

Mr John Lee
Chief Executive
Hong Kong Special Administrative Region

16 August 2023

Dear Mr Lee

Submission; Policy Address; Producer Responsibility Scheme on Plastic Beverage Containers and Cartons.

Reloop has previously made detailed submissions regarding Hong Kong's proposed Producer Responsibility Scheme on Plastic Beverage Containers and Cartons (PPRS).

Hong Kong is showing real leadership in the region through this scheme to better deal with its plastic waste, resource recovery and ultimately returning this material to the circular economy.

To achieve a truly world class scheme there are three substantive improvements that could be made to the current proposal. These relate to:

- Recovery Target
- Penalties
- Rebate Value

Introduction to Reloop

Reloop' is a member-based organisation operating globally to advance issues associated with phasing out Single Use Plastics (SUP's), container deposit / refund schemes (DRS), increasing recycled content in manufacturing and a closed loop, circular economy. Reloop is highly respected in policy circles and has been intimately involved in the development of the EU plastics directive as well as new DRS throughout Europe, the Asia Pacific and the America's.

Within the Asia / Pacific region Reloop has been involved in the development of state-based SUP policy throughout Australia as well as submitting policy proposals to the Singapore and Hong Kong governments; Reloop was through 2020 also contracted by the New Zealand government to help design a DRS for that country. More information about Reloop, its policies and activities can be found here: <https://www.reloopplatform.org/>

Introduction

The proposal from HK's Environment Protection Department (EPD) to introduce a PRS on plastic and card beverage containers is welcome. As noted in the LC paper, '*PRS is one of the key policy tools in the waste management strategy in Hong Kong.*' As such ensuring the HK government's design of the plastic and carton beverage container PRS is effective from day-one is important and Reloop is keen to support the government achieve this.

Target

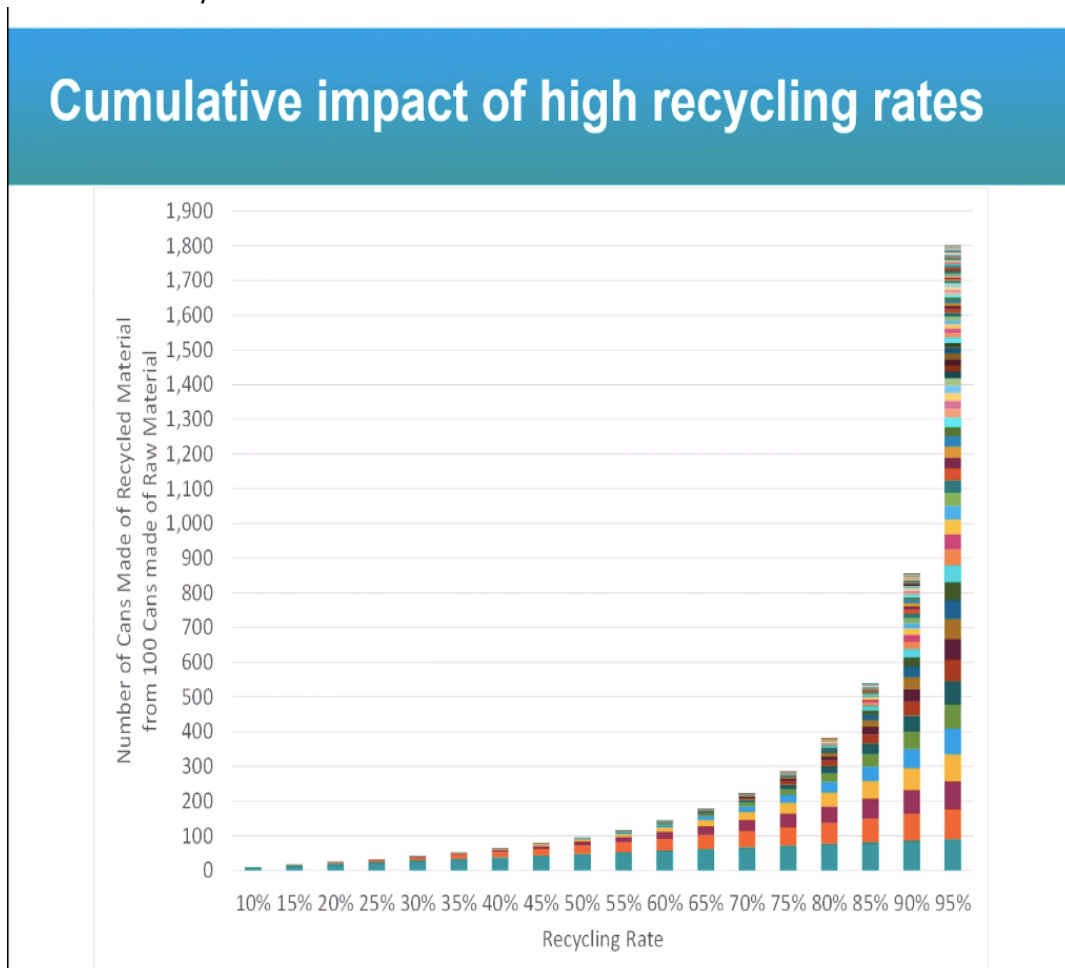
The paper (sec 15) states, '*Suppliers have to meet the statutory recovery target set by the Government*'. The subsequent FAQ's document outlines possible recovery targets of 40% in

