

DISCUSSION PAPER ON A POSSIBLE PRODUCER RESPONSIBILITY MODEL FOR USED TYRES

Introduction

The Department of Trade and Industry has produced this paper in consultation with other UK Government Departments and the Scottish Executive, the National Assembly for Wales and the Northern Ireland Executive.

The discussion paper seeks comments on possible statutory Producer Responsibility arrangements to require the reuse or recovery of used tyres as a consequence of Council Directive 1999/31/EC on the landfill of waste, which is due to ban the landfilling of tyres.

The paper asks a number of specific questions on which we would particularly welcome information, views and analysis. However, we would also be happy to receive other ideas. Respondents need only reply to those specific questions that are of particular interest to them.

Written comments on the issues raised in this discussion paper and on the Regulatory Impact Assessment attached at Annex III should be sent by 12 July 2002 to:

In England:

Paul Hallett
Department of Trade and Industry
Sustainable Development Directorate
Bay 426
151 Buckingham Palace Road
London SW1W 9SS
Tel: 0207 215 1860
Fax: 0207 215 5860
Email: paul.hallett@dti.gov.uk

In Northern Ireland

Oonagh Warke
Environmental Policy Division
Department of the Environment
River House
48 High Street

Belfast
BT1 2AW
Tel: 028 9025 7363
Email: oonagh.warke@doeni.gov.uk

In Scotland:

Gary Gray
Environmental Protection Unit
Scottish Executive
Mailpoint 11
Victoria Quay
Edinburgh
EH6 6QQ
Tel: 0131 244 0363
Fax 0131 244 0245
Email: waste.team@scotland.gov.uk

In Wales:

John Dew
Business and Environment Branch
Welsh Assembly Government
Cathays Park
Cardiff
CF10 3NQ
Tel: 029 2082 6769
Fax: 029 2082 5137
Email: john.dew@wales.gsi.gov.uk

Further copies of this paper are also available from Paul Hallett at the address above or on the DTI website (<http://www.dti.gov.uk>) in PDF format.

The Department and devolved administrations may wish to publish responses to this discussion process in due course, or deposit them in its libraries. If this is done, all responses received will be so published unless a respondent specifically asks that his or her response be treated as confidential. Confidential responses will, nevertheless, be included in any statistical summary of comments received or views expressed.

NB. The discussion paper contains a number of references to the "Government". Unless the context states otherwise, this means, collectively, the UK Government and the devolved administrations for Scotland, Wales and Northern Ireland.

BACKGROUND	4
END OF LIFE VEHICLES DIRECTIVE (2000/53/EC)	4
DEFINITIONS - ASSUMPTIONS	5
STRUCTURE OF THE INDUSTRY	6
UK NEW TYRE MANUFACTURERS	8
UK NEW TYRE IMPORTERS	8
UK RETREADED TYRE IMPORTERS	8
UK USED CASING IMPORTERS	8
UK VEHICLE MANUFACTURERS	9
UK VEHICLE IMPORTERS	9
TYRE RETAILERS/WHOLESALERS	9
UK RETREADERS	9
PART-WORN RETAILERS	9
APPROXIMATE NUMBERS	10
USED TYRE REUSE AND RECOVERY INFRASTRUCTURE	10
PRODUCER RESPONSIBILITY	10
SUMMARY OF PROPOSALS	11
PRODUCER RESPONSIBILITY - KEY ISSUES	12
IDENTIFYING OBLIGATED PARTIES	14
SETTING THE OBLIGATION	16
MEASURING COMPLIANCE AND RECOVERY	18
INFORMATION	20
SAFEGUARDS	21
ANNEX I	22
ANNEX II	27
ANNEX III	31
ANNEX IV	35
THE CONSULTATION CRITERIA	42

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BACKGROUND

1. The EU Landfill Directive will ban the landfilling of virtually all tyres from July 2006, so that alternatives to landfill must be found by this date. Also, the EU Directive on End of Life Vehicles introduces from January 2006 a reuse, recovery and recycling target of 85% by average vehicle weight. By July 2006, it will therefore be necessary to have a reuse and recovery infrastructure in place capable of handling, on an ongoing basis, almost all used tyre arisings. On 2000 figures, this translates to between 120,000 - 150,000 tonnes of additional activity needing to come forward over the next four and a half years.

2. Both industry and Government believe that this objective is likely to be most efficiently met through voluntary measures. Indeed, the UK already recovers value from some 70% of the tyres that are scrapped each year. However, there is also the recognition by both industry and Government that should voluntary measures be insufficient some form of statutory scheme would be required. The September 2001 Government response to the Fifth Used Tyre Working Group Annual Report indicated the intention to publish a discussion paper on statutory producer responsibility arrangements. This paper looks at such a potential scheme, which could be introduced under section 93 of the Environment Act 1995 and similar powers in the Producer Responsibility Obligations (Northern Ireland) Order 1998.

3. It should be noted that statutory producer responsibility is one of a range of potential options should intervention prove necessary. The relative merits of all potential options would need to be carefully weighed before a preferred scheme was identified. Nonetheless precedent, such as the Packaging Regulations, suggest that producer responsibility represents a practicable option, and is therefore this paper's focus. This paper does **not** represent a definitive view of the Department's position on this issue.

4. A partial Regulatory Impact Assessment is attached at Annex IV.

End of Life Vehicles Directive (2000/53/EC)

5. Interaction with the systems put in place to implement the End of Life Vehicle (ELV) Directive would form an important consideration in framing any scheme to deal with used tyres. The ELV Directive, through its re-use, recycling and recovery targets, is likely to lead to the almost complete recovery of value from used tyres arising from vehicles covered by the Directive. However, it does not compel this as the targets, (85% reuse and recovery target by weight from January 2006), could theoretically be met by other materials in the ELV stream.

6. In the context of meeting the Landfill Directive requirement for tyres, it is worth noting that the ELV Directive applies to smaller vehicles, principally cars and vans (i.e. the M1 and N1 categories), and not to commercial vehicles (lorries, buses, etc) which also give rise to significant tonnages of tyres at end of life. The ELV Directive also applies to waste used parts removed when passenger cars are repaired; these must be

collected if technically feasible. However, these parts are not included in the reuse, recovery and recycling targets.

