



**Submission to the Legislative Council Panel on Environmental Affairs
on the Proposed Plastic Shopping Bag Levy**

16 July 2007

CB(1) 2100/06-07(01)

Introduction

The Association supports the Government's initiatives to protect the environment. Regarding the recent proposal ("Proposal") by Environmental Protection Department ("EPD") on imposing a plastic shopping bag levy by a phased approach, initially covering chain or large supermarkets, convenience stores and personal health and beauty stores ("Chain Stores"), the Association would like to present our views and concerns as follows: -

Executive Summary

- The Association supports a *holistic approach* in addressing the environmental protection issues as proposed by the Government under the Policy Framework for the Management of Municipal Solid Waste (2005 - 2014).
- To achieve one of its key objectives in the Policy Framework, between 2005 and 2014 the Government will need to reduce the tonnage of municipal solid waste deposited in the landfills by *2.11 million tonnes* (from 3.42 million tonnes in 2005 to 1.31 million tonnes by 2014).
- The tonnage of plastic bags distributed by the Chain Stores amounted to *0.02 million tonnes* in 2005, representing *0.6%* of the total MSW landfilled in Hong Kong.
- The Proposal does not address the issue of approx. *8 billion* plastic bags, representing more than 90% of the total number of plastic bags in the landfill, that are distributed from sources *other than the Chain Stores*.
- The Association believes that the Proposal may result in *little or no reduction* in the amount of tonnage of plastic bags (including plastic shopping bags, plastic garbage bags and other plastic packaging bags) deposited in the landfills for the following reasons:
 - In Hong Kong, plastic shopping bags are used as garbage bags by over *90%* of households. In the absence of comprehensive waste reduction, recycling and re-use measures, households will use more garbage bags to throw away waste.

Accordingly, there may be less shopping bags in the landfill, but there may be more garbage bags there; and

- Consumers will continue to be able to obtain “free” plastic shopping bags at 96% of the retail outlets in Hong Kong and may use these free plastic bags while shopping at the Chain Stores, thereby “switching”, *but not reducing, plastic shopping bag usage.*
- We urge the Government to carry out a *Regulatory Impact Assessment study* to find out if the Proposal will result in a reduction of tonnage of plastic bags (including plastic shopping bags, plastic garbage bags and other plastic packaging bags) in the landfills.
- Members of the Association are committed to working with the Government to promote environmental protection initiatives and to assist in *consumer education*.
- The HKRMA urges the EPD to clearly set a *reduction target* and impose a *voluntary scheme* across all sectors.
- To realize the polluter pays principle, any proposed measures, including a levy, must be *applied universally* on all organized and non-organized retailers, and indeed on other business sectors.

On Policy Effectiveness

1. The Association supports a holistic approach in addressing the environmental protection issues as proposed under the Policy Framework for the Management of Municipal Solid Waste (2005 - 2014).
2. The Policy Framework sets out a comprehensive strategy to tackle the waste problem to achieve the following targets:

Target 1: to reduce the amount of municipal solid waste ("MSW") generated in Hong Kong by 1% per annum up to the year 2014, based on 2003 levels;

Target 2: to increase the recovery rate of MSW to 45 % by 2009, and 50% by 2014; and

Target 3: to reduce the total MSW disposed of at landfills to less than 25% by 2014.

Attached for reference is a table that sets out:

- the total MSW generated in 2005;
 - the total MSW recovered in 2005;
 - the total MSW landfilled in 2005;
 - the total tonnage of plastic bag waste landfilled in 2005 (including plastic shopping bags, plastic garbage bags and other plastic packaging bags); and
 - the 2014 targeted figures for total MSW generated, MSW recovered and treated, and MSW landfilled.
3. In 2005, the tonnage of plastic bags in the landfill (including plastic shopping bags, plastic garbage bags and other plastic packaging bags) amounted to 6% of the total MSW generated.
 4. In 2005, we estimate that the tonnage of plastic shopping bags in the landfill derived from the Chain Stores amounted to 0.02 million tonnes, equivalent to only 0.6% of the total MSW landfilled.
 5. Although only a relatively small part of the waste issue, we support efforts to reduce plastic shopping bag usage in Hong Kong, but believe that the Proposal may result in little or no reduction in the amount of tonnage of plastic bags in the landfill for the following reasons:

