



Parliamentary briefing – The Environment Bill 2019 – 2020

About Coca-Cola European Partners

Coca-Cola European Partners (CCEP) is the bottler, distributor and seller for both The Coca-Cola Company and other brand owners. CCEP is the largest Coca-Cola bottler in the world by revenue.

Coca-Cola Great Britain (CCGB) markets the beverages bearing the trademarks of brand-owner The Coca-Cola Company (TCCC) in Great Britain.

We sell over 4 billion drinks a year in a variety of packaging formats: aluminium cans, glass and plastic bottles as well as dispensed products requiring very little packaging. We sell packaged products in portion sizes ranging from 150ml cans through to 2 litre bottles. We currently use around 168,000 tonnes of packaging materials each year, including glass and aluminium, with plastic bottles accounting for around 25% of that total.

Across Great Britain we have a network of six manufacturing sites, plus logistics and business centres, employing around 3,500 people. For every Coca-Cola job, we create a further eight jobs along our supply chain and in the communities where we have operations (a total of 34,500 British jobs across the economy).

Approximately, 97% of the products we sell in this country are made here.

We invested £150 million into our operations in Great Britain in 2019, bringing our total investment to more than £650 million over the past nine years.

Background

Coca-Cola European Partners has the ambition to work with others to ensure that all our packaging is recovered so that more is recycled, and none of it ends up as waste or litter.

We applaud the ambition within the Environment Bill as it presents a once-in-a-generation opportunity to reform the current packaging recovery and recycling system.

This Bill contains many of the enabling powers to allow the government to create schemes to ensure these intentions are met. However, we must have clarity on certain aspects of the Bill to ensure there is a holistic approach within the Government to improve our environment.

We have long championed reform to the current packing and collection system and welcome the powers within this Bill to create a beverage container deposit return scheme, extend producer responsibility, and introduce a more consistent collection system for households across the country.

Deposit return system (DRS)

In early 2017, we were the first major company to confirm our support for the introduction of a well-designed deposit return system (DRS), and we believe that such a system will lead to higher recovery rates for PET bottles and cans used for soft drinks. However, it is important the system is designed correctly and that we do not have different approaches being adopted by governments across Great Britain.



The Scottish Government already has powers to establish a DRS through secondary legislation under the Scottish Climate Change Act 2009 and has proceeded to draft regulations to create a scheme by 2021. The UK Government has said it intends to implement a DRS in England by 2023. This gap will create a huge amount of complexity and unnecessary cost for the industry. We believe that delays in the legislative process could postpone the creation of DRS in England and Wales further. We would ask that Parliament ensures that any gap is kept to a minimum by setting a deadline within the Bill for the tabling of the secondary legislation required to introduce DRS in England, Wales and Northern Ireland. This would capitalise on the support for DRS from environmental groups, soft drinks producers and the public.

Whilst the specifics about material scope, design, or operational aspects of the DRS do not need to be defined in this Bill - secondary legislation and rules set by an independent 'scheme administrator' could address these at a later date - government must provide assurances that the framework provides for any future DRS to be: efficient, industry-led and not-for-profit, compatible/ interoperable with the Scottish DRS currently planned for 2021.

However, there are key design issues that we believe need to be addressed in the Bill, namely:

- The Bill unnecessarily complicates this issue of the creation of a scheme administrator to run the DRS, by leaving open the possibility that 'there may be several administrators'. Based on our experience of successful DRS in many other markets, we believe there should specify that there must only be one scheme administrator and that this should be industry led and operated on a not-for-profit basis which manage unredeemed deposits.
- The Bill bestows authority on the Government and devolved administrations to create extended producer responsibility, and we support full net cost recovery. However, products should not be subjected to duplicate charges. If they are in the scope of a DRS, they must be exempt from producer responsibility obligations and this should be clearly set out in the Bill. Likewise, we would ask that the Bill makes clear that any deposits on beverage containers are exempt from VAT.

Extended producer responsibility (EPR)

We support moving to a full net cost recovery approach for producers. However, such costs must not be open ended and must embody the need for cost efficiency and effectiveness. A shared responsibility approach also needs to be maintained across the packaging chain in order to help foster collaboration and encourage all businesses to do the right thing. Government must recognise that industry alone will not be able to absorb all the additional costs.

Labelling and consistent household and business collections

Improving our environment requires whole systems approach, with the consumer being central to this. Therefore, we support the intention of the Bill to simplify labelling – so consumers are clearer as to what packaging can be recycled and what cannot – as well as support the move towards a more consistent household and business collection regime to achieve better outcomes.

Divergence between UK territories



Environmental issues are devolved, yet the environment affects us all. Policy divergences can be logistically complex and costly for manufacturers and retailers and confusing for consumers. The problems with a Scotland-only DRS encapsulate this. Further differences between the nations of the UK will compound this, and the provisions regarding powers for each Government to set their extended producer responsibility scheme will once again risk adding cost and complexity to businesses and consumers.

Timelines

Poor phasing of the key interventions proposed within the Bill – reform of household collections, extended producer responsibility, DRS as well as the proposed Treasury tax on plastics risks creating a sub-optimal solution which could fail to deliver the necessary infrastructure to increase recovery and recycling rates, and create unnecessary costs and complexity for taxpayers and industry. The Government and devolved administrations must be mindful of this when proceeding with some of the powers the Bill grants.

Charges for single-use plastic items

The Bill as drafted does not provide any clarity as to whether or not plastic packaging items included within a DRS or the proposed EPR scheme obligations could be subject to additional charges at a future date. We think the Bill should be clear in exempting such items to avoid any situation where producers pay multiple times for their packaging to be recovered and recycled.

Water abstraction

Water stewardship is an important part of our sustainability action plan. As a business we are committed to achieving high levels of water efficiency in our manufacturing operation and we have also set ourselves the target to replenish 100% of the water used in our soft drinks, where it is sourced from areas of water stress.

As a responsible user of water, we are concerned that the Bill gives provisions for the Government to revoke an abstraction licence if the operator is not using at least 75% of the volume of water over a 12-year period. Water usage is not uniform, and levels fluctuate. For example, throughout a year, our usage may peak during the summer months, and be significantly lower during cold periods. These fluctuations are market dependent and cannot always be predicted. Crucially, historical levels of abstraction are not an indication of future use, and revocation could hamper our future investment and expansion given water is embedded in our final product.

We would ask that the Bill makes clear that manufacturing, particularly for soft drinks, is not in scope of this new power.

For further information, please contact Aaron Patel (aaron.patel@ccep.com).