



Llywodraeth Cymru
Welsh Government

WRITTEN STATEMENT BY THE WELSH GOVERNMENT

TITLE **Update on the Development of a Deposit Return Scheme**

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and Rural Affairs**

In working to deliver on our commitment to securing a stronger, fairer and more sustainable future for Wales, we have been working to develop a Deposit Return Scheme (DRS) for drinks containers in line with the commitment to bring forward a scheme in *Beyond Recycling*, our circular economy strategy, and *Net Zero Wales*, our emissions reduction plan.

Wales is already a recycling nation; our recycling performance is the highest in the UK and amongst the very best in the world. Our track record of delivery has been underpinned by clear long-term goals, consistent policy, a progressive regulatory regime and sustained investment – supported by successful partnership with industry and with our Local Authorities.

Building on our success to date, we are committed to continuing our journey, recognising both the environmental imperative of the climate and nature emergency and the economic importance for resilience and competitiveness in a decarbonising global economy. Following the recent introduction of our Workplace Recycling Regulations, the implementation of a DRS for Drink Containers in parallel with the introduction of Extended Producer Responsibility for packaging is an important next step.

International evidence shows that a DRS is an extremely effective way to capture drinks containers so that they are not wasted and can go back into the economy. By doing so, not only is it effective in tackling emissions and dramatically reducing litter, but it also reduces the need to extract raw materials and the damage that can cause, supports reuse and the recycling of materials and reduces the energy needed in manufacturing. By securing high quality source separated recyclable materials and potentially reusable containers, it can be a crucial enabler of a more circular economy, benefitting producers and consumers, creating new economic opportunities, and reducing reliance on volatile global supply chains.

I am therefore pleased to be making a joint statement along with the Ministers responsible for the development of the scheme in England, Northern Ireland and Scotland on the progress that has been made in developing shared positions to maximise the interoperability between our respective schemes.

From the outset, the Welsh Government has sought to work in partnership with the other governments to develop a coordinated approach to a DRS. I therefore welcome the agreement we have reached following intensive work in partnership with our counterparts in the other UK nations to agree a clear framework for interoperability across a wide range of areas which will collectively underpin our schemes. These include on the deposit level, the size of containers in scope, an exemption for low volume products, registration and reporting, labelling and return points.

We have also agreed to delay the implementation of DRS in Wales in line with the other nations so that the UK schemes will be brought in at the same time in October 2027. In doing so we have collectively recognised the call from industry and drawn upon learning from international schemes emphasising the need to provide sufficient time for industry to prepare and the infrastructure to be put in place. However, with the announcement today underlining the commitment from all four nations to progress with a scheme and setting out the detailed areas of interoperability, I would underline the need for industry to now begin preparations at pace.

In the meantime, as a government we will continue to prepare for the implementation of a DRS in Wales. In progressing our scheme our intention remains to bring forward a scheme that is in line with our commitments covering PET plastic, aluminium, steel, and glass. The Welsh Government has been consistent throughout, and our position has not changed – and remains consistent with the position we consulted on jointly with the UK Government, to which an overwhelming number of respondents (86%) supported the inclusion of glass. It also remains consistent with the final scheme design, agreed and published jointly with the UK Government following the consultation and is consistent with the Scottish Government's preferred approach.

I note with regret that the UK Government has not responded to industry calls for consistency in the materials covered by reevaluating its decision to diverge away from the previously agreed common approach. We respect however that in this devolved area it is a matter for the UK Government to determine what form of DRS works best for England; just as it is our responsibility to determine the form of DRS for Wales. I also acknowledge that the very different context in England means that considerable gains in recycling can still be achieved from a narrower and less ambitious scheme. Even if questions around its effectiveness in supporting a transition to net zero will remain.

For Wales, our already world class recycling puts us in a different position, necessitating a more ambitious approach if we are to justify the significant investment and change of consumer behaviour a DRS requires. It also puts us in a unique position, with no other examples where a DRS has been introduced into an already high recycling nation. I reiterate that Wales's baseline and landscape is different to our UK counterparts. Our Well-being of Future Generations Act also requires us to look beyond the short term and ensure our decisions are evidence based.

