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Y Gweinidog Newid Hinsawdd  
Minister for Climate Change



Llywodraeth Cymru  
Welsh Government

Ein cyf/Our ref MA/JJ/1304/23

Peredur Owen Griffiths, MS  
Chair  
Finance Committee  
Welsh Parliament  
Cardiff Bay  
CF99 1SN

31 May 2023

Dear Peredur,

In October 2022, the Finance Committee published their report on The Financial Implications of The Environmental Protection (Single-use Plastic Products) (Wales) Bill. In my response, I agreed in principle to recommendations 1, 2 and 3 which requested amendments to the Regulatory Impact Assessment (RIA) following Stage 2 of the Bill process. I noted such changes would require at least six months to complete and that I would write again once this work had been completed. I am now writing to provide an update on the current position.

### Recommendation 1

It is unclear, at this stage, what benefit would be achieved from reassessing costs for retail, catering or hospitality businesses switching to non-single use plastic alternatives as a result of the Bill. The RIA sets out estimated costs for this sector for the products in phase 1 of the bans. I have already set out my commitment to ensure detailed analysis work is undertaken ahead of the introduction of further bans, or of any intention to add to or amend the products in the Bill's Schedule.

Costs will have risen since 2019 when the research underpinning the RIA was undertaken. This applies to all single-use products whatever material they are made of. For example, the unit costs of plates, cups and cutlery for catering and hospitality businesses were small compared with the cost of food or drink products they were sold with. This finding will hold true today. The RIA assumed cost increases which could not be absorbed by a business would be passed on to customers. This also remains true. Following the introduction of bans in Wales or further afield, the report also anticipated new market conditions would lead to an increase in the supply of alternatives, reducing their unit cost.

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## **Recommendation 2**

Recommendation 2 requested further work be undertaken to assess the cost and disbenefits to manufacturers and other businesses in switching production away from plastic items.

The original research found most of the manufacturing of products in the Bill's Schedule took place overseas. The ongoing engagement officials have taken forward with these sectors has not revealed anything which would call this into question.

During engagement with the manufacturing sector in 2019, only one company came forward with cost estimates for a transition to manufacturing on-plastic alternatives. These were specific to that business. Subsequent discussions with the contractors who undertook this work indicated that information to help improve the 2019 estimate is still unlikely to be available or accessible.

Taking these two factors into account, officials believe it unlikely that revisiting the costs and disbenefits to manufacturers would provide the outcomes the Committee expects with respect to this sector.

## **Recommendation 3**

In my initial response to recommendation 3 in October, I clarified the £8.6 million was in respect to benefits to businesses across the UK. This is in line with the requirements of Standing Orders for RIAs. The report found that manufacturing businesses in Wales could retain a share of this benefit if businesses responded by producing the alternative products.

## **Next steps**

We will commission further evidence to inform RIAs for a limited selection of the products in the Bill's Schedule rather than revisiting all the products. This includes single-use carrier bags, single-use polystyrene lids for cups and single-use polystyrene lids for takeaway food containers, for which costs and benefits were not fully estimated at the introduction of the Bill. I believe this would be a better use of public money.

The new evidence will supplement initial work undertaken during summer 2022 ahead of the Bill's introduction. I have also asked my officials to revisit impact data for oxo-degradable and oxo-biodegradable plastic products, as not many products were found to be on the market during the original research in 2019. Since then, the UK and Scottish Government have undertaken work on these products, so I believe revisiting the RIA for these products in relation to the potential introduction of a ban in Wales is now warranted.

Yours sincerely,



**Julie James AS/MS**

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