7. The approach therefore taken in the discussion paper is to suggest a common scheme for tyres, applied across both the tyre and vehicle industries. The Department recognises the partial overlap in responsibilities, due to the ELV Directive, but does not consider that such an approach creates a double obligation; operators would not be asked to recover the same tyre twice. However, it would be vital to ensure that the evidencing systems between the ELV and Landfill Directives were wholly compatible and complementary.

8. An alternative approach would be to rely on the provisions of the ELV Directive for those tyres arising from scrapped cars and vans. Obligations under the tyres producer responsibility scheme outlined in this paper would need to be adjusted to exclude these tyres. The tyres scheme would still include those tyres arising from those vehicles not covered by the ELV Directive, mainly commercial vehicles.

9. There would nevertheless be practical difficulties to be resolved with such an approach. The 1999 report of the Automotive Consortium on Recycling and Disposal (ACORD) estimated that the total weight of tyres from end of life vehicles scrapped in 1998 would have been around 58,500 tonnes, and around one-third of these, 19,000 tonnes, were put back into use on the road, either as part-worn or retreaded tyres. The End of Life Vehicle Directive includes a requirement that by January 2006, reuse and recovery of end of life vehicles shall be increased to a minimum of 85% and reuse and recycling shall be increased to a minimum of 80% by an average weight per vehicle per year.

10. Part-worn and retreaded tyres would therefore contribute towards both the 85% and 80% targets and satisfy, once and for all, the obligations placed on economic operators by the ELV Directive. As mentioned elsewhere in the paper (para. 51) temporarily reused tyres will in due course need to be permanently reused or recovered. As economic operators would already have met their obligations under the ELV Directive, and the Directive does not make specific provision for handling materials more than once, such ELV tyres would effectively be orphaned from a direct obligation to recover them.

Definitions - Assumptions

11. 'reuse' means any operation by which tyres are used for the same purpose for which they were conceived, as per the ELV Directive definition, and within this tyres scheme shall also be taken to include other purpose which makes temporary or permanent use of whole tyres. Examples might include part-worn and retreaded tyres as operations for which tyres are used for the same purpose as they were conceived, tyres used as playground swings and silage clamps as other purpose temporary reuse and tyres used for landfill engineering or for coastal protection as other purpose permanent reuse.

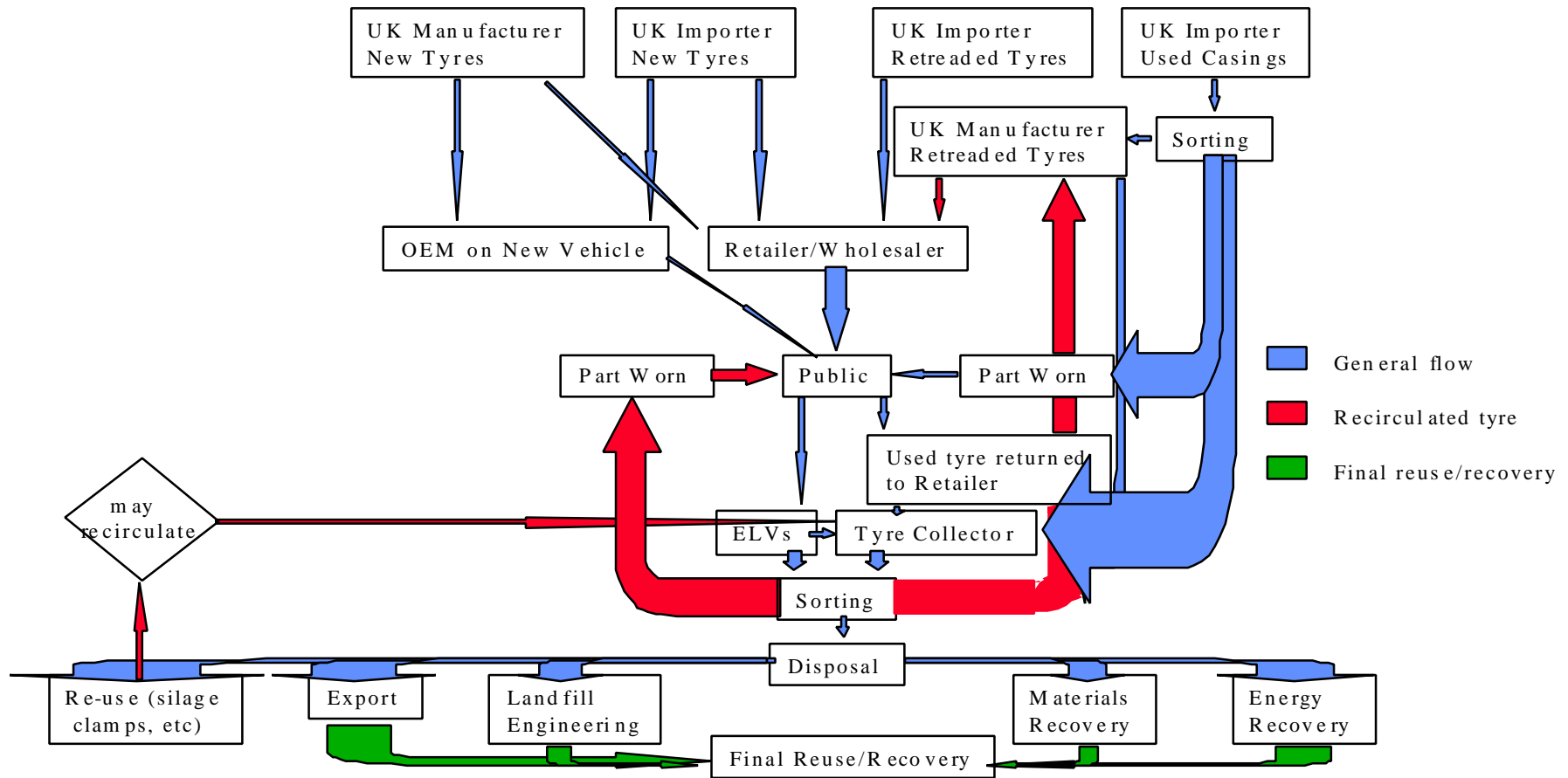
12. 'recycling' means the reprocessing in a production process of the waste materials for the original purpose or for other purposes. Examples might include tyre granulation and the pyrolysis of tyres.