- In Hong Kong, plastic shopping bags are used as garbage bags by over **90%** of households (according to recent research carried out by an independent research consultant). In the absence of comprehensive waste reduction, recycling and re-use measures, households will use more garbage bags to throw away waste. Accordingly, there may be less shopping bags in the landfill, but there may be more garbage bags there; and
 - Consumers will continue to be able to obtain “free” plastic shopping bags at **96%** of the retail outlets in Hong Kong and may use these free plastic bags while shopping at the Chain Stores, thereby “switching”, but not reducing, plastic shopping bag usage.
6. We believe that a reduction of the tonnage of plastic bags in the landfill should be the key policy objective: a reduction in plastic shopping bag usage in the Chain Stores is unhelpful if accompanied by a rise in the usage of garbage bags and an increase in usage of plastic shopping bags at the other **96%** of retail outlets unaffected by the proposal. Accordingly, we do not understand why the objective in the proposal is to reduce plastic shopping bags distributed by Chain Stores.
 7. We believe that education and continuous promotion on environmental protection is the key to instill knowledge and to change the mindset and behavior of the consumers in the long run. Imposing additional levy will only force change in a short period of time, and its effectiveness as a simple solution to environmental problem and the reduction of solid waste is questionable.
 8. Members of the Association, especially the Chain Store operators, have made and are continuing to make ongoing efforts and commitments to reduce plastic bag usage through voluntary programmes. These voluntary programmes are yielding encouraging results and show the effectiveness of voluntary schemes.

On Methodology

9. The Association is very concerned about the methodology used in formulating the proposal.
10. The proposal mentioned that more than 20% of plastic shopping bags in the landfills are originated from the Chain Stores. According to the calculation made by the retail industry, this figure is very overstated. The total plastic bags consumption by these chain stores in 2006 was about **774 million**, against the Environmental Protection Department’s figure of 1,766 million

(see attached for details). This represents only 8.9% of the total sum of 8,691 million of plastic bags found in the landfills, against the Environmental Protection Department's stated figure of 20%. Accordingly, there are approx. **8 billion** bags in the landfills distributed from sources other than the Chain Stores.

11. The proposal also stated that the Chain Stores make up less than 4% of retail outlets but produce more than 20% of plastic bags. This statement is misleading. A truly fair comparison would be based on sales volume. The chain stores account for some 20% of the total retail sales, while contributing to about 8.9% of plastic bag usage only.
12. The Association urges the EPD to share details of the methodology of the entire proposal, as well as to circulate the consultant report prepared by GHK International.

Specific comments on the Proposal

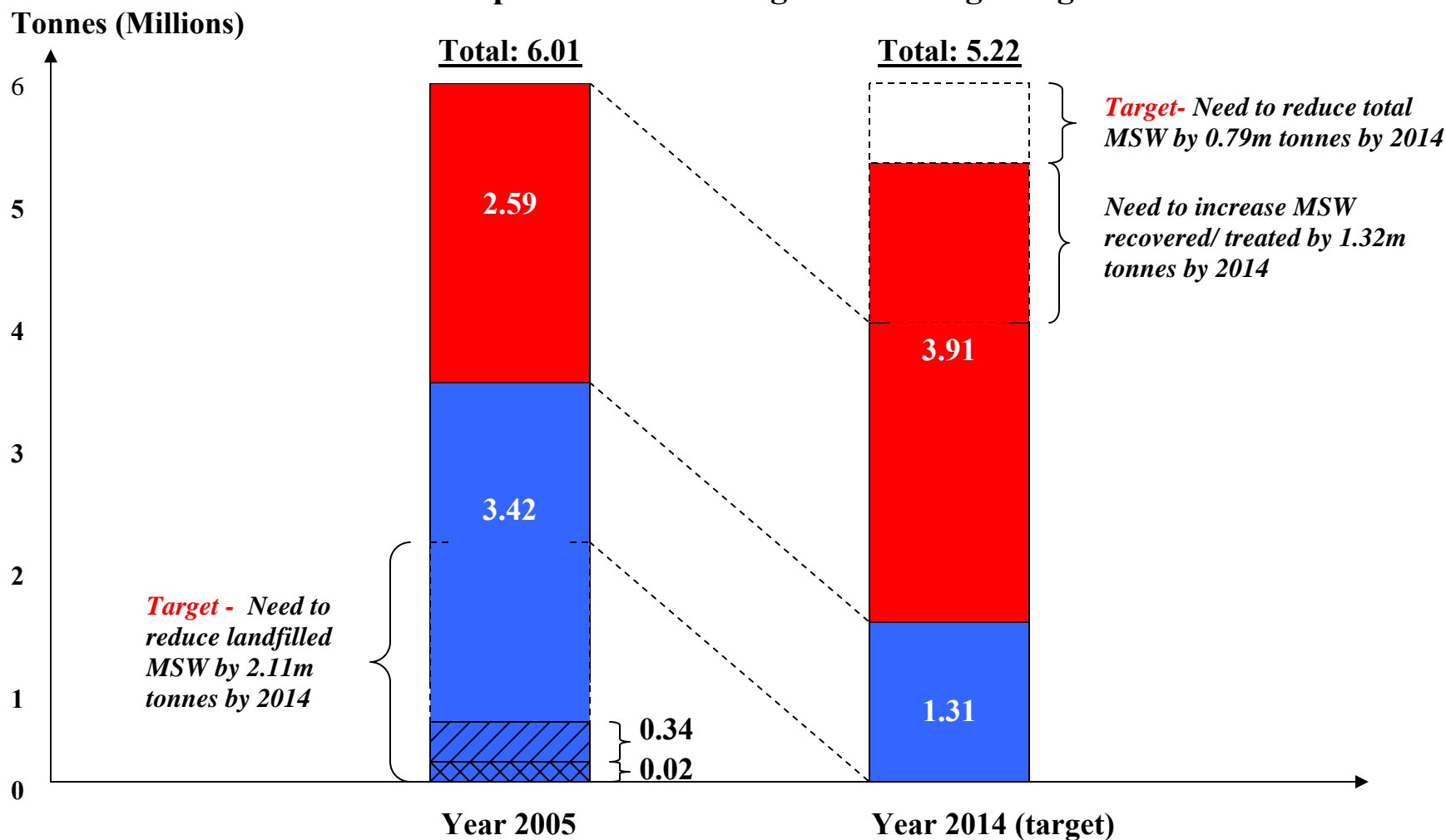
13. Reducing the number of shopping bags distributed by the Chain Stores by "close to 1 billion" is not achievable given that the Chain Stores distributed approx. 774 million bags last year.
14. To realize the polluter pays principle, any proposed measures, including a levy, must be applied universally on all organized and non-organized retailers, and indeed on other business sectors.
15. Given the comprehensive scope of the Policy Framework for the period from 2005-2014, it is a surprising omission that there is no mention in the Proposal relating to subsequent phases of the Proposal or the timing of such phases.
16. Re-usable shopping bags sold for less than HK\$5 will be subject to the proposed levy. We believe that this may defeat the purpose of encouraging repeated usage of re-usable plastic bags as some environmental bags are being sold for less than HK\$5.