Yr 1 → to 75% in yr 5. The FAQ paper also outlines that a target will be set based on various existing local conditions.

Reloop would however suggest the Government’s established target should act as one of the critical drivers of performance. The target is set in order to motivate the necessary actions from stakeholders including retailers, producers, recyclers and the community to perform their various functions effectively.

Reloop is urging this target be established at 90% within 3years, and for the following reasons:

- A 90% target is achievable, assuming the right scheme design is established
- A series of low 40% and even 75% targets suggests’ the HK Government is lacking in ambition
- With the right scheme framework there is every reason to assume HK could be meeting EU level 90%+ targets within a few years, noting that the Lithuanian bottle deposit scheme was at 92% by the end of yr 2 of their scheme*
- As the following graph highlights achieving 90% begins to embed true circular economy outcomes



As depicted a 90% recovery target will more than double the number of times a single container, returned for recycling, is remanufactured back into another bottle. This graph highlights that @90% a bottle is returned into the recycling system 8.5 times; @95% recycling this return of the bottle for recycling is more than doubled again at 18times.

* <https://www.openaccessgovernment.org/recycling-lithuania-deposit-system-exceeds-all-expectations/45003/>

However, a recycling rate of 75% sees a bottle returned to the recycling system less than 3 times, before it is lost as rubbish (to the environment or landfill) and this drops away as the return rate lowers.

Maximising the recovery rate for bottles and cartons guarantees the highest rate of circular economy outcomes.

All European PRS schemes for bottles and cans achieve over 90% recycling and HK should be aiming to achieve a similar result. This will set the agenda for the rest of Asia as additional states will emulate HK's lead in this area.

Penalties

Targets are always accompanied by some form of penalty in the event of failure to achieve these. The paper states, (sec 16) *'... or provide higher level of rebate to the public to boost the recovery rate when necessary.'*

Producers are often reluctant participants in the kind of PRS being proposed as they seek to avoid the costs and regulatory responsibilities embodied in them. As such a producer-controlled Scheme Operator will not voluntarily increase the rebate value for fear this may reduce sales of their products.

A rebate increase is however an extremely effective policy tool (penalty) in the event the recovery target is not met. A possible rebate value increase would act as a powerful incentive for producers to ensure scheme effectiveness including meeting regulated targets.

Reloop would suggest legislating a doubling of the rebate value in the event targets are not met, and until such time as they are.

Rebate Value

Reloop has previously expressed concern the proposed rebate value of 10cents (the lowest globally by a considerable margin) will be meaningless to the vast majority of consumers. The paper outlines this 10cents was proposed in the public consultation documents as 'a start' in terms of a point of public debate.

We would note this figure is far lower than the plastic bag levy and a low rebate value (lower than HK\$1) risks:

- Consumers not engaging in the scheme
- The scheme being confined only to the very-poor
- The scheme achieving little additional recycling of plastic and carton drink containers, and;
 - o Equally not achieving meaningful litter reductions
- And importantly the collapse of the scheme through inadequate financials for the private sector

Reloop looks forward to continuing to support the HK Government design and implement a truly effective bottle rebate program.

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