13. 'energy recovery' means the use of combustible waste tyres, principally as a fuel or other means, to generate energy with or without other waste but with the recovery of heat. Examples might include the use of tyres as a fuel in cement kilns and the gasification of tyres to generate electricity.

STRUCTURE OF THE INDUSTRY

14. In considering how a statutory producer responsibility scheme might be framed, it is essential to look at the structure of the industry, its players and the various relationships between them. The diagrammatic below shows the routes tyres typically take between their first use and ultimate final reuse, recovery or export.

TYRE FLOWS



15. As illustrated, tyres take a number of routes between manufacture and first use. In essence, there are two main approaches to statutory producer responsibility:

- a shared approach, as with the packaging regulations, encompassing all actors in the supply chain; and
- a targeted approach.

16. The tyre supply chain is a complex one, which includes manufacturers and importers of new tyres, manufacturers and importers of new vehicles, importers of retreaded tyres and used casings and new tyre retailers and wholesalers. If UK arisings of second generation tyres are also considered, then the above list expands to include manufacturers of retreaded tyres and part-worn retailers. It is necessary to consider each of these sectors in turn.

UK new tyre manufacturers

17. A small number of household name companies currently manufacture new tyres in the UK namely Cooper-Avon, Dunlop, Goodyear, Michelin and Pirelli. None of these are ultimately UK owned.

UK new tyre importers

18. The 1999 UTWG background report indicated that there were around 40 companies importing new tyres into the UK. These range from foreign manufacturer affiliates to wholesalers and retailers importing across the brand range of overseas manufacturers.

UK retreaded tyre importers

19. Imports of retreaded tyres are limited at around 3,000 tonnes, around 1% of UK replacement tyre sales. It is likely, therefore, that relatively few companies import retreaded tyres; some may also import new tyres.

UK used casing importers

20. Used casings are generally used in retread manufacture or for the part-worn market. There is no definitive list of used casing importers but the number seems likely to be less than the 40 or so companies manufacturing retreaded tyres in the UK. Additionally, there are probably only a handful of companies specialising in the import of used casings for the part worn market.

UK vehicle manufacturers

21. The Society of Motor Manufacturers and Traders UK Motor Industry Facts indicates that there are 40 or so UK manufacturers of cars, vans, trucks and buses in the UK.

UK vehicle importers

22. In 1999 there were new car registrations from around 30 overseas car manufacturers (over 70 if imports from ostensibly the same manufacturer, but operating in a number of countries, are counted separately). On the commercial vehicle side, there were imports from some 35 overseas manufacturers (over 70 if counting related manufacturers, but from different countries). Of course, the specific entity of interest is not the overseas manufacturer itself but the importing agent, although in many cases the two will be closely related. Currently, the number of importing agents is unknown.

Tyre Retailers/Wholesalers

23. It is difficult to say how many tyre retail outlets exist. Both tyre and vehicle manufacturers ultimately own around 70% of the 5,500 or so high-street fast-fit tyre outlets. There are, however, many thousands of smaller operators also selling tyres.

24. The National Tyre Distributors Association Tyre Wholesalers Group has around 30 members and includes all the major tyre wholesalers operating in the UK. It is likely that a number of smaller wholesalers also operate outside membership of this particular Group.

UK Retreaders

25. As mentioned in paragraph 20, about 40 companies manufacture retreaded tyres in the UK, with about 10 of these retreading passenger car tyres and 30 retreading truck tyres; a few companies do both.

Part-Worn Retailers

26. It is extremely difficult to accurately assess the number of part-worn tyre retailers. However, there are some 2000 authorised vehicle dismantlers, and a significant proportion of these seek to recover value from tyres removed from end of life vehicles. The numbers of dismantlers, and therefore the numbers that continue to deal with tyres, may well be affected by the End of Life Vehicle Directive. This will require those dismantlers who continue to handle elvs to become authorised treatment facilities and introduces higher standards for the dismantling of vehicles. A number of other smaller operators, such as some individual garages, also retail part-worn tyres.

Sector Summary

	Approximate numbers
Tyre manufacturers	5
Tyre importers	40
Retread importers	< 50
Used casing importers	< 50
Vehicle manufacturers	40+
Vehicle importers	not known
Tyre retailers/wholesalers	20,000+
UK retreaders	40
Part-worn retailers	potentially 2000+

Used tyre reuse and recovery infrastructure

27. The UK's used tyre reuse and recovery infrastructure, while diverse, is relatively small. It includes retreaders and part-worn retailers as well as those reusing tyres for other purposes (eg for landfill engineering), exporters of used casings, materials recovery companies (eg for sports and safety surfaces) and energy recovery companies (cement kilns). The 1999 UTWG background report provides additional detail.

Q1. Views and further information are invited on the structure of the industry.

PRODUCER RESPONSIBILITY

28. Producer responsibility is a term used to describe a policy approach which holds that producers who place products on the market should take greater responsibility for those products when they become waste. Producer responsibility is frequently identified with statutory measures, but can have just as much relevance to a voluntary approach.

29. In responding to the Fifth Annual report of the Used Tyre Working Group (UTWG), the Government made a number of proposals for industry action, centred on voluntary producer responsibility, which it considers are vital to meeting the objective of both Government and industry to achieve a voluntary solution on used tyre issues. For convenience, those proposals are reproduced below:

- i) Tyre manufacturers and importers to work with their customer supply chains to raise awareness of tyre disposal issues, including the future capacity and availability of tyre recovery facilities, and take an active interest in current tyre supply chain disposal encouraging responsible practice by all retailers.
- ii) Vehicle manufacturers and importers to adopt a similar approach.
- iii) Tyre retailers and vehicle dismantlers to take an active interest in current disposal practice, and where this is to landfill consider how and from where alternative recovery capacity can be accessed.

30. Further proposals related to the need for more active engagement between the tyre industry and the tyre recovery sectors and for greater financial support from the tyre industry for both used tyre projects and other initiatives, such as the Environment Agency's tyres programme.

31. **The Government would welcome views on how best to progress the full range of proposals made in the Government's September 2001 response by 12 July 2002.** This response, which forms the last chapter of the UTWG's Fifth Annual Report, is attached at Annex I. The full report can be found at <http://www.tyredisposal.co.uk/>.

