BUSINESS ENVIRONMENT COUNCIL
商界環保協會

13 July 2026

Mr TSE Chin Wan, BBS, JP
Secretary for Environment and Ecology
Hong Kong Special Administrative Region Government
16/F, East Wing, Central Government Offices
2 Tim Mei Avenue, Tamar
Hong Kong

Dear Secretary Tse,

Submission on Producer Responsibility Scheme on Plastic Beverage Containers and Beverage Cartons from Business Environment Council Limited
商界環保協會有限公司

Over the last 34 years, Business Environment Council Limited 商界環保協會有限公司 ("BEC") has played a leading role in advocating the business case for environmental excellence, given the importance of sustainable development to Hong Kong. Our members are committed to actively engaging with the HKSAR Government ("the Government") to help develop a supporting policy framework as well as impactful implementation in respect of environmental protection and sustainability.

Views expressed in this submission are those of BEC, in line with BEC's Mission and Vision as well as policy position on relevant issues, but may not necessarily be the same as the views of each individual member. BEC is an independent charitable membership organisation comprising over 300 member companies from Hong Kong's major holding companies to small and medium-sized enterprises, startups and NGOs.

Background

We are delighted to see that the Government is planning the legislative timeline for the Producer Responsibility Scheme ("PRS") on Plastic Beverage Containers and Beverage Cartons, with plans to consult the Legislative Council Panel on Environmental Affairs in 2026 alongside ongoing industry consultations. To facilitate a smooth transition for the industry towards the implementation of and compliance with this new regulatory framework, BEC established the Task Force on PRS for Beverage Packaging in April 2026 to improve business readiness and gather feedback from key industry players regarding the scheme's implementation.

This submission consolidates the insights and recommendations of a diverse group of cross-sector stakeholders—including suppliers, retailers, recyclers, scheme operators, and other ecosystem partners such as property management companies and environmental NGOs—regarding the preliminary proposal of the PRS on plastic beverage containers and beverage cartons. While stakeholders broadly support the legislative intent of the PRS to institutionalise the polluter pays principle, various considerations have been raised regarding operational implementation, regulatory clarity & technical definition, as well as market governance and financial resilience. These areas will be further elaborated in the following sections.

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1. Operational Implementation

1.1. Spatial Coordination and Avoiding Resource Duplication

Under the current proposal, stakeholders from retailers have expressed concerns regarding the duplication of efforts in dense commercial areas. For instance, if a shopping centre already operates its own Reverse Vending Machine ("RVM") or collection point, requiring retailers within the same premises to install additional facilities may create a wasteful overlap of resources. As such, the Government should evaluate the feasibility of mandating a clear distance requirement between collection points (e.g., a fixed radius) or allowing facility sharing and site-specific exemptions. These approaches would prevent resource duplication within the same premises while balancing overall accessibility and network efficiency.

Furthermore, effective coordination between retailers and property management companies is essential. Regarding physical placement, whilst most stakeholders agreed that situating collection points outside of stores is more practical and efficient than in-store placement, this approach necessitates negotiation with property management. Moreover, property management companies often possess pre-existing recycling infrastructure and workflows. The new arrangements under PRS may conflict with these established systems, raising concerns regarding access rights, scheduling, and operational compatibility. Consequently, the Government is expected to take a proactive role in facilitating communication between retailers, scheme operators and property managers, encompassing both private property management companies and government-owned properties where the Government itself can directly grant access rights (such as public housing estates, Leisure and Cultural Services Department venues, and other government facilities).

Perspectives from: Retailers, Scheme Operators, Property Management Companies

1.2. Diversified Collection Strategy and Centralised Data Infrastructure

Whilst Reverse Vending Machines ("RVMs") provide robust traceability, data accuracy, and anti-fraud mechanisms, the Government should also formulate frameworks to support manual and community-based collection modalities in parallel. Recognising the high capital investment associated with expanding the RVM network, a foundational approach of supervised manual self-sorting, similar to the practices of GREEN@COMMUNITY, may offers cost-effective alternative. Extending this model to engage sanitation workers, informal recycling networks, independent grocers, pop-up stations, and housing estate programmes would significantly broaden the network's reach whilst reducing overall operational expenditures. Nevertheless, integrating non-automated collection channels necessitates addressing inherent operational vulnerabilities, most notably the impracticality of visual label verification and the heightened risk of accepting counterfeit or ineligible containers.

To circumvent these operational issues, the implementation of digital verification tools is recommended. For instance, a dedicated mobile application could be deployed to scan verification codes or scheme-specific logos on packaging, thereby automating rebate eligibility checks. Concurrently, it is imperative that the Government establishes a

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centralised data infrastructure. This system would aggregate and synthesise data across both RVMs and manual collection channels, ensuring robust oversight, seamless integration, and the effective administration of the broader recycling ecosystem.

