

From: Info <info@ennischamber.ie>
Sent: Friday 25 November 2022 15:40
To: SingleUse
Subject: Submission Latte Levy consultation

To whom it concerns,

November 25, 2022

I write regarding the proposed latte levy.

Please note we support initiatives to progress a circular economy that help Ireland to achieve its sustainability goals, but we have misgivings regarding some outcomes of the legislative process for the Circular Economy Act and proposed latte levy, for these reasons:

Environmental

According to EU regulations, waste treatment cannot be limited to mere waste volume reduction and needs first and foremost to achieve “the best overall environmental outcome” for that country’s context as stated in the WD 2008/98 Article 4,§2^[1] explaining the principle of the Waste Hierarchy. EU Member States are instructed to implement regulations with this overarching goal front of mind, and Ireland’s proposed latte levy will fail to achieve this for the reasons outlined below.

The latte levy will not achieve “the best environmental outcome,” because:

- An ISO14040 / 140444 Compliant and 3rd-party verified (by TUV) Life Cycle Analysis (LCA) study, using Primary Data Study, by Ramboll^[2] has demonstrated that single-use paper-based packaging provides “very significant environmental benefits” compared to their reusable alternative and create 2.8 times more CO₂ and consume 3.4 times more freshwater than single-use paper cups. Following a desktop study, Ramboll can confirm this LCA is applicable to the Irish context, with specific case study research completed on Ireland-specific data that corroborated the findings of the primary study.
- The effect of the levy will be to replace renewable, recyclable and environmentally performant products with non-renewable, non-recyclable (e.g., ceramic, tableware glass) or not-yet recycled plastic products. As seen in other markets in Europe, we can expect that reusable plastic cups will be the primary replacement of paper-based cups, contributing to a massive increase in plastic products – which is in complete contradiction to the goal of plastic-reduction legislation.
- Paper cups are not waste, but a valuable secondary raw material used in the truly circular paper value chain to provide many different new products (such as cardboard and egg boxes, drinks carriers or household paper rolls).

Commercial Impact

We consider it disproportionate and discriminatory to target paper-based cups via the latte levy, for the following reasons:

- Paper cups represent just 0.0003 percent of the total waste in Ireland^[3]
- Paper cups are ranked 47th in the list of items found on the EU beaches, together with other paper items representing 0.27 percent of the litter. According to state data collated in the National Litter Pollution Monitoring System’s 2021 Report^[4], ‘drinks cups’ represent just 1.7 percent of litter waste – whereas many other items, such as sweet wrappers, bags and bottles of various materials that are not currently legislated for represent 18.7 percent of ‘packaging litter’ and other ‘food-related’ litter represents 11.2 percent. While the Government and industry stakeholders alike should be

seeking to reduce litter of all kinds, the evidence is clear: paper cups are not the prime offender yet have received disproportionate 'airtime' during the legislative process for the Circular Economy Act.

- Ireland produces compostable cups for an Irish population that is equipped with a brown bins collection system dedicated to composting: the latte levy will conflict with this existing waste treatment scheme.

The latte levy will unnecessarily limit the freedom of enterprises and impose costs on the full value-chain, including consumers, for the following reasons:

- The legislation will directly impact the paper cup industry and their suppliers through the loss of sales of at least 8.4% of hot drinks sales according to a study by Ecuity^[5] in the UK, plus further lost add-on sales due to reduced footfall
- It will directly impact restaurants through operating costs increase of 270% and refurbishment costs estimated at an average of €140,000 per outlet (RBB Economics^[6]) and these costs are proportionally higher and additionally punitive on smaller, independent businesses
- It will impact customers by increasing the cost of a daily product by 7%, notwithstanding a further VAT rate raise to 13.5% pending
- in the current climate of post-Covid markets recovery, record inflation, commercial rates re-evaluation pressures and an energy crisis adding an average of 400% to electricity costs, these added burdens threaten a workforce of at least 15,000 employees in independent stores alone

Operational complexities.

The ambitions of a circular economy are admirable, and industry stakeholders want to play their part in working with the Government towards a more sustainable Ireland. For the intentions of the circular economy legislation to be successful in achieving these goals, there are many obstacles that must be overcome that are both critical to businesses - especially in the current climate of inflation and energy crisis – and impracticable to their operation. These distinct impracticalities highlight a lack of engagement with industry, both historically and during the legislative process, to derive solutions. It also highlights that, in preparation of the legislation, little research was undertaken to examine how workable processes would align with the actual implementation and rollout of the levy.