32. The UTWG is a principal interface between industry and Government on used tyre issues. Background to the Group and its current membership can be found in the report mentioned above. The Government considers that the issues in this discussion paper provide a useful opportunity to review the purpose, composition and ways of working of the Group. **The Government would welcome views on the future role of the UTWG, the future direction of the Group's work and the membership required to support these activities.**

33. Notwithstanding the preference for a voluntary approach, Government will need to introduce a more regulatory approach if it becomes clear that there is insufficient engagement by industry in making a voluntary approach work effectively. The following describes the form such a departure could take.

SUMMARY OF PROPOSALS

34. To address the requirement under the Landfill Directive to bring forward between 120,000 – 150,000 tonnes of additional reuse and recovery activity beyond present levels, the paper discusses the placing of an obligation on manufacturers and importers of new tyres for the replacement tyre market, importers of used tyres and vehicle manufacturers and importers to recover the UK's used tyres. The obligation could be apportioned by market share of tyre sales (or deemed tyre sales for the vehicle sector). As with the Packaging Regulations obligations would need to be set against recovery evidence or for this tyres scheme set against permanent reuse evidence. Obligations could be deferred where temporary reuse takes place although part-worn and retread tyres from the ELV Directive chain would contribute immediately towards the ELV Directive targets. Minimum thresholds could be applied exempting companies placing less than a certain level of tyres onto the market.

35. The paper principally describes a scheme based on currently available information on car and commercial vehicle tyres, which account for the majority of used tyre arisings. However, the landfill ban on tyres is due to apply to all tyres save bicycle tyres and those with an outside diameter above 1400mm. So the scheme would also need to encompass motorbike tyres, solid industrial tyres, etc although they are not specifically referred to in this paper.

development of contractual/trading arrangements to reconcile obligations

36. Evidence of tyre reuse and recovery, to the level of a firm’s obligation, would need to be held by that firm. Obligated companies would not be expected to secure evidence for exactly the same tyres that they placed (or were deemed to have placed) on the market, but a weight equivalent to those tyres. Evidence of recovery would be issued by those deemed to be reprocessors and evidence of reuse by retreaders, etc. It is likely that trading arrangements would develop to match obligations to such evidence between firms.

Proposed obligated sectors	UK Manufacturer New tyres	UK Importer New tyres	UK Manufacturer Vehicles	UK Importer Vehicles	UK Importer Retreaded tyres	UK Importer Used casings
Typical point of used tyre arising		tyre retailer		vehicle dismantler		
Used tyre reprocessing sector		re-use	retreading	recycling	energy recovery	

37. There are key differences in the ways value is extracted from used tyres. One sector in particular, retreading, returns tyres to their original use delaying their ultimate disposal for materials or energy recovery, etc. So, evidence may need to take a number of forms. First, recovery evidence could permanently be offset against obligations as could reuse evidence where the tyres are permanently used. Second, processes like retreading could be temporarily offset against obligations, but would need to be redeemed for reuse or recovery evidence in the first category in due course. The reason for this approach is set out in paragraph 51. It would be necessary for evidence to differentiate between reuse as defined under the ELV Directive, so that such evidence could be applied to the ELV Directive targets, and the wider construction of reuse (which takes in applications such as landfill engineering) within the tyres scheme.

38. The remainder of this paper sets out the reasoning for this approach in greater detail.

PRODUCER RESPONSIBILITY - KEY ISSUES

39. The aim of a producer responsibility scheme would be to ensure that tyres diverted from landfill, as a result of the Landfill Directive, were dealt with in a responsible manner and to maximise recovery/re-use as much as practicable. Any such scheme should achieve this aim at minimum overall cost to industry and maximise new business opportunities within a transparent, predictable and equitable framework that is targeted, proportionate, accountable and consistent with existing legislation and regulation.

40. In essence, this aim would be achieved by placing a statutory obligation on the industry to reuse and recover used tyres. The industry would then wish to ensure that sufficient reuse and recovery capacity was in place for them to meet (or defer) their

obligation. So, if recovery capacity was below the level of the obligation then the price of recovery should rise, increasing reprocessors profits. If this occurred (or if firms anticipate it will occur, say because existing capacity was insufficient to recover 100% of arisings) then the possibility of higher profits should encourage existing firms to expand and new reprocessors to enter the market. Overseas reprocessing capacity may also be drawn upon. Thus, increases in capacity would be stimulated by the guaranteed demand for reprocessors' services generated by placing an obligation on companies. By the same measure, when there is excess capacity in the system, the price of recovery should fall and in the longer term recovery capacity contract. Companies might also undertake specific actions to encourage additional capacity (eg enter into long term contracts with reprocessors subject to meeting competition requirements).

41. A necessary core of safeguards would be needed so that the system could work, for example requirements to supply information. Beyond these, however, the most efficient realignment of industry structure and arrangements should be identified by the market participants. Companies could be expected, subject to other considerations, to seek to minimise the cost of their obligation and, alongside the working of the market, encourage reprocessor efficiency.

42. Producer responsibility obligations could also help to raise the profile of end of life management within the tyre supply chain. While likely levels of waste management charges are unlikely to mean that end of life costs will form the prime consideration when the industry brings a new tyre to market, there will be some impact on full life cycle costs. Companies will be keen to minimise their obligations and it is likely that as well as looking to secure the most cost effective disposal route, they will also consider how their obligations might be minimised in the first place. For example, producer responsibility obligations may reinforce continued moves to lighter tyres, tyres that can take the place of two (eg super singles), development of run flat tyres (removing the need to carry a spare) and act as an incentive to develop tyres that can be managed at end of life more easily. However, the Government recognises that vehicle and tyre design and manufacture are global businesses and that it must also ensure, through the relevant performance regulations, that any product changes made to vehicles or tyres in order to reduce the burden of disposal do not compromise the safety of the vehicle in use on the road.

