

**Business Facilitation Advisory Committee
Wholesale and Retail Task Force**

***Common Legislative Framework for Producer Responsibility Scheme and
the Producer Responsibility Scheme on Plastic Beverage Containers and
Beverage Cartons***

Purpose

This paper aims to brief Members on:

- (i) Establishing a common legislative framework for Producer Responsibility Schemes (PRSs), and
- (ii) The current proposal of the PRS on Plastic Beverage Containers and Beverage Cartons

Common Legislative Framework for PRSs

*Amendment of the Product Eco-Responsibility Ordinance (Cap. 603)
("PERO")*

2. PRS is one of the key policy tools in the waste management strategy in Hong Kong. Enshrining the principle of "polluter pays" and the element of "eco-responsibility", the PRS requires relevant stakeholders, including manufacturers, importers, wholesalers, retailers and consumers, to share the responsibility for the collection, recycling, treatment and disposal of end-of-life products with a view to avoiding and reducing the environmental impacts caused by such products. Since the passage of the PERO by the Legislative Council ("LegCo") in July 2008, the Government has fully implemented the PRSs for three types of products, including plastic shopping bags, waste electrical and electronic equipment and glass beverage containers.

3. In the past, in order to implement each of the aforementioned PRSs, operational details were prescribed individually in the PERO. In view of the fact that there are many common elements among the PRSs, it was announced in the 2024 Policy Address that the Government will

introduce an Amendment Bill into the LegCo for scrutiny in order to establish a common legislative framework for PRSs applicable to different products. The framework will facilitate the future inclusion of such products progressively, expanding our waste-to-resources capacities.

4. The proposed common legislative framework will set out the general operational mechanism for PRSs, the responsibilities of relevant stakeholders, the associated regulatory control measures, etc., while the operational details applicable to individual regulated products will be prescribed in the respective subsidiary legislation, thereby implementing each PRS through a more efficient legislative process. The Government will regularly review the need for implementing PRS for individual types of product based on various factors including the current recycling and treatment capability and capacity of the product, the readiness of the recycling market and the environmental impacts caused by the product. We will gradually implement PRSs for plastic beverage containers, beverage cartons, EV batteries, vehicle tyres and lead-acid batteries in the future.

5. In order to allow the relevant stakeholders to play more active roles in the PRSs, thereby enhancing the efficiency and cost-effectiveness of the recycling arrangements, with reference to the relevant experience of other places, we propose implementing new PRSs based on a “market-led approach”. Suppliers of the products may choose to arrange self-recovery to recover regulated product waste themselves in order to meet the recovery target set by the Government, or to engage registered scheme operators (company or organisation providing recovery services) in the market at their own costs for fulfilling recovery obligations on their behalf. Under this arrangement, the role of the Government is to formulate the legislative framework, determine the qualifications and responsibilities of relevant stakeholders, set the statutory recovery targets, monitor the effectiveness of the schemes’ operations, and ensure compliance with legal requirements by relevant parties.

Amendment of the Waste Disposal Ordinance (Cap. 354)

6. To complement the implementation of various PRSs, we propose amending the Waste Disposal Ordinance (Cap. 354) to introduce licensing control for the disposal and recycling facilities for plastic waste, liquid carton waste, EV battery waste and vehicle tyre waste. The operation of

the concerned waste disposal and recycling facilities will be required to comply with various environmental pollution control legislation. In particular, a disposal and recycling facility is required to demonstrate that its disposal or recycling process is operated in an environmentally sound manner in order to obtain the licence. This proposal is intended to enhance the standard of the recycling industry in the long run, facilitate the sustainable development of the related industries, and foster the local circular economy.

Legislative Timetable

7. We plan to introduce the Amendment Bill into LegCo in the first half of 2025 to establish the common legislative framework for PRSs.

PRS on Plastic Beverage Containers and Beverage Cartons

Current Proposal

8. The PRS on Plastic Beverage Containers and Beverage Cartons (“the Scheme”) will be one of the schemes under the common legislative framework. With reference to the practices of other places, we propose adopting a “market-led approach” for the Scheme. Beverage suppliers are required to arrange recovery services for plastic beverage containers and beverage cartons. They can provide the recovery services themselves, or engage scheme operators in the market for recovery services. The Scheme will cover beverage products with volume ranging from 100 millilitres to 2 litres that are contained in plastic beverage containers or beverage cartons (“regulated beverage products”).

Beverage Suppliers

9. Beverage suppliers refer to manufacturers and importers who engage in the business of distributing regulated beverage products in Hong Kong. Save for suppliers who fulfill exemption provisions, any beverage supplier must register as a “registered beverage supplier” before distributing regulated beverage products in Hong Kong. They are also required to register the regulated beverage products they distribute and put a designated logo on their products for identification. In addition, they are required to submit returns on the distribution quantity of the registered

beverage products to the Environmental Protection Department (“EPD”) every six months.

