

Product Eco-responsibility Ordinance (Cap. 603)
A Guide for Registered Supplier
Seeking Exemption from the Container Recycling Levy

Purpose

1. This note sets out the requirements for a registered supplier of regulated articles¹ seeking exemption from the obligation to pay the container recycling levy imposed on regulated articles under the Product Eco-responsibility Ordinance (Cap. 603) (“PERO”).

Introduction

2. The producer responsibility scheme on glass beverage containers (“GPRS”) is fully implemented on 1 May 2023, which aims to put in place a system for the proper management and recycling of waste glass beverage containers generated in Hong Kong. Under the GPRS, registered suppliers of regulated articles are required, among others, to pay a container recycling levy for the regulated articles distributed or consumed in Hong Kong in accordance with the PERO.
3. At present, a number of local beverage manufacturers have established their own reuse arrangements, by which waste glass beverage containers of their brands are collected from market for rebottling after proper cleansing and sterilisation. The reuse of waste glass beverage containers is beneficial to the environment because it can save energy used in the manufacturing of glass containers from raw materials. The Government encourages any new reuse arrangements or the continuation of existing reuse arrangements that are underpinned by a robust and reliable monitoring and auditing system to ensure the glass beverage containers are recovered effectively and reused in an environmentally sound manner. To encourage local beverage manufacturers and other beverage suppliers to recover their used glass containers for reuse, the GPRS has provided for an exemption mechanism such that a registered supplier may be exempted from some of the obligations including payment of the container recycling levy provided that the supplier meets the criteria as set out in the PERO, as elaborated and explained in the following paragraphs.

Application for Exemption

4. Pursuant to section 56 of the PERO –
 - (a) a registered supplier may, in accordance with the Product Eco-responsibility (Regulated Articles) Regulation (“RAR”), apply to the Director of Environmental Protection (“Director”) for exemption from the requirements under sections 51, 52 and/or 53 of the PERO, i.e. payment of the container recycling levy, submission of returns and/or annual audit reports, in relation to any type of regulated articles.

¹ “Regulated articles” means beverages that are pre-packaged in sealed glass containers as defined in Section 3(1) of the PERO.

- (b) The application must be accompanied by –
 - (i) a prescribed application fee (\$9,250); and
 - (ii) a container waste reduction plan (“CWRP”) specifying, in relation to the regulated articles for which the exemption is sought, the arrangement for the recovery and reuse or recycling of the containers concerned.
- 5. The Environmental Protection Department (EPD) started to accept applications for exemption since 1 February 2023. Applications from registered suppliers must be made by means of the specified form (RA-6) which is downloadable from the EPD’s website. The duly completed specified form, together with the application fee², a CWRP and copies of relevant documents may be submitted by post or in person to the addresses appended to the specified form. The application process is normally completed within 15 working days after EPD’s receipt of sufficient information and the CWRP is finalised.

CWRP

- 6. To facilitate registered suppliers to prepare CWRPs, an outline of it is attached in **Annex** for reference³.

Scope of Exemption

- 7. A CWRP must specify details of the regulated articles for which the exemption is sought and the total volume of beverages involved (based on historical figures over the past 12 months preceding the last annual audit date of the registered supplier concerned, or if not available, an estimation). If the CWRP does not cover all the regulated articles distributed by the registered supplier, there should be sufficient information to define clearly the scope of exemption being sought.
- 8. In addition, subject to the exemption granted, the Director may attach to the exemption such terms and conditions that the Director considers appropriate. This may include a condition requiring that the regulated articles in relation to the exemption (hereinafter referred to as “*Exempted Articles*”) should bear visible features that may enable differentiation by visual inspection of the Exempted Articles from other similar regulated articles distributed by the registered supplier. For instance, there may be requirement of providing an identification mark or label on the container of an Exempted Article, and the same identification mark or label must not be affixed or available on other regulated articles not falling with the exemption scope.

Collection of Exempted Containers

² Payment of the application fee shall be made by cheque and is non-refundable. The cheque shall be crossed and made payable to “The Government of the Hong Kong Special Administrative Region”.

