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2021/05/21

Producer Responsibility Scheme on Plastic Beverage Containers



21 May 2021

Mr Wong Kam-sing, GBS, JP
Secretary for the Environment
Environment Bureau
16/F, East Wing, Central Government Offices

2 Tim Mei Avenue, Tamar
Hong Kong

By Email and Post

Dear Mr Wong,

Public Consultation on Producer Responsibility Scheme on Plastic Beverage Containers

The Hong Kong General Chamber of Commerce is pleased to submit our views on the Government's proposed Producer Responsibility Scheme on Plastic Beverage Containers ("PPRS").

The Chamber supports the introduction of a PPRS and believes that this is the right direction in reducing waste, as well to create a circular economy in Hong Kong. While we agree with the general aspects of the scheme, there are certain areas that could be adjusted to deliver better outcomes by promoting broader buy-in and participation. Our proposals in that regard are as set out in the attached.

We hope you will find our comments useful to your deliberations.

Yours sincerely,
George Leung
CEO

Encl. cc: Waste Management Policy Group, Environmental Protection Department

**Public Consultation on
Producer Responsibility Scheme on Plastic Beverage Containers ("PPRS")
Response by the Hong Kong General Chamber of Commerce**

The Chamber welcomes the opportunity to submit its views on the Government's proposal for introducing a PPRS.

As an advocate of the polluters-pay principle, the Chamber strongly supports the introduction of a mandatory PPRS to enhance the recycling of single-use plastic beverage containers and facilitate the development of a circular economy in Hong Kong. We agree with the general direction of the Government's proposals and have set out in detail our responses to the questions in the following. Given the implications of and debate over certain aspects of the PPRS, we suggest extending the public consultation by, say, another three months to achieve a broader consensus within the community before implementation.

Answer to Consultation Questions

Q1: Do you support introducing a mandatory PRS to enhance the recycling of plastic beverage containers?

1. As mentioned, we support the Government's efforts to reduce municipal solid waste, specifically recyclable plastic bottles in this instance. We believe that by imposing a cost at the production source and attaching a value to expended containers, such a combined approach would have the desired outcome of promoting the reduction and recycling of plastic beverage containers.

Q2: Do you agree that the PPRS should cover beverage products with the volume range of 100mL-2L?

2. We agree that the PPRS should cover beverage containers within the volume range as proposed given that containers of such sizes account for about 99% of market sales.

Q3: Do you support the provision of rebate under the proposed PPRS?

3. We support the inclusion of a rebate under the proposed PPRS. Such a rebate signals that there is a value assigned to empty plastic bottles thereby encouraging behaviour that is conducive to the separation of recyclable containers from the normal waste stream for recovery. Based on the experience of members that are already operating a reverse vending machine ("RVM") collection network, there is a demonstrable evidence that a rebate mechanism provides an attractive and effective means for the public to return a substantial number of bottles. Although there may be merits associated with a deposit system, this would however be more complex in terms of set up and administration.

Q4(a): Do you consider a rebate at 10 cents per container an appropriate level?

4. We do not have a definitive view on the amount disburseable under the proposed rebate although we feel that this should be of an adequate level to provide an indication of the inherent value of the expended container but without promoting abuse based on the examples given in the consultation paper ("CP"). We note that findings from Drink Without Waste showed that more than one-third of respondents consider 5 cents to be adequate in encouraging the recovery of waste plastic while more than 40% did not feel that a financial incentive was necessary. Based on the foregoing, we do not think the proposed 10 cents rebate per bottle to have a significant impact on incentivising members of the public to collect and return used plastic bottles, which they would not otherwise do in the absence of a financial reward (the status quo). That said, we believe that a rebate of anywhere between 5 and 10 cents would have the positive effect of garnering interest and involvement by the existing network of informal recyclers, who would stand to gain from the retrieval of plastic bottles. At the same time, we note that there are arguments for providing rebates as high as 50 cents to promote effectiveness. Given the foregoing, we suggest that public views be sought through an independent public survey on the level of rebate as well as recycling levy. We also suggest that there should be a mechanism for reviewing the rebate, which could be adjusted to enhance the rate of recovery should it be determined that the initial level be too low to be effective in achieving the intended outcome.