Scheme Operators

10. A scheme operator refers to a company or an organisation that has registered with the EPD to provide recovery services for regulated beverage products (be they a supplier, recycler, non-profit organisation, etc.). Under the “market-led approach”, any company or organisation can join the market based on its business strategy and commercial considerations. Applicants must submit a producer responsibility plan to the EPD for review and approval.

Recovery Obligations

11. Beverage suppliers are responsible for meeting the statutory recovery targets set by the Government. To this end, they may either choose to carry out the recovery of plastic beverage containers and beverage cartons by themselves (referred to as “self-recovering suppliers”), or engage registered scheme operators with recovery services from the market. If a scheme operator is engaged by a supplier, it must fulfill the obligations on behalf of the supplier who engaged it for the recovery of plastic beverage containers and beverage cartons, including meeting the recovery target, as well as submitting to the EPD the returns and audit reports on the recovery quantity.

12. Self-recovering suppliers and scheme operators are required to hold an approved producer responsibility plan that sets out the detailed plan and operational arrangement for the recovery of plastic beverage containers and beverage cartons, and submit returns on the recovery quantity of plastic beverage containers and beverage cartons to the EPD every six months.

Recovery Targets

13. The Government needs to set statutory recovery targets for plastic beverage containers and beverage cartons respectively. With reference to their current recovery situation of plastic beverage containers or beverage cartons, we propose the following recovery targets by phases for consideration.

Regulated beverage product	Proposed statutory recovery rate				Average recovery rate in other places
	Phase 1	Phase 2	Phase 3	Phase 4	
Plastic beverage containers	30%	45%	60%	75%	76%
Beverage cartons	10%	20%	35%	50%	51%

14. With respect to the mode of operation and circumstances in Hong Kong, the trade generally wishes the Government to set lower initial recovery targets for adaptation and establishment of collection network in the early stage, and gradually increase the recovery targets based on the actual recovery situation. We also agree that setting the initial recovery targets at a pragmatic level would be beneficial to the smooth implementation of the Scheme.

15. The Government will regularly review the actual recovery situation, and gradually increase the statutory recovery targets so as to bring them in line with the average recovery rates of other places implementing similar schemes. Subject to the business environment and actual recovery situation after the implementation of the Scheme, we expect the recovery targets of Phase 4 to be achieved in six to eight years after the Scheme's implementation, attaining the average recovery rates comparable to other places. Should a self-recovering supplier or a scheme operator fail to meet the recovery targets, the Government may consider collecting a recycling payment for the shortfall in recovery quantity, thereby providing them with a financial incentive for achieving the targets.

Designated Return Points and Rebate Arrangement

16. Self-recovering suppliers and scheme operators are required to set up designated return points in accordance with their producer responsibility plans. The Government will also assist the trade in setting up return points at suitable Government venues for a more comprehensive collection network. In addition, large retail stores are required to set up designated return points to facilitate the public in returning the beverage containers and cartons. To encourage the public in returning containers for recycling, we preliminarily propose that all designated return points are required to provide a rebate of not less than \$0.1 for each plastic beverage container and beverage carton. Designated return points shall identify

registered beverage products by verifying the barcodes on the products and provide a rebate for each container and carton of the registered products.

Obligation of Retailers

17. Upon implementation of the Scheme, retailers are required to take necessary measures to ensure that the beverage products for sale are registered products and provided by registered suppliers. Referencing the experience of other places and considering the views and actual situation of local retail stores, we are of the view that only large retail stores selling products including regulated beverage products are required to set up designated return points.

Exemptions

18. Taking account of situations such as exhibitors distributing a small amount or introducing new regulated beverage products in Hong Kong for exhibition and business promotion purposes, we consider a need to provide relevant exemption for the Scheme. Besides, as regards small-sized suppliers which operate regularly in Hong Kong, although they are still required to fulfill the recovery obligations, we may consider exempting them from certain administrative requirements such as submission of producer responsibility plans and annual audit reports, to avoid increasing their operational burden and administrative costs.

Preparatory Work

19. In order to allow sufficient time for the market to prepare and establish the collection network, we plan to implement the Scheme by phases. For example, in the first year of the Scheme, only preparatory work will be carried out, including registration of stakeholders, collecting baseline data, and conducting publicity. As the implementation of the Scheme requires comprehensive preparation to cater for different situations, we plan to provide sufficient adaptation period for implementing the Scheme, allowing ample time for all stakeholders to formulate their plans and make appropriate recovery arrangements, as well as giving all parties and the public enough time to gradually adapt.

Advice Sought

20. Members are invited to note the content of this paper.

**Environmental Protection Department
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