³ A registered supplier may prepare the CWRP in its own format as long as the details of the arrangement for the recovery and reuse or recycling are adequately covered to the satisfaction of the Director.

9. The registered supplier must identify a suitable collector (e.g. through in-house fleet or an outsourced collector) who undertakes to the registered supplier to provide collection service for the spent containers generated from the consumption of Exempted Articles (“hereinafter referred to as *Exempted Containers*”). There should be detailed descriptions about the workflow of the recovery and collection processes, in particular the arrangement to ensure a high recovery rate (e.g. through a deposit-refund scheme).

Reuse and Recycling of Exempted Containers

10. The registered supplier must identify (i) a suitable beverage manufacturer (who may be the registered supplier himself) who undertakes to the registered supplier to provide service for reuse of the Exempted Containers for rebottling; and (ii) a recycler who undertakes to the registered supplier to provide service for recycling of the non-serviceable ones. There should be detailed descriptions about the workflow of the reuse/recycling processes. In case the Exempted Containers are collected for reuse outside Hong Kong, the registered supplier should provide the relevant documents and copies of licence and/or permit (where required by law) proving the export arrangement established for reuse of the Exempted Containers and the contingency plan in case the export is rejected by the receiving place.

Performance Management

11. The registered supplier must describe how the performance of CWRP is evaluated and the relevant reuse/recycling processes are audited, supported with necessary records and documentation. For this purpose, the Director may attach to the exemption a condition to the effect that the registered supplier must submit an annual audit report duly signed by an independent certified public accountant confirming that the CWRP has been carried out satisfactorily and certifying the waste reduction rate achieved in an exempted year.

Waste Reduction Rate

12. The registered supplier should provide the current waste reduction rate of the regulated articles for which the exemption is sought (based on historical figures over the past 12 months preceding the last annual audit date of the registered supplier, or if not available, an estimation) and estimate the waste reduction rate in the next 12 months with the CWRP in place. In case, the estimated waste reduction rate in the next 12 months is below 80%, the registered supplier should set out in the CWRP the proposed timeframe to achieve the 80% waste reduction rate for the Director’s consideration.

Benchmark for Approval

13. Under the PERO, the Director must refuse the application if the Director considers that the CWRP (i) is impracticable; or (ii) cannot ensure the recovery and reuse or recycling of the containers in an environmentally sound manner.
14. Accordingly, the Director must be satisfied that the CWRP is practicable and its implementation will enable (if implemented in full) a reduction of the container waste arising from the Exempted Articles by no less than 80% (hereinafter referred

to as “**Threshold Reduction Rate**”), as compared to the scenario where the plan had not been implemented. For this purpose, reduction of container waste may be achieved through –

- (a) reuse of the recovered Exempted Containers that are suitable for reuse. There will be terms and conditions to the effect that the registered supplier has in place a rebottling operation with sufficient capacity for handling such reuse; or
- (b) export of the recovered Exempted Containers for reuse outside Hong Kong. There should be relevant supporting documents proving the arrangement of export and such reuse outside Hong Kong; and
- (c) recycling of the recovered Exempted Containers that are no longer suitable for reuse.

Note: For instance, Supplier A has been granted exemption for Beverage X. In a given year, Supplier A distributed a total of 10 000 litres of Beverage X. During the same year, Supplier A recovered the Exempted Containers of such a quantity equivalent to 9 000 litres, where Supplier A reused such a quantity equivalent to 8 500 litres and arranged proper recycling of such a quantity equivalent to 500 litres. In this case, Supplier A is regarded to have reduced the container waste arising from Beverage X by 90% (i.e. 9 000 litres / 10 000 litres).