Perspectives from: Cross-Sector Consensus

1.3. Hygiene Management and Collection Frequency

Retail and collection staff face significant hygiene challenges with returned containers. Both local and international experiences of RVM deployment have highlighted high operational risks particularly when the machines are not cleared in a timely manner. Overflown of beverage cartons and leakage of residual liquids, in particular, rapidly emit foul odours and attract pests. Since relying on consumers or retail staff to thoroughly wash these containers might not be operationally practical, the Government may wish to consider mandating high frequency collections with increased frequency during summer months and at high-yield locations, as well as timely and effective cleaning, to mitigate sanitation risks, and launch targeted public education campaigns encouraging consumers to empty and rinse containers prior to return.

Perspectives from: Retailers

1.4. Defined Timelines and Smooth Transition Strategies

To maintain strong momentum and facilitate precise investment planning, stakeholders expect to see a well-defined implementation timetable. Representatives from retailers, scheme operators and recyclers suggest that a one-year adaptation period would effectively drive immediate action and public engagement. Additionally, experience from other markets (e.g. Singapore) indicates that during the transition period, suppliers and retailers face significant operational complexity in managing parallel inventory streams of products with and without PRS-compliant labelling. Providing clear guidelines for retailers and practical mechanisms to support communication with consumers during the transition will help educate consumers seamlessly on navigating mixed inventory with and without the new PRS labels. Furthermore, the Government is expected to establish fixed durations for each recovery phase, which could empower suppliers and operators to budget confidently and scale their infrastructure. As scheme operators and self-recovering suppliers are required to submit recovery returns to the EPD every six months and conduct an annual audit, it is recommended that each phase may last for 13 months at least. This timeframe accommodates a full 12-month operational cycle while dedicating the additional month to completing and reviewing the annual audit before determining the next step. Under this timeline, the six-month data serves as a proactive mid-term review to track progress, while the current phase remains active until the verified audit provides a conclusive basis for evaluation. Upon reviewing these finalised results, if targets are confirmed to be overachieved, a streamlined endorsement mechanism should allow the Government to flexibly advance to a subsequent phase. Conversely, if targets are not met within the fixed period, the Government should allow for a short grace period to resolve operational bottlenecks before entering the next stage.

Perspectives from: Retailers, Scheme Operators, Recyclers, Suppliers

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2. Regulatory Clarity & Technical Definitions

2.1. Phase-out and Eco-Modulation of PVC Shrink Labels

BEC notes that recyclers strongly advocate for excluding products with PVC shrink labels from the scheme, as PVC severely contaminates the PET recycling stream. Rather than attempting to manage these technical complexities post-collection, the Government is expected to address the issue at source. Since the current market-led PRS framework requires suppliers to register their products and bear the operational costs of recovery, an eco-modulation approach could be integrated directly into the statutory registration process. For example, the Government could impose an additional environmental surcharge on manufacturers and importers at the point of registering any beverage product that utilises PVC packaging. By having the Government levy this extra cost directly on suppliers right at market entry, the framework would financially disincentivise the use of PVC. In parallel, the Government should assess the availability of practical alternatives, such as compatible PET labels and label-free designs, which are already being adopted by forward-thinking brands and promoted in other jurisdictions. Once market readiness and the viability of substitute materials are firmly established, the Government can then formulate a roadmap to phase out and ultimately ban the sale of PVC-labelled beverage containers in Hong Kong.

Perspectives from: Recyclers

2.2. Enhancing Clarity on Recycling Targets

To fully align their operational strategies and assess the target's feasibility, the industry seeks further clarity on the exact calculation methodology. Specifically, stakeholders from suppliers, scheme operators and recyclers are keen to understand the denominator used (e.g., annual production, import volume, or total market consumption) and the unit of measurement (i.e., whether the target is based on total weight or the absolute number of bottles/carton). Clear communication of these metrics will empower the market to actively work toward these goals.

Perspectives from: Suppliers, Scheme Operators, Recyclers

2.3. Defining "Recycling" to Prioritise High-Value Material Recovery

To ensure alignment with the scheme's environmental objectives, stakeholders expect to see a clear outline of the acceptable approaches that qualify as recycling. Specifically, the industry is keen to understand whether Waste-to-Energy (“WtE”) and downcycling (e.g. turning plastic bottles into polyester clothing) will be counted toward the target. It is noted that the majority of stakeholders believe WtE should not be included, as prioritising genuine material recovery over energy recovery will best reinforce the scheme's credibility and its commitment to a true circular economy.