43. In designing a producer responsibility framework a number of key issues need to be established such as: identifying where best to place the obligation; setting the level of that obligation; relating that obligation to the actual volumes of material to be handled; and identifying all the information requirements. Decisions on these issues are predicated on the existing operation of the market and a multitude of other factors, such as:

- establishing a working measure of total used tyre arisings and how this might be apportioned;
- the incentives introduced by a producer responsibility framework and its effects on individual businesses and their contractual arrangements with others;
- whether minimum obligation thresholds might be applied;
- whether obligations might be revised in-year;

- administration and information requirements and monitoring and enforcement issues;
- consideration of compliance arrangements, including voluntary trading schemes and systems;
- issues relating to reprocessors, including who is a reprocessor, application of appropriate environmental standards and reprocessor efficiency;
- interaction with other legislation, such as the End of Life Vehicle Directive; and
- the need for reasonable defence/due diligence considerations.

Identifying Obligated Parties

44. Paragraph 15 above mentioned two distinct approaches for setting where producer responsibility obligations might rest, the shared and targeted approach.

45. The only precedent that currently exists in the UK for producer responsibility obligations is in the packaging sector. Almost every business handles packaging in one form or another, and the definition of obligated companies within the Packaging Waste Regulations is fairly widely drawn. With a threshold set at a turnover in excess of £2 million and 50 tonnes of packaging material handled per annum, there are some 14,000 obligated companies. In contrast, the tyre industry is relatively well-defined and compact.

46. The Packaging Waste Regulations effectively requires that at least 50% of packaging is recovered, with a minimum of 25% of the total recycled with a minimum of 15% of each material recycled. In contrast, the Landfill Directive will introduce an almost complete ban on the landfilling of tyres, and in consequence a requirement to ultimately reuse or recover almost all tyres.

47. At first sight, there is a reasonable argument to support the shared approach, spreading responsibility widely through the tyre supply chain, as in the packaging sector. In theory, this should be the most equitable way of setting the responsibility. The whole industry chain is ultimately supported by the sale of the tyre to the public, whether as a product in its own right or as part of a vehicle. There would then be a further question of how best to apportion the obligation amongst the various sectors within the chain. However, there may be factors which mitigate against adopting this approach.

48. The industry supply chain is effectively pyramidal in structure, although with a significant degree of vertical integration amongst the major players through this chain. In general terms, the lower the responsibility falls (eg down to individual retailer level), the greater the number of companies and the more complex the arrangements would become, with the increased costs and loss of transparency this would inevitably bring. Bringing down the obligation to the level of individual retailers would bring thousands of companies within the scope of a statutory producer responsibility scheme.

49. Under producer responsibility, it is expected that businesses with obligations will pass on some or all of their costs incurred in discharging producer responsibility obligations. Whether, and how, and to what degree businesses actually do this is for them to determine at the time. Following this argument, there is then a balance to be struck between

simplicity and the perceived fairness of a startingpoint which allocates the burden. Arguably, the practical benefits of an efficient, lean structure could offset the perceived lost equity from not having a widely constructed obligation. At first blush, it is considered that this may be the case here although detailed analysis of the pros and cons would of course be needed.

50. This paper, therefore, assumes that the preferred option would be to capture the obligation at the first practicable opportunity to minimise the numbers of obligated companies. On this basis, vehicle manufacturers¹ and vehicle importers, manufacturers and importers of tyres for the UK replacement market, and used casing importers could be obligated. Assuming that small volume companies are exempted, this obligation would fall on some 200+ companies. The issues covered here are relevant to a shared approach also.

51. It is not proposed to obligate UK tyre retreaders on the basis that they genuinely give a tyre another life. Ultimately, retreaded tyres themselves will need to be permanently reused or recovered. This means that retreading companies would not be able to issue evidence of final reuse or recovery for tyres sold in the UK market. However, retreaders would be able to issue evidence of temporary reuse for these tyres enabling obligated companies to defer a part of their obligation. Part-worn tyres could be treated similarly. An alternative approach would be for retreaders to operate entirely outside any producer responsibility scheme. In this case they would not be obligated nor would they be able to issue reuse evidence within the tyres scheme. Such an approach is likely to impact on demand for their services. The number of tyres requiring recovery would still need to be adjusted in light of those tyres retreaded, and the obligation could be based on a share of either tyre sales or tyres scrapped in the previous year less those tyres that have been retreaded. For the purposes of this paper and the examples described later, the former approach is considered.

Q2. Views are invited on the merits of adopting a targeted approach.

Q3. Views are invited on tyre manufacturers and importers being obligated for tyres fitted as original equipment to UK manufactured and registered vehicles, in addition to their obligations for replacement tyre sales.

Q4. Views are invited on the approach to reuse tyres, including retreads.

¹ Instead of obligating UK vehicle manufacturers, tyre manufacturers and importers could be obligated for those tyres fitted to UK manufactured vehicles, although this discussion paper focuses on obligating UK vehicle manufacturers and importers in the same way.

Setting the Obligation

52. Unless all tyres are individually tracked, it will only ever be possible to take a “best guess” at the number of tyres coming to market and leaving it at any point in time. Although the landfill ban will be absolute, there may be scope to match the “best guess” scrapped figure to the actual used tyre recovery figure within certain tolerances.

53. There are a number of reasons why exact figures are not available. First is the limited quality of available figures; these are by no means comprehensive and come with no guarantee of accuracy. Secondly, there is a time lapse between the fitting of tyres to a vehicle and their removal as waste. Third, there is a significant degree of circularity within the industry eg. retreaded and part-worn tyres.

54. There appear to be substantial fluctuations between years in the number of tyres that are scrapped, although changes in reporting standards are likely to be a contributory factor. Clearly any scheme would have to be compatible with such fluctuations. For example, using the UTWG’s 1999 disposal figure of 426,000 tonnes as a base would mean that the obligations for 2000 could in practice end up being more or less than the number of available used tyres.

55. A possible approach would be to set the obligation as a percentage of the previous year’s tyres brought to market figure, say 95%.