Terms and Conditions

- 15. Pursuant to the PERO, the Director may grant the exemption subject to any terms and conditions relating to (i) its duration; (ii) the implementation of the container waste reduction plan; (iii) auditing, reporting and record keeping; and (iv) any other matter the Director considers appropriate.
- 16. In general, the exemption will remain valid unless revoked, varied or suspended by the Director. The performance of the CWRP will be assessed on an annual basis, as reflected in the waste reduction rate as compared to the scenario without the plan. In addition to the condition mentioned in paragraph 8 and 11 above, the Director may impose other terms and conditions to the effect that –
 - (a) the Threshold Reduction Rate on container waste reduction must be achieved in a given exempted year;
 - (b) if the waste reduction rate is equivalent to or above the Threshold Reduction Rate, the registered supplier will be fully exempted from the obligation to pay any container recycling levy in respect of the Exempted Articles; and
 - (c) if the waste reduction rate is below the Threshold Reduction Rate, the registered supplier will be required to pay a partial container recycling levy determined by the following formula –

$$P = L \times V \times (1 - R)$$

where

P = Partial container recycling levy payable

L = Amount of container recycling levy payable per litre-volume of the regulated article prescribed by the RAR

V = Total litre-volume of the Exempted Articles distributed or consumed in Hong Kong in the exempted year

R = Waste reduction rate achieved in the exempted year

Note: For instance, Supplier A has been granted an exemption in respect of Beverage X. In a given exempted year, Supplier A distributed a total of 10 000 litres of Beverage X (“V”). During the same year, Supplier A recovered Exempted Containers of such a quantity equivalent to 3 000 litres, where Supplier A reused such a quantity equivalent to 2 500 litres and arranged proper recycling of such a quantity equivalent to 500 litres. In this case, the actual rate of waste reduction (“R”) is only 30% (i.e. 3 000 litres / 10 000 litres). As the charging level of the container recycling levy (“L”) is \$0.98 per litre-volume of regulated articles as specified in the Schedule to the RAR, Supplier A will be required to pay a partial container recycling levy (“P”) of \$6,860 (i.e. \$0.98 x 10 000 x (1 - 30%)).

17. The partial container recycling levy payable under paragraph 16(c) will be assessed with reference to the annual audit report submitted by the registered supplier as required under the exemption. The Director will issue an assessment notice under section 54(1)(b) of the PERO to the registered supplier to recover the levy.
18. For reuse operations which have yet to attain the full scale, there will be suitable terms and conditions specifying the timeframe for achieving the Threshold Reduction Rate.

**Environmental Protection Department
November 2023**

減少容器廢物計劃的大綱

Outline of Container Waste Reduction Plan

注意 提交的減少容器廢物計劃須清楚註明登記供應商的名稱和登記號碼。如有需要，請以流程圖或相關文件作補充。

NOTE The Container Waste Reduction Plan (“CWRP”) submitted shall be clearly marked with the name of the registered supplier and the registration number. Supplement with flow-charts or relevant documents where necessary.

1.	涵蓋的受規管物品的詳情 Details of Regulated Articles Covered
(a)	品牌名稱 Brand name
(b)	產品名稱 Product name
(c)	飲料類別 Type of beverage
(d)	容器容積 (毫升) Container volume (mL)
(e)	受規管物品的相片 Photos of regulated articles
(f)	識別標誌或措施 (如適用，以區分豁免申請涵蓋的受規管物品及其他類似但不被豁免申請涵蓋的受規管物品) Identification marks or measures (if applicable, to differentiate the regulated articles covered by the exemption application from other similar regulated articles not covered by the exemption application)
(g)	過去 12 個月受規管物品的分銷渠道及銷售容積 Distribution channel and sales volume of regulated articles in past 12 months
(h)	過去 12 個月的減廢率 (如設有回收重用安排) Waste reduction rate in past 12 months (if recovery and reuse arrangement available)
(i)	預計設有減少容器廢物計劃後首 12 個月的減廢率 Estimated waste reduction rate in first 12 months with CWRP in place
2.	回收和重用玻璃容器的計劃和安排 Plan and Arrangement for Recovery and Reuse of Glass Containers
(a)	分銷受規管物品的運作安排的詳細資料，包括： Details of the operational arrangements for the distribution of regulated articles, including: (i) 分銷渠道 Distribution channel
(b)	收回玻璃容器的運作安排的詳細資料，包括： Details of the operational arrangements for the return of glass containers, including: (i) 承諾提供收集服務的收集商 Collector who undertakes to provide collection services (ii) 回收涵蓋的地點 Locations covered by the recycling arrangement (iii) 回收和收集的安排及流程 Arrangement and workflow of the recovery and collection processes