Perspectives from: Suppliers, Scheme Operators, Recyclers

2.4. Defining "Small-Sized Suppliers" to Ensure Market Fairness

While the representatives from suppliers support practical exemptions under the scheme,

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a precise definition of "small-sized suppliers" should be established to prevent businesses from exploiting loopholes and evading their statutory obligations.

Perspectives from: Suppliers

2.5. Logo Alignment Across Markets

Given that many beverage suppliers operate across multiple markets, alignment of scheme-specific logo with other jurisdictions is highly recommended to help reduce administrative complexity, avoid packaging variations, and facilitate more efficient consumer education and supply chain management.

Perspectives from: Suppliers, Retailers

3. Market Governance & Financial Resilience

3.1. Qualifications and Network Allocation for Scheme Operators and Recyclers

Suppliers and potential Scheme Operators ("SOs") are keen to understand the anticipated number or maximum cap of approved SOs. Gaining clarity on this will help the industry better anticipate market dynamics and prepare accordingly. Alongside this, publishing detailed qualification criteria for SOs and recyclers prior to the scheme's launch is crucial. Establishing rigorous standards that showcase a fully verifiable circular supply chain will not only guide industry preparation but also build public trust and actively encourage citizen participation. Furthermore, as the Government plans to assist the trade in setting up return points at suitable government venues, stakeholders urge that a transparent and equitable mechanism be established for allocating these locations among multiple SOs. To maintain fair competition, the framework should prevent "cherry-picking," ensuring a balanced distribution of both high-traffic, cost-efficient venues and less accessible areas among the operators.

Perspectives from: Suppliers, Recyclers, Scheme Operators

3.2. Mitigating Financial Exposure and Perverse Incentives Regarding Over-Collection

The current framework lacks clarity regarding the financial liabilities of exceeding statutory recycling targets. Stakeholders highlighted a critical "perverse incentive": should operators achieve the annual target prematurely, the absence of sustained funding may compel them to scale back or temporarily pause operations to manage financial exposure. This creates a missed opportunity where valuable recycling capacity remains underutilised, ultimately limiting the scheme's broader environmental impact. As such, the Government is recommended to establish broader mechanisms and regulatory flexibilities to address over-collection. For instance, the Government could introduce a target rollover system, allowing excess collections to count towards the following year's statutory targets, thereby incentivising suppliers to maintain funding.

Perspectives from: Scheme Operators

3.3. Optimising the Rebate Mechanism and Prioritising Public Education

Stakeholders across the sectors agree that the proposed HKD 0.10 rebate is sufficient based on international experience, and they welcome the flexibility for businesses to

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voluntarily offer higher rebates. To avoid artificially restricting consumer participation, they urge the removal of the daily rebate limit (e.g., the current HKD 3/day cap on Octopus cards). The distribution mechanism should fully accommodate and incentivise high-volume recycling without arbitrary constraints. In addition, there is a strong consensus that public education is far more critical than the monetary reward itself. Driving long-term behavioural change requires the public to understand the intrinsic value of recycling and Hong Kong's collective effort in waste reduction.

Perspectives from: Cross-Sector Consensus

Conclusion

Stakeholders broadly support the legislative intent of the PRS for beverage packaging, while emphasising that its success relies on practical execution, regulatory clarity, and market resilience. Operationally, the industry anticipates that the Government will optimise network efficiency to prevent resource duplication, establish a centralised data infrastructure for diverse collection channels, address hygiene concerns from retailers, and provide a well-defined transition timeline. On the regulatory front, stakeholders seek clear definitions regarding recycling targets, acceptable recycling methods, and supplier exemptions, alongside financial strategies to phase out PVC at the source. Ultimately, to ensure sustainable market governance, the trade calls for transparent qualification criteria, a balanced allocation of government venues to ensure fair competition among SOs, flexible financial mechanisms to manage over-collection, the removal of daily rebate limits to accommodate high-volume recycling, and public education that drives long-term behavioural change rather than relying solely on monetary incentives.

As a key policy tool for waste management, PRS drives shared responsibility among manufacturers, retailers, and consumers to promote resource circularity and mitigate environmental impacts. BEC is actively engaging stakeholders to ensure the smooth rollout of the PRS for Plastic Beverage Containers and Cartons. Looking ahead, BEC will continue bridging the Government and the business community to support the implementation of upcoming PRS initiatives outlined in the 2023 Policy Address, including EV batteries, vehicle tyres, and lead-acid batteries, advancing Hong Kong's transition toward a zero-waste future.

For queries related to this support statement, please contact our Chief Executive Officer, Mr Simon Ng at simonng@bec.org.hk.

Yours sincerely,

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Chairman
Business Environment Council Limited