Q5: Do you support that relevant retailers (in particular the larger retail stores) should be mandated to provide take-back and rebate redemption services?

5. We do not believe that mandating retailers, regardless of size, to provide take-back and rebate redemption services would achieve the intended outcome in terms of facilitating the return of expended plastic beverage bottles. This is because the experience or practices overseas cannot be replicated in Hong Kong due to differences in such factors as consumer preferences, system costs, operational complications and efficiencies. According to findings from Drink Without Waste's public opinion survey as mentioned earlier, only 11% of respondents indicated that they would return used bottles at the same location where they shop. This suggests that retail establishments rank as the least convenient (and therefore least preferred) collection/drop off point. If there is interest from smaller sized retailers, consideration could be given to enabling their participation through setting up common storage facilities. At the same time, allowing SMEs to opt-in on a voluntary basis would also provide a level playing, more or less, relative to their larger counterparts in terms of attracting traffic given that there is a marketing component to the provision of take-back and redemption services whether manually or through automated means.

Q6: What are your preferred types of locations listed for the take-back and rebate redemption services?

6. We believe convenience² to be the foremost consideration for most and this is borne out by independent findings², which concluded that most respondents favour collection points close to their place of residence. This was followed by locations along their commute and retail establishments in that order. Based on these, we suggest that priority be given accordingly to residential estates, followed by public transport facilities, public facilities, shopping centres, supermarkets, and other relevant retail stores in that order. This is according to Drink Without Waste's survey findings, which ranked housing estates and transportation hubs as the two highest preferred sites accounting for more than 80% of the total responses. In the case of residential estates, we suggest that the Government consider requiring property management companies ("PMCs") to provide source separation for all recyclables including plastic bottles. At the same time, consideration could be given to requiring PMCs to enter into contractual arrangements with cleaning contractors to ensure such recyclables are properly delivered by the latter to licensed recyclers.

Q7: Do you support that we should collect the recycling levy at supplier level (i.e. manufacturers and importers) to fund the operation of the PPRS?

7. We support introducing a recycling levy at the supplier level to help fund the operation of PPRS as this would be consistent with the polluter-pays principle. Collection at the supplier level would also be easy to implement and administer. We suggest that the proposed PPRS be modelled on that of the existing producer responsibility scheme for Waste Electrical and Electronic Equipment, which allows the costs of waste disposal (which should be visible and transparent) to be shared along the value chain including consumers. Consideration could also be given to applying recycling levy to all single-use beverage packaging types to create a level

playing field and avoid possible shifting to packaging types not covered by the PPRS. This is further elaborated in our response to Q10(a) further under.

Q8: Do you agree that moderate reduction of recycling levy should be allowed if suppliers have provided proper arrangements to recycle plastic beverage containers meeting certain environmental requirements?

8. We agree that a moderate reduction of the recycling levy should be granted to suppliers that already have in place the requisite arrangements that meet the conditions as set out by the Government for recycling plastic beverage containers. Consideration for such a reduction in levy should also be extended to companies that have undertaken other waste minimization initiatives such as the incorporation of eco-design standards (an example being the use of 100% recycled plastics) in the production of beverage bottles.

Q9: Do you support imposing licensing requirement on recycling facilities for handling the waste plastics collected under the proposed PPRS?

9. We support the introduction of a licensing regime for regulating recycling facilities that handle waste plastics collected under the PPRS. This would provide a clear framework for the proper treatment of collected waste and to facilitate the development of a circular economy. A licensing mechanism would also (a) ensure recycling activities are up to safety, wastewater management and other standards that are currently lacking in Hong Kong's ad hoc recycling industry, and (b) be useful in enhancing the transparency of and promoting public confidence in our recycling network.