(c)	<p>處理收回的玻璃容器的運作安排的詳細資料，包括： Details of the operational arrangements for the handling of the returned glass containers, including:</p> <ul style="list-style-type: none"> (i) 承諾負責重用玻璃容器作重新裝樽之用的飲料製造商 Beverage manufacturer who undertakes to provide service for reuse of the glass containers for rebottling (ii) 回收重用的安排及流程 Arrangement and workflow of the reuse processes
(d)	<p>出口重用玻璃容器的運作安排的詳細資料(如適用)，包括： Details of the export arrangement for the reuse of glass containers (if applicable), including:</p> <ul style="list-style-type: none"> (i) 已建立的出口重用玻璃容器的安排及相關證明文件 Export arrangement established for the reuse of glass containers and relevant supporting documents (ii) 出口遭進口地拒絕時的應變計劃 Contingency plan in case the export is rejected by the receiving place
3.	<p>不適合重用的玻璃容器的循環再造／處置安排 Arrangement for Recycling / Disposal of Glass Containers not Suitable for Reuse</p>
(a)	<p>不適合重用的玻璃容器的處理程序的詳細資料，包括： Details of the procedures to handle returned glass containers which are no longer suitable for reuse, including:</p> <ul style="list-style-type: none"> (i) 回收玻璃容器不可重用的標準 Criteria for recovered glass containers not suitable for reuse (ii) 承諾就無法重用的玻璃容器提供循環再造服務的回收商 Recycler who undertakes to provide service for recycling of the non-serviceable glass containers (iii) 循環再造的安排及流程 Arrangement and workflow of the recycling processes
4.	<p>分銷、回收和循環再造的紀錄備存 Record Keeping for Distribution, Recovery and Recycling Figures</p>
(a)	<p>相關紀錄備存及資料驗證的安排的詳細資料，包括： Details of the arrangement of record keeping and data verification, including:</p> <ul style="list-style-type: none"> (i) 相關紀錄和文件的種類，如載有充分詳情的紀錄、發票、收據、送貨單、存貨紀錄或任何其他文件 Type of relevant records and documents, e.g. records, invoices, receipts, delivery notes, inventory records or any other documents that contain sufficient details (ii) 相關紀錄和文件的型式，如電子或紙本紀錄 Format of relevant records and documents, e.g. electronic or paper records
5.	<p>減少容器廢物計劃的審計 Auditing of Container Waste Reduction Plan</p>
(a)	<p>有關減少容器廢物表現（特別是減廢率）的周年審計安排的詳細資料，包括： Details of the arrangement for annual audit on the performance on container waste reduction, in particular the reduction rate, including:</p> <ul style="list-style-type: none"> (i) 擬議的周年審計日期 Proposed annual audit date (ii) 周年審計的範圍及安排 Coverage and arrangement of annual audit (iii) 減廢率的計算方法 Method of calculation of waste reduction rate

6.	<p>其他與申請有關的資訊 Any Other Information that is Relevant to the Application</p>
(a)	<p>如設有減少容器廢物計劃後首 12 個月的預計減廢率低於基本減廢率(80%)，達致基本減廢率的時間表及相關措施的詳細資料，包括：</p> <p>If the estimated waste reduction rate in the first 12 months with CWRP in place is below the Threshold Reduction Rate (80%), details of the proposed timeframe and measures to achieve the Threshold Reduction Rate, including:</p> <ul style="list-style-type: none"> (i) 擴展收集點的計劃 Plans to expand collection points (ii) 確保達致高回收率的安排 Arrangements to ensure high recovery rates (iii) 提高重用玻璃容器產能的安排 Arrangements to increase capacity for reuse of glass containers (iv) 達致基本減廢率的時間表 Timetable for achieving the Threshold Reduction Rate (v) 達致基本減廢率前每一年的預計減廢率 Estimated waste reduction rate for each year before achieving the Threshold Reduction Rate