- For hygiene and safety liability purposes, some indemnifiers stipulate a requirement to use a disposable cup to decant drinks into a reusable container presented by the customer – so a disposable will continue to be used regardless of the levy being in place
- Regulation on whether vendors should accept cheap 100% plastic reusable alternatives levy-free has not been clarified
- Costly, valuable-energy-consuming equipment may be required to either wash customer cups or to offer customers a space to wash their own reusable cups. This presents operational, health and safety and insurance complications and burdens and is also anti-competitive to certain categories of Operators (e.g., to-go only, drive-thru). This places complexity and burden on vendors' staff to 'police' reusables and the condition these cups are presented in, will result in lost sales and increase service time for others, all resulting in a loss of trade during an exceptionally difficult time for cafes and small businesses.
- Self-service and self-checkout operations will either require consumers to self-declare the levy payable – or have an additional burden on the business and its employees to ensure exemptions are declared.

Proposals & Alternative Solutions

Instead of a levy impacting industry, restaurants and customers, an improved circular economy could be achieved through:

1. Reducing plastic waste and plastic littering, in compliance with the EU Single-Use Plastics Directive (SUPD), using decreasing plastic thresholds like the ones France implemented for cups,

with 15% plastic maximum allowed in 2022 and 8% in 2024. Ireland could also follow Italy's example by setting a maximum 10% plastic threshold for single use cups.

2. Modulating Extended Producer Responsibility (EPR) fees to tackle waste according to the priority environmental and littering impact.
3. Deploying collecting schemes for paper-based recyclable products [targeted on littering spots] whether the recycling occurs in Ireland or in other EU countries and the UK.
4. Upgrading composting schemes through increased efficiency targets and financial support.

Conclusion

- The levy will not deliver the best environmental outcome – there will be more 100 percent plastic cups in circulation, 2.8x more carbon dioxide and 3.4x more freshwater used (Ramboll)
- The levy has a disproportionate focus on paper coffee cups
- The levy will unnecessarily limit the freedom of enterprise and impose costs across the value chain, including consumers
- Other options are open to legislators that do not levy consumers and do not put costs on businesses
- Industry stands ready to engage with officials on this issue, and feels it was not adequately consulted up to this point despite the fact that they will be bearing the brunt of implementing this levy. 100 percent plastic bottles have incentivisation schemes (e.g., Deposit/Return Schemes) in place, yet renewable fibre products are facing punitive action

[1] [DIRECTIVE 2008/98/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL](#) (As amended 2018, section 4.2)

² Comparative Life-Cycle Assessment (LCA) Single-Use And Multiple-Use Dishes Systems For In-Store Consumption In Quick Service Restaurants by Ramboll ([Publicly available via European Paper Packaging Alliance \(EPPA\)](#))

³ According figures by Environmental Protection Agency [National Waste Statistics Summary Report for 2019](#) and REPAK, where total annual waste is cited as 9.5M tons per annum

⁴ [National Litter Pollution Monitoring System Report 2021](#) (Tobin Consulting Engineers)

⁵ Economic Analysis of a Takeaway Paper Cup Levy March 2018 (Ecuity: Higgins, Jackson and Baumerte)

⁶ RBB Economics, The Economic effects of Decree no.2020-1724 (2021)

We are also concerned about the potential impact of the latte levy on business,

- In the current post-Covid climate, record levels of inflation, pressures on commercial rates, and an energy crisis with businesses seeing 400% surges in electricity costs, the burden of the levy and prospective ban will threaten Irish cafes even further.
- The levy would require installation of energy-intensive washing and drying equipment, which would greatly harm businesses that serve on-the-go customers. Takeaway trade is a significant portion of the market for Irish industry, which employs approximately 15,000 people in independent businesses alone.
- Studies indicate that a 'latte levy' would result in a minimum of 8% lost footfall for hot drinks, plus further losses from add-on sales.
- More than 80% of vendors in Ireland have invested in certified compostable or certified recyclable paper cups, yet the levy will needlessly punish them for their efforts.


The alternatives:

- Other EU countries have met plastic reduction targets by banning 100% plastic items or placing progressive levies based on plastic content percentage. This incentivises industry to opt for recyclable and compostable products with lower plastic levels.
- All paper cups can and should be recycled. Irish fibre waste for recycling is generally exported to other EU countries or to the UK. Materials recycling facilities in these jurisdictions accept all types

of paper cups for recycling and are actively seeking significant volumes of paper cups, so there are pathways to circularity if paper cups were added to recycling lists.

- The Irish Government has encouraged incentives to recycle 100% plastic items, with no levies or punitive actions in place for plastic bottles or caps for example. Industry would welcome similar positive engagement with the Government to achieve circularity for renewable, recyclable, organic fibre packaging.

Yours sincerely,


President Ennis Chamber
54 O'Connell Street
Ennis
Co Clare

[1] [DIRECTIVE 2008/98/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL](#) (As amended 2018, section 4.2)

[2] Comparative Life-Cycle Assessment (LCA) Single-Use And Multiple-Use Dishes Systems For In-Store Consumption In Quick Service Restaurants by Ramboll ([Publicly available via European Paper Packaging Alliance \(EPPA\)](#))

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