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Recycling Fee on Glass Beverages Bottles Proposed

Report Categories:

Agriculture in the News

Wine

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Report Highlights:

The Hong Kong government is inviting comments, before May 6, 2013, on a consultation document on a proposal to impose recycling fees on all glass beverage suppliers under the “polluter pays” principle. While the fee is to be determined, an indicative figure of around HK\$1 per liter has been announced. The local wine industry has combated the proposal saying that the low priced beverages will be mostly hard hit and that the fee will be hidden in the selling price giving no incentive for the public to recycle the used bottles. Based on 2012 trade figures, the U.S. wine and beer beverages would have generated \$958,000 in recycling fees in a year with an average cost equal to 1.6 percent of the overall cost per bottle.

Background

The Hong Kong government (HKG) has adopted a policy framework of the “polluter pays” principle based on a policy document “A Policy Framework for the Management of Municipal Solid Waste” released in 2005. With the enactment of the Product Eco-responsibility Ordinance in 2008, Hong Kong is equipped with legislative measures to implement mandatory Producer Responsibility Scheme (PRS) for specified products holding manufacturers, importers, retailers and consumers responsible for what they produce and consume. Following the PRS imposed on plastic shopping bags and waste electrical and electronic equipment, the HKG is planning to extend the Scheme to glass beverage bottles.

In the past decade, waste glass bottles accounted for about 3 percent of Hong Kong’s municipal solid waste disposal. Of all glass bottles waste in 2011, glass bottles used for beverages constituted for the biggest share of waste (two-thirds totaling 55,000 MT) and the remaining one-third of glass bottles were used for food and sauces. Among the 55,000 MT of beverage bottle waste, alcoholic and non-alcoholic beverage bottles accounted for 85 and 15 percent respectively.

In 2011, waste glass beverage bottles totaling about 1,500 MT were recovered under a voluntary recycling program, representing merely 2.7 percent of the total.

In recent years, the HKG has supported the glass recycling industry indirectly through green procurement. Glass containers collected through the recycling program are mainly used for the production of green building materials, such as “eco-pavers”, i.e. glass-containing paving blocks. Thus, public works have given priority to the use of concrete paving blocks with recycled glass. The HKG is also actively exploring the use of recycled glass for the use of other construction materials. The HKG now believes that it is the moment to launch a mandatory PRS for glass beverage bottles to strengthen measures protecting the environment.

The Proposal

The Hong Kong government has launched a consultation document on the “Producer Responsibility Scheme on Glass Beverage Bottles”. The part that is mostly related to U.S. exporters is the recycling fee charged on glass beverage bottles.

The HKG is proposing to impose a recycling fee on beverage suppliers who supply glass-bottled beverages for local consumption in Hong Kong so as to finance the PRS under the “polluter pays” principle. These suppliers will include importers and distributors. They will be required to periodically report to the HKG on the amount of glass beverage bottles they have provided to the market for local consumption and on that basis pay the recycling fee.

At this preliminary stage, the HKG has not yet determined the recycling fee, yet it has suggested an indicative figure of around HK\$1 (US\$0.078) per liter bottle. It is expected that this amount will be shared among all stakeholders along the supply chain including overseas exporters and consumers

according to “market forces”.

The HKG is prepared to provide exemption for the recycling fee to suppliers who have put in place a system to collect their own glass beverage bottles for rebottling of their products.

Another key ingredient in the proposal is that the HKG will select one or more contractors for the collection and treatment services for used glass beverage bottles. Also, retailers are required to provide the public with all recycling information so that the public will be well aware of all collection points for used beverage bottles.

Public Response

The proposal, which is based on the recycling fee imposed on suppliers, has drawn opposition from wine merchants, who favor a system that would tax consumers directly instead. They argued that the levy if paid at import level will be hidden in the retail price and will have no impact on the public’s environmental awareness. The impact will be relatively bigger if the levy is paid by consumers when they are buying the wine. Furthermore, wine merchants said that the retail price will go higher than the indicative fee suggested by the government because of administrative costs.