The evidence on glass is clear. With over 50 successful international examples of DRSs where the overwhelming majority include glass as standard. Not only should Wales not have to settle for less than the international best practice standard, but it is essential if we are to continue to make progress against our baseline and ensure the scheme will be effective in supporting the transition to net zero.

Having looked at international schemes such as those in Finland, Estonia, Denmark, Lithuania, the US, Canada and Australia, it is striking that the best examples not only include glass but are already supporting the reuse of glass bottles. As alluded to in the title of our circular economy strategy, *Beyond Recycling*, and underlined by our programme for government commitments, supporting a move to more widespread reuse is a necessity if we are to be able to move to a circular economy and transition to net zero. With the best international DRS schemes already supporting up to 60% of glass bottles to be reused, this transforms what is the most energy and carbon intensive material into the most sustainable current option. Bringing win-win benefits to both businesses and consumers alike.

Excluding glass whilst all other materials are included therefore not only risks there not being a level playing field, which may result in producers changing material for less environmentally friendly and higher carbon options, but also excludes what is currently the most sustainable potential option. It also risks hampering the ability of the glass sector to transition and remain competitive, with high quality source separated material being crucial to delivering to increasing recycled content against the legal requirements that will be in place in any event. Fundamentally it also adds complication for consumers - with one scheme covering all material types being far simpler. The question around putting glass in is when, not if, and with Wales being prepared to take these steps on glass in, and supporting a pathway to reuse, we can provide invaluable learning for our neighbouring countries.

Whilst our preference remains the aligned scheme previously agreed, I note the threat the UK Government have made to repeat their actions in Scotland by using the Internal Market Act to restrict our ability to go further and impose a watered-down DRS on Wales. The Welsh Government supports the proper regulation of the internal market, which we agree needs to be protected. However as shown by international examples of different approaches to DRS being delivered within a single market - including by small nations with porous borders - delivering different schemes that are responsive to the different contexts in our respective nations is eminently feasible.

Moreover, the history to date in this very policy area is one where devolved Governments being able to use the tools of devolution to innovate has added significant value to the UK as a whole. In Wales we are rightly proud of the fact that we were the first in the UK to bring in the carrier bag charge. Its overwhelming success having seen it adopted by the rest of the UK and highlighting that piloting approaches in devolved areas can add significant value to the UK as a whole. The approach to the bans on single use plastic is another more recent example where the devolved Governments within the UK are driving change and in a DRS context, last week I announced the positive outcome of a world first full-town digital deposit return scheme trial in Brecon.

The misuse of the Internal Market Act as a means to restrict devolution is not about the market – as evidenced by the UK Government’s refusal to re-examine its decision to diverge from what was the common position. Our objection to the Act lies in the fact that it is open to abuse as it places all the power with the UK Government and goes far beyond the structures needed to ensure economic and regulatory cooperation between the nations of the UK. Innovation is a key part of a successful common market; it does not serve the interests of the UK as a whole to stifle Wales’ ability to innovate and seek to tie it to the lowest common denominator. The Internal Market Act should not be used to seek to impose policy on devolved governments, regardless of our own policy aims or very different domestic context.

Going forward, the Welsh Government remains committed to working positively and constructively in partnership as four nations to deliver DRS across the UK as we have done throughout. In addition to the range of areas where we have collectively agreed the interoperability arrangements published today, to further maximise alignment we will be drawing from the UK Government’s legislation for England and Northern Ireland in now drafting the legislation for the Welsh scheme.

In parallel we will continue our preparations, working in partnership with local authorities, producers, retailers and other businesses to progress the scheme as a key part of our move to a circular economy. In addition, as well as continuing our work trialling the potential for a digital approach as part of a DRS, we are working with industry to bring forward a pilot for reuse drawing on the evidence from successful examples we have seen working in countries similar to ours.

Our aim is to bring forward a scheme based on international best practice, which will not only help tackle the blight of litter but will also support our drinks industry to transition and be resilient and competitive in a decarbonising global economy. Fundamentally, it must also be effective in helping to tackle the climate and nature emergency by learning from the known solutions which are being delivered successfully elsewhere.

Wales is already a recycling nation. To be effective our Deposit Return Scheme must help us to take a further step forward. The Welsh DRS can expect to be groundbreaking as the first scheme of its type implemented in a nation already achieving high recycling rates.