Way Forward

17. The HKRMA is committed to working with the EPD to promote environmental protection initiatives and to assist in consumer education.
18. The HKRMA urges the EPD to clearly set a reduction target and impose a voluntary scheme across all sectors.

19. We urge the Government to carry out a Regulatory Impact Assessment study to find out if the Proposal will result in a reduction of tonnage of plastic bags (including plastic shopping bags, plastic garbage bags and other plastic packaging bags) in the landfills, and review the merits of alternative proposals.
20. To realize the polluter pays principle, any proposed measures, including a levy, must be applied universally on all organized and non-organized retailers, and indeed on other business sectors.

Municipal Solid Waste Figures in Hong Kong



Total MSW Recovered or Treated



Total Plastic Bag Disposed*



Total Landfilled MSW



Total Shopping Bag from Chain Stores**

* Including plastic shopping bags, plastic garbage bags and other plastic packaging bags.

** Assume 75% of plastic bags are shopping bags and 8.9% of shopping bags are from supermarkets, health and beauty stores and convenience stores.

Plastic Bag Consumption by Chain Stores In 2006 by Format

Types of Retailers	Number of Plastic Shopping Bags	
	Million Tonnes / Year	%
1. Supermarkets	549	70.9
2. Convenience Stores	158	20.4
3. Personal Health & Beauty Stores	67	8.7
Total:	774	100

Landfill Survey of Plastic Shopping Bags

Types of Retailers	Number of Plastic Shopping Bags	
	Million Tonnes / Year	%
1. Supermarkets and Convenience Stores	1,766	20.3
2. Bakeries and Cake Shops	530	6.1
3. Restaurants and Fast Food Shops	387	4.5
4. Newspaper and Magazine Bags ¹	298	3.4
5. Medicare and Cosmetic Shops	195	2.2
6. Department Stores and Home Accessories Shops	158	1.8
7. Fashion and Footwear Shops	106	1.2
8. Books, Stationery, Gifts, Novelties and Souvenirs Shops	61	0.7
9. Electrical, Electronic and Telecommunications Shops	35	0.4
10. Others ²	5,155	59.3
Total:	8,691	100

¹ Some of these newspaper and magazine bags came from supermarkets/convenience stores.

² These were plastic shopping bags for which the types of retailers were not readily identifiable.