2000 obligations	(tonnes)	
1999 tyres to market (inc. used casing imports)	340,000	(95%) 323,000
1999 retreaded tyres		58,000
1999 part-worns & other reuse (exc. used casing imports)		41,000
2000 obligation		422,000
2000 used tyre arisings		437,000

For 2000, this would give an overall obligation of 323,000 tonnes. Added to this figure would be any deferred obligation falling due in the relevant reporting period, giving an overall obligated total of 422,000 tonnes. It could be argued that using a figure of 95% would establish an incentive for the under-recovery of the available used tyres in some years. However, producer responsibility would not lessen the need to comply with existing waste management legislation, which requires that tyres are disposed of in an acceptable manner. From 2003, whole tyres to landfill will not be an acceptable disposal route and from 2006 shredded tyres to landfill will not be an acceptable disposal route either. If a particular company has already met its obligation in any reporting period but has further tyres to dispose of, it would still have to dispose of them in accordance with acceptable practice. More likely, if an unobligated company has tyres to dispose of, it will similarly need to do so in line with acceptable practice. What a producer responsibility requirement could achieve would be the establishment and maintenance of a reuse and recovery infrastructure capable of handling the majority of used tyre arisings, with the responsibility and costs of doing so apportioned between obligated companies. Further, this requirement could encourage recovery capacity to be built which went beyond the estimates of the

obligation, on the assumption that there may still be demand for their services over and above this estimate.

56. Once obligations have been met, requiring the holder of the tyre to pay for disposal if they are unable to find an obligated company willing to pay could have certain behavioural implications (e.g. garages could refuse to take tyres back towards the end of the compliance year or charge a high fee if most obligated companies had discharged their obligation, possible fly-tipping or firms stock-piling tyres to use to discharge obligations in the next year). There are also issues of access to reprocessing capacity for these firms, and implications if the estimate of arisings is too low, etc.

57. It is possible that obligated companies with significant market power would secure a majority of the existing recovery infrastructure through direct arrangements with reprocessors. With that capacity closed off, remaining obligated companies (and others) could then find the costs of recovery (and evidence of recovery) were higher. Equally, reprocessors would know that tyre manufacturers, etc were required under statute to meet their obligations and were unable to landfill tyres, keeping the value of recovery evidence high. Existing UK competition policy as well as the initial design of the producer responsibility system will be important in this respect. Given that all tyres must be disposed of in an acceptable manner there may be questions around continuing reprocessor efficiency. Trading may have a major role to play in helping obligated companies achieve compliance in the most cost-effective manner. Forward contracts and year-end banking may also contribute to this.

58. It may also be the case that not all manufacturers and importers need be obligated. Minimum thresholds could be set removing smaller manufacturers and importers from the core of obligated companies. This would minimise burdens on smaller businesses who may find it disproportionately costly to meet the requirements, and keep the overall system more manageable. The tyres notionally held by these exempted companies would be treated exactly the same as any tyres falling between the statutory obligation and the actual number of used tyres for disposal. However producer responsibility legislation is constructed, there will be certain exemptions such as the occasional import by individuals. Whether or not minimum thresholds should be applied rests on the balance of overall costs versus perceived equity. It is likely that some minimum threshold would be preferable than seeking to obligate all companies falling within the strict target, although the pros and cons of this will need to be considered further.

59. Obligations could be reviewed mid-term to determine whether it was necessary to adjust them in light of in-year figures. There are a number of separate streams comprising the total arisings figure and a number of mechanisms available to derive a projected end-year total arisings figure. Issues of uncertainty over obligation, planning, investment in capacity, timing of compliance within the year etc may need to be addressed, but the uncertainties that revisiting the obligation in year introduces may outweigh the benefits. It may be preferable only to revisit the obligation if it differs substantially from estimates of the predicted outturn. Recovery evidence could also support a trading system. Under such a system, there would be a market value attached to the evidence of recovery, which could

then be traded between the reprocessor/scheme operator and obligated parties and others. The Packaging Waste Recovery Notes operating in the packaging recovery market provides such an example. Trading would give those for whom it would be expensive to recover their own tyres the option of showing compliance at a lower cost. Similarly, reuse evidence could also be traded.

60. Annex II looks at an example of how an obligation might be set based on current available information.

Q5. Views are invited on the two-part approach to setting obligations:

*Firstly, as a percentage of the previous year's tyre sales figure according to market share; and
Secondly, any deferred obligation held over from retreading and other temporary reuse operations in previous reporting periods.*

Q6. Views are invited on the merits of setting a minimum obligation threshold.

Q7. Views are invited on reviewing obligations mid-term .

Measuring compliance and recovery

61. There are essentially three separate legs to measuring downstream performance, once a used tyre has entered the waste stream. First, compliance with the landfill ban itself is likely to be monitored and enforced by the Environment Agency (EA) in England and Wales, the Scottish Environmental Protection Agency (SEPA) in Scotland and the Environment and Heritage Service (EHS) in Northern Ireland.

62. Second, measurement of reuse and recovery performance. The point an old tyre is usually discarded, and therefore becomes waste, is the point of sale of a replacement tyre. The other common point of disposal is when the vehicle itself is discarded with its tyres. Once a tyre is waste, it must be handled in accordance with the relevant waste management regulations, which mean that waste tyres must be handled in accordance with the Duty of Care¹, and transported only by Registered Waste Carriers and delivered to licensed waste management facilities (unless registered as exempt by the EA, SEPA or EHS). Waste transfer notes need to be raised for each consignment and in theory it should be possible to track tyres to their recovery point, although reporting systems are not presently sufficiently developed to provide for this. Importantly, beyond the tracking of the tyre to its recovery point, proof of actual reuse or recovery of the tyre would also be needed.

63. Separately, the industry is developing its own systems, such as the Responsible Recycler scheme, which will provide independently audited information on reuse and recovery performance presently in the form of Tyre Recovery Notes (TRNs). Tyre collectors will pass these notes evidencing reuse and recovery performance to their

¹ The Northern Ireland Duty of Care Regulations are expected to be made in mid 2002.

upstream customers (eg tyre retailers). That information could then be made available by the retailer through their tyre supply chain so that upstream obligations could be matched to downstream reuse and recovery performance. Any other reasonable forms of recovery evidence including that from overseas recovery operators would also be acceptable. Similarly, those reprocessors not part of a scheme could offer acceptable evidence. It follows that where, for example, a reprocessor is accredited under a particular industry scheme, there is no barrier to it evidencing recovery in a different manner to those of its customers operating outside such a scheme if it wishes to do so. It will clearly be important that all forms of reuse and recovery evidence are tightly controlled to prevent fraud.

