the lead and responsibility for the recycling of post consumer PET in South Africa. This company is unique in the world for having all the role players on board – other similar international organisations does not have the support of the raw material producers.

The PET Forum was established in 2000 by industry players, and the PET Recycling Company (Pty) Ltd was registered in December of 2004, with the voluntary recycling levy coming into effect in April 2005. PETCO has 34 shareholders representing the industry and operates under the auspices of a Board of Directors consisting of 8 Executive and Non-Executive directors who represent the various categories i.e. resin producers, brand owners, bottlers, converters, retailers and an environment specialist category.

In essence, established and funded by a voluntary recycling levy, PETCO's mission is to minimize the environmental impact of post-consumer PET on the South African landscape by:

- Achieving sustainable growth in Polyethylene Terephthalate (PET) plastic recycling;
- Supporting existing and encouraging new PET collection and recycling networks;
- Promoting consumer education and awareness programmes.

PETCO is currently collecting and dispensing close to R 20 million per year to achieve the above.

PETCO is one of the big financial contributors to the Plastic Federation's Enviromark programme. We believe that education and awareness of the value of plastic, especially PET and the potential of Bottle to Bottle (B2B), is very important.

The tonnage of post consumer PET (very little pre-consumer PET as injection blow moulding has very low wastage percentage which is ground and re-used on site primarily so does not enter the waste stream) collected and recycled under the PETCO funded and driven projects has increased from less than 2000 tons recycled in Year 2000, to just under 19,000 tons recycled in 2007 alone. Since the introduction of the levy, PETCO has doubled the tonnage of PET recycled: 2005 – 9840 tons representing 16% of beverage PET for that year 2006 – 14,571 tons representing 21% of beverage PET for that year 2007 – 18,734 tons representing 24% of beverage PET for that year (Note: these are audited figures which err on the conservative side as exported post consumer PET is included in the SARS stats with all plastics so we can only guess at the percentage of PET)

In the collection of the tonnage for 2007, we estimate 12,000 income opportunities were created at the lowest level. The average price paid was R2 per kg / R2000 per ton. The target for 2008 is 30% of beverage PET. Infrastructure of R130 million has been the investment over the past 6 years by the PET Recyclers in terms of plant and equipment on site – increasing capacity and improving quality; as well as baling machines, scales etc for use by their collectors in the field.

The current end-use market for recycled PET in South Africa is fibre which is currently facing competition from cheap Chinese fibre imports which is of grave concern. The capacity of this market is finite. Something needs to be done to prevent the importation of this material at under invoiced prices as a matter of urgency.

PETCO, in conjunction with Coca-Cola SA has taken the first steps to obtaining approval from the Health Ministry of SA for standards and protocols for the use of recycled content in food contact packaging which is the first step in closing the loop and developing bottle recycling in South Africa. There are currently fifteen B2B recycling plants in the world, and for this to become a reality in South Africa, we need a clean, consistent supply of post consumer bottles at the right price.

PETCO is totally supportive of the two bag / separation at source and MRF concept – this will ensure good clear PET bottle scrap to give B2B technology a chance to develop in RSA along with job opportunities.

Probably 80% of the PET collection and recycling currently achieved is in the Gauteng area where the largest PET market is, but collection is active on a national basis and PETCO has contracts with three major recyclers who have an end-use market in their value chain and these are Extrupet (Gauteng based and collecting nationally), Hosaf (Gauteng based and collecting nationally) and Kaytech (Cape Town based and supplied by collectors mainly in the Cape Town region).

A draft PET MOU was work-shopped and drafted together with DEAT in February 2006, and although this has unfortunately not been signed, PETCO has planned and budgeted to work towards achieving and reporting on the targets contained in this draft.