

**Response of Wine Association of Hong Kong(WAHK):
Public Consultation on a New Producer Responsibility Scheme on Glass Beverage
Bottles**

Basically, the general public has shared the similar opinion on "Producer Responsibility Scheme", e.g. tax on plastic bags, sewage charges have been well adopted by the public nowadays. The government & waste producers or stakeholders should share the responsibility for the 'Green' issue.

We believe that the producers should include Manufacturer, Import distributors, Retailers / Restaurants, Consumers and Government, they should share the responsibilities of producers, including finance, execution, publicity & education in this case. Indeed, it is very common to recycle the used glass bottles in the world, e.g. in the U.S, European countries or some Asian countries like Japan or Taiwan.

Role of Government

Actually, our government has taken roles on the voluntary program of recycling of glass beverage bottles:

1. Support of collecting the glass bottles in the public places;
2. To publicize and educate the public & stakeholders for the classification of garbage, leading to a lower cost for the recycling program.

Thus, 'New Producer Responsibility Scheme on Glass Beverage Bottles' is only a further development of such voluntary program to various people & stakeholders, so that they will come to take up their responsibilities in the future.

Principle support to the Scheme

Our Association express our Principle support to the 'New Producer Responsibility Scheme on Glass Beverage Bottles'. However, the government must have sufficient consultation with the industry and the public before the implementation of the scheme, so as to minimize the impact on the various stakeholders, and can get the cooperation of different parties in the future implementation.

There is a rapid development of the Wine industry in Hong Kong since 2008, in which, the average annual growth was more than 30%, at the same time, wine auction in Hong Kong got the highest bid value among the world recently, this is truly because the government had abolished the wine tax in 2008, the industry saved hundred million of dollars of taxes. Meanwhile, the Wine companies has increased from few hundreds to over 3000 recently, it is directly contributing to the employment market, logistics, retail market and wholesale market, achieving in the big increase of business & benefits.

However, it is indeed duty-bound for the above stakeholders to share their

responsibilities on recycling the wine glass bottle, since the manufacturing of wine glass bottles has increased drastically because of the increase in the sales volume of wine.

Proposed 'green' tax rate

According to our estimation, Hong Kong average retail /beverage valued of a bottle (750 ml) of wine is around HK\$200, it is acceptable to set the 'green' tax rate not more than HK\$ 0.75, of course, it would be easier to be accepted if the beginning of the tax rate is HK\$ 0.5.

And we suggest the Government to publicize the green tax (0.5 to HK \$ 0.75) of each wine glass bottle, provided that the 'green' tax will be shared evenly by the manufacturer, import distributors, retailers/ restaurants and consumer, so each of the stakeholders will have to pay only \$ 0.125 to HK \$ 0.1875 per 750ml bottle. We believe this financial responsibility will be more likely to be accepted by various stakeholders.

The proposed implementation of the scheme

Our suggestions on the implementation of 'New Producer Responsibility Scheme on Glass Beverage Bottles' :

1. It is recommended that to collect 'green' tax from the import and distribution level rather than at the retail level, as numbers of importer and distributor are far less than retailers/restaurants, therefore, it can effectively save the regulatory enforcement costs and reduce the interference to SME retailers/ restaurants. As there is more than ten thousands of restaurants and retailers of glass drinks in Hong Kong, if we collect the 'green'tax at the retail level, it will be very disturbing, and will lead to very high costs of enforcement;
2. It is recommended to exempt the 'green' tax for entrepot trade and exports of wine;
3. It is recommended the Government can provide a 90-days payment period on receipt of the payment of the glass bottle 'green' taxes, i.e. the importers do not have to pay before the products are sold, it definitely eases the burden of their financial liquidity;
4. For the 'green' tax amount, it is recommended that the government should start at a lower tax rate of HK \$ 0.5 for every 750 ml of red wine glass bottle, on a trial basis that, the government could review the tax rate one or two years later;
5. It is recommended that the government should set up a fund for education and induction plan, to educate and encourage restaurants and consumers to have classification of waste in order to reduce the cost of recycling.

WAHK once again express our principle support on the 'New Producer Responsibility Scheme on Glass Beverage Bottles' , but we still have concerns about the way of the implementation and the details of the scheme, we hope this response would bring some reference value for government, should you have further insights or queries, please feel free to contact the us for a discussion. Thank you.

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