64. Such evidence could also support a trading system where there would be a market value attached to the evidence of reuse or recovery, which could then be traded e.g. between the reprocessor/scheme operator and obligated parties and others. The Packaging Waste Recovery Notes operating in the packaging recovery market provides such an example. Trading would give those for whom it would be expensive to recover their own tyres the option of showing compliance at a lower cost.

65. Differences in the treatment of tyres would need to be recognised in the evidence they could issue. For example, retreaders might issue Temporary Tyre Notes (TTNs). These notes would indicate that the used tyre had been through a beneficial process and allow obligated parties to defer that part of their obligation to the next reporting period. However, in recognition that the retreaded tyre will itself, in due course, re-enter the waste stream as a used tyre, a TTN would not demonstrate permanent evidence of recovery, as in the case of TRNs issued by reprocessors (eg materials recovery). The value of the TTN would reflect the flexibility for obligated parties to defer obligations from one reporting period to the next. Those reusing tyres permanently might issue Permanent Tyre Notes (PTNs) and those exporting used tyres might issue Export Tyre Notes (ETNs) whether destined for reuse or recovery.

66. The third leg of compliance with the producer responsibility requirement, against the background that used tyres have a negative value and accordingly place a treatment cost on the tyre disposer (eg retailer), is to lessen any unintended effects of the landfill ban, such as an increase in the fly-tipping of tyres, refusing to take tyres from the last owner or particular regional difficulties. Although an absolute obligation for the reuse and recovery of all tyres may not be required, any tyres that remain after obligations have been met would still need to be handled in an acceptable manner, in accordance with the relevant waste management regulations. As now, it is envisaged that responsibility for monitoring compliance with these regulations and any necessary enforcement action would rest with the Environment Agency, SEPA and EHS. The mechanisms created to track reuse and recovery performance should make it increasingly difficult for those engaged in unacceptable disposal and raise the likelihood of successful enforcement action where fly-tipping does take place. It should also introduce a profit incentive (i.e. revenue from the sale of evidence of reuse and recovery) for this not to happen. Currently local authorities or the owners of the land/premises where the tyres were dumped pick up the costs for clearing up fly-tipped tyres, although in some cases a tyre collector/reprocessor may do so at no charge. It may be possible to transfer this responsibility to the tyre industry to act as a further incentive for the responsible disposal of

all used tyres, though the method of achieving this and its implications will need to be considered further.

67. Monitoring of certain activities, such as the use of tyres for agricultural, boating or part-worn purposes, may be costly. Options for minimising this burden need to be considered. In the case of part-worn tyres, one approach may be that this activity does not qualify as a recognised reuse route within the terms of the scheme, as part-worn tyres typically have limited life remaining.

68. Annex III looks at an example of how compliance might be demonstrated.

Q8. Views are invited on mechanisms to demonstrate compliance with a statutory Producer Responsibility scheme.

Q9. Views are invited on tyre reuse and recovery evidence trading arrangements.

Q10. Views are invited on ways to minimise tyre fly-tipping.

Information

69. The viability of any producer responsibility scheme rests on information which must be accessible and low cost to produce, transparent, reliable and predictable without prejudicing commercial confidentiality. It is clear that information systems would need to be developed to meet this requirement.

70. As mentioned above, on the waste reprocessing side this process is starting to take place through the Duty of Care and TRN systems. It is perhaps on the tyre supply side that the greatest challenge lies. HM Customs & Excise produce figures on used casing imports and retread imports. It would be necessary to examine the categories carefully to ensure that all relevant imports in these two areas could be separately identified. For example, it is believed that a certain proportion of used casings are brought into the UK under the broad classification of waste, parings and scrap of rubber.

71. Additionally, it is currently difficult to get accurate figures for the numbers and weight of tyres sold on newly registered vehicles and scrapped on end of life vehicles. On the latter, the ELV Directive should help improve this position as it will require the tightening up of the dismantling chain for end of life vehicles and measurement against set reuse, recovery and recycling targets. On the former, vehicle manufacturers and importers might be incentivised to assemble this information if their obligations were assessed against it.

72. Perhaps the greatest difficulty is assessing market shares for individual companies for the new tyre replacement market. Imports figures for new tyres produced by HM Customs & Excise do not help in this regard as they do not account for the significant proportion of new tyres which pass through the UK. By the same measure, UK manufacturers do not know precisely the level of their home sales; they apportion a percentage of production for home and export sales. For example, a manufacturer may

supply a UK wholesaler who subsequently exports those tyres. Although there are only roughly estimated aggregate figures in the public domain, individual companies are likely to have much better figures on the level of their own UK sales. If there was a responsibility on obligated parties to submit UK sales information, it is likely that contractual arrangements would be developed within the tyre supply chain to enable them to do so. Similar problems have been addressed under the Packaging Waste Regulations regime where industry led compliance schemes, such as that operated by Valpak, facilitate data collection and monitoring.

73. A view has not been reached on whether producer responsibility is supported by industry led information systems based on existing practices or systems which are government imposed.

Q11. Views are invited on the information systems necessary to support a statutory Producer Responsibility scheme.

Safeguards

74. There would be a number of points to watch in setting up a producer responsibility scheme. Obligated parties might wish to establish mechanisms to demonstrate compliance. These would, of course, need to be consistent with competition law and present no barriers to new entrants. Equally, any resulting changes in market structure as a result of producer responsibility would also be subject to competition law. The balance of obligated companies would change year on year and arrangements would need to provide for this.

75. Producer responsibility arrangements would need to be monitored to ensure they remained valid.

Q12. Views are invited on the costs and benefits identified and the cost estimates in the partial Regulatory Impact Assessment (attached as Annex IV).

Paul Hallett
Environment Directorate
Bay 426
151 Buckingham Palace Road
London
SW1W 9SS
☎ 020 7215 1860
Fax: 020 7215 5860

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The following chapter forms the Government's response to the Fifth Annual report of the Used Tyre Working Group.

- 8.1 The report suggests that the UK lacks a clear national strategy for meeting the landfill tyre ban and that roles and responsibilities are unclear as a result.