The proposed levying framework, based on the capacity of the beverage bottle without any reference to the price of the beverages, is also seen as unfair for low-priced beverages. The levying rate for a low-priced orange juice will be much higher than an expensive wine. According to the indicative levying figure suggested by the HKG (HK\$1 for one-liter bottle), the rate for the recycling fee will be as high as 8 percent for a bottle of 500 ml soft drink which costs HK\$6. In contrast, the rate is as low as 0.8 percent for a bottle of HK\$100-priced wine.

The local wine industry thus warned that the proposed levying framework will pressure low-end wine to raise the retail price in order to combat the recycling fee, particularly for wine selling below HK\$40 (US\$5). The recycling fee rate is equivalent to 2 percent for a bottle of HK\$40 wine.

Impact on U.S. Exports

Trade figures showed that Hong Kong retained 4.5 million liters worth of U.S. fruit and vegetable juices for consumption in Hong Kong. This volume of U.S. juices will generate an approximate amount of US\$584,000 in recycling fees. However, the actual amount will be less because only a portion of the juices consumed in Hong Kong are glass bottles, many are of canned or plastic packaged which are not subject to the proposed mandatory recycling fee program.

The average unit import price for U.S. juices amounted to HK\$29 per liter according to Hong Kong trade statistics in 2012. Assuming that they are selling at 0.5 liter per bottle, the recycling fee rate would be 3.5 percent, which will be shared among different stakeholders along the supply chain.

Table 1. Hong Kong’s 2012 Figures pertaining to Fruit and Vegetable Juices from the United States.

Hong Kong's Imports of Fruit and Vegetable Juices from the U.S. (Liter)	4,992,000	
Hong Kong's Re-exports of Fruit and Vegetable Juices from the U.S. (Liter)	446,000	
Hong Kong's Retained Imports of Fruit and Vegetable Juices from the U.S. (Liter)	4,546,000	
Total levy HK\$ (based on HK\$1 for 1 liter bottle)	4,546,000	(US\$584,320)
Average Unit Price at import level, HK\$/liter	29	
Recycling fee per 500 ml bottle (HK\$)	0.5	
Rate for Recycling fee based on HK\$29/liter and 500 ml per bottle (%)	3.5	

Source: Hong Kong Census & Statistics Department

Assumption: Levying fee is HK\$1 per 1 liter bottle; beverages packaged in 0.5 liter bottle

In the case of U.S. wine and beer, the recycling fees collected would have been amounted to approximately US\$958,000 if based on 2012 trade figures. However, as alcoholic drinks are more expansive than fruit juices with an average price of HK\$61 per liter at import level, the rate for the recycling fee for each 750 ml bottle is lowered to 1.6 percent.

Table 2. Hong Kong's 2012 Figures pertaining to Wine and Beer from the United States.

Hong Kong's Imports of wine and beer from the U.S. (Liter)	8,933,391	
Hong Kong's Re-exports of Wine and Beer from the U.S. (Liter)	1,478,159	
Hong Kong's Retained Imports of Wine and Beer from the U.S. (Liter)	7,455,232	
Total levy HK\$ (based on HK\$1 for 1 liter bottle)	7,455,232	(US\$958,256)
Average Unit Price at import level, HK\$/liter	61	
Recycling fee per 750 ml bottle (HK\$)	0.75	
Rate for Recycling fee based on HK\$61/liter and 750 ml per bottle (%)	1.6	

Source: Hong Kong Census & Statistics Department

Assumption: Levying fee is HK\$1 per 1 liter bottle

Timeline

The Hong Kong government is inviting comments on this consultation on "Producer Responsibility Scheme on Glass Beverage Bottles". Comments are to be submitted to the following address before May 6, 2013.

By Email: glass_prs@epd.gov.hk
 By Post: Environmental Protection Department
 Waste Management Policy Group
 Room 4522, 45th Floor,
 Revenue Tower
 5 Gloucester Road
 Hong Kong

A full [consultation document](#) is available at the government website.

This is the first step before legislative process. The implementation date for mandatory recycling fee for glass beverage bottles will depend on the outcome of the consultation and the legislative progress.