Q10(a): Do you have any specific suggestion(s) on promoting eco-packaging design?

10. The SAR could draw on the experience in Germany³ in imposing a higher fee on non-reusable or non-recyclable beverage containers to encourage eco-packaging. To achieve meaningful reduction in solid waste and encourage recycling, efforts should be made to preempt a shift to non-recyclable and non-biodegradable containers such as drink cartons, flexible containers and aseptic fibre packs that fall outside the scope of the proposed scheme. It is noted that such a shift could open the door to market distortions which favour quick-to-adapt importers rather than Hong Kong-based producers. To that end, we suggest the Government look into the possibility of extending the coverage of the producer responsibility scheme to all types of beverage containers.

Q10(b): Do you have any other comments on the PPRS and other plastic-related issues?

11. Public confidence in waste recovery is a critical factor to building an effective PPRS. This is because the success of the scheme will be determined by the degree of support from and participation by the general public, which to a large extent would be driven by their perception on the efficacy of such an undertaking. A fundamental⁴ consideration, which is supported by findings to a survey conducted by Drink Without Waste⁴, concerns addressing misgivings over returned bottles ending up in landfills instead of being recycled. There is therefore the need to provide transparency and traceability, such as using RVM, to the plastics salvaged until

these have been recycled to both assure the public that their efforts are not in vain and encourage territory-wide participation.

12. As mentioned in our response to Q4, an informal recycling network already exists in Hong Kong and, as such, there should be proactive measures to harness the existing resources of some 40,000 of these recycling agents so that they can contribute quickly and substantially to the recovery strategies as set out under PPRS. Given that trust and convenience are both crucial in encouraging the public to recycle, traceability is important irrespective of the means of collection.

13. Changes in waste policy abroad also impacts domestic recycling efforts. For example, the Mainland's ban on the import of paper waste in 2017 created a backlog in scrap paper at Hong Kong-based recycling facilities, which were forced to turn away or lower their handling capacity for such waste. To address and mitigate market uncertainties, we suggest that the Government provide aftermarket support as and when necessary to ensure the safe and proper disposal of post-consumer plastic waste. More importantly, it is incumbent on the Government to draw up and put in place a sustainable, cost-effective and market based domestic circular economy to support all recycling efforts whether in the case of plastic bottles or other products that can be recovered and reprocessed.

14. As pointed out in the CP, one of the benefits of the proposed PPRS would be to enhance the recovery rate of recyclable plastic bottles, which would otherwise end up in landfills or as litter. Although PET offers the optimum in recyclable plastics, it should be noted that, unlike glass or aluminium, the material cannot be recycled infinitely as with other plastics its properties would further deteriorate with each recycling cycle. As well, most types of plastic packaging are too costly to recycle, which means there is room for innovation in the recycling process so as to enhance recyclability. In addition, companies should also be encouraged to engage and invest in reuse, reduce and redesign to minimise waste through such incentives as a levy reduction as mentioned in our response to Q8. Ultimately, alternatives to plastics as a primary packaging material should be explored and implemented as an effective solution to reducing Hong Kong's problem with plastic waste.

HKGCC Secretariat

May 2021

[1] https://drinkwithoutwaste.org/wp-content/uploads/2020/11/03_Survey-Plastic-Bottle-Recycling-Public-Attitudes-and-Behaviours-PORI-WoF.pdf (https://drinkwithoutwaste.org/wp-content/uploads/2020/11/03_Survey-Plastic-Bottle-Recycling-Public-Attitudes-and-Behaviours-PORI-WoF.pdf)

[2] Please refer to footnote 1.

[3] <https://www.theguardian.com/world/2018/mar/30/has-germany-hit-the-jackpot-of-recycling-the-jurys-still-out> (<https://www.theguardian.com/world/2018/mar/30/has-germany-hit-the-jackpot-of-recycling-the-jurys-still-out>)

[4] Please refer to footnote 1.

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