The Government's role

- 8.2 The Government has a clear role to set a framework within which the industry can develop the facilities necessary to meet the landfill ban and help the industry effect the changes in attitude required to permit full utilisation of those facilities.
- 8.3 The Government meets these responsibilities through a variety of means. One of the most important, however, is the continuing dialogue with key industry interests through the forum of the Used Tyre Working Group. This includes providing a clear steer, to often divergent industry sector interests, of Government expectations. The Government has set out later in this chapter a number of actions for industry, which it considers will be helpful in progressing towards the ban. A producer responsibility paper (see para. 8.21), to be published later this year, will identify further key actions for individual industry sectors.
- 8.4 A traditional area of Government influence centres on its regulatory role. Government agencies, such as the Environment Agency, have a critical part to play in both their licensing role for tyre reprocessing facilities and in their enforcement role to encourage the responsible disposal of tyres. The Government recognises that certain licensing decisions have been particularly sensitive and taken a significant period of time to resolve. It is hoped that initiatives, such as the Tyres Fuel Protocol, will help to provide for more timely licensing decisions while actually improving the consultation process. The clear aim for all those involved in licensing facilities should be to reach decisions within the timescales set down.
- 8.5 Government also has a key role in the area of enforcement and compliance, although a number of steps outlined below for industry action, such as raising awareness of used tyre issues by manufacturers and others, will be of considerable assistance in spreading better disposal and recovery practice. The Duty of Care is the general regime by which the disposal of tyres is regulated and is formed on the principle of promoting a light regulatory touch. Nevertheless, it is an obligation on all those disposing of waste tyres to do so through a licensed chain and maintain adequate records to verify this. Quite rightly, it is a key industry responsibility to dispose of its tyres responsibly. Of course, environmental regulators (such as the Environment Agency in England and Wales and the Scottish Environment Protection Agency in Scotland) also have vital roles to play in overseeing the proper disposal of used tyres. The Environment Agency (EA) is putting together a major programme to underpin

tyre disposal and to act as a clear disincentive to fly-tipping. This is clearly a shared goal of both Government and industry. Whilst there is no case for the industry providing financial support to the EA in carrying out its statutory functions, Government believes there is a strong case for the industry to provide support and funds for other elements of the programme.

- 8.6 A further area of Government involvement is in promoting research and development, although not principally bringing new projects to market which is the proper function of industry. The Government recognises the industry's disappointment that the Waste and Resources Action Programme (WRAP) does not currently propose to directly support used tyre projects. However, the Government has provided significant support to used tyre research and development projects in the past through a number of schemes and bodies such as the Engineering and Physical Sciences Research Council (EPSRC). A case in point is the ongoing support, totalling almost £0.5 million over the life of the projects, provided by EPSRC and the Highways Agency for studies by the Universities of Nottingham and Liverpool into the use of rubber crumb in roads. The Government will continue to be receptive to used tyre recovery projects through the range of existing schemes.
- 8.7 The Government considers that the tyre industry itself needs to offer greater financial support to used tyre recovery projects. For example, on roads the Government believes that the tyre industry should itself engage with road contractors looking at this usage to see what steps and support they can offer. Without full engagement by industry, it will continue to be difficult to get used tyre recovery projects off the ground.

The industry's role

- 8.8 The Government continues to consider that the prime responsibility for meeting the landfill ban rests clearly with the industry. The concept of producer responsibility applies equally to both voluntary and statutory approaches. In effect it encapsulates the idea that manufacturers (and others in a product's supply chain) maintain a key interest throughout their product's lifecycle. The substantial difference between the voluntary and statutory approaches is likely to be the mechanism by which responsibility is met.
- 8.9 There are two main aims of any regime. First, the development of an infrastructure to handle the recovery of a particular product. Second, the delivery of that product into that infrastructure.
- 8.10 On the first, it appears that good progress is now being made on developing the recovery infrastructure. The recent authorisations of Blue Circle's kilns at Dunbar and Westbury, the emergence of Coalite as a major player in the market together with continued strong interest in the materials recovery sector and the development of other projects all bode well.

- 8.11 On the second, which essentially means managing a smooth transition away from landfill between 2001 and 2006 before the ban applies, at a time when disposal to landfill remains a relatively attractive option in comparison to tyre recovery, much more work is required. This raises issues of compliance and enforcement, strengthening the voluntary approach and the discouragement of landfilling, all of which are flagged in the report.
- 8.12 The Government considers that all sectors in the industry have a full and active role to play in managing the necessary transition.

Tyre manufacturers and importers

- 8.13 Government considers that tyre manufacturers and importers have a leading responsibility. The success of the voluntary approach is likely to depend on their commitment and help in raising awareness. The Government believes that manufacturers and importers should work with their customer supply chains² to provide the widest possible coverage to raise awareness of the approaching landfill ban and encourage consideration of how tyres can be increasingly diverted between now and 2006. They should take an active interest in current tyre supply chain disposal encouraging responsible practice by all retailers.

Vehicle manufacturers and importers

- 8.14 The Government believes there is benefit in vehicle manufacturers and importers adopting a similar approach. The EU End of Life Vehicle Directive is likely to complement the tyre landfill ban in that it requires increased vehicle recycling rates, although unlike the landfill ban it does not apply to large commercial vehicles (and so their tyres).

Tyre retailers and vehicle dismantlers

- 8.15 The Government considers that companies operating in this sector, dealing with the day to day issue of tyre disposal, should take an active interest in their current disposal practice. At a minimum, they should be satisfied that their tyres are handled in accordance with the Duty of Care. Where tyres are presently disposed of to landfill, they should consider how and from where corresponding recovery capacity can be accessed.

Responsible Recycler

- 8.16 The Government recognises and supports the effort that the industry has devoted to developing the Responsible Recycler scheme. The scheme's present prime benefit is as a beacon to good practice. The Government believes, however, that with a wider constituency (the scheme is led by tyre collection companies) it could also become a

² Customer supply chains should be construed widely e.g. it is not confined to retail outlets allied to a particular manufacturer.

greater force for change. The greater involvement of those companies disposing of tyres, such as tyre retailers, would signal their commitment to move progressively away from disposal to landfill and give comfort to tyre reprocessors of increasing demand for their services. Equally, the greater involvement of tyre reprocessors would provide for a closer partnership through the tyre recovery chain and reap additional benefits in terms of used tyre information reliability and coverage.

Discouragement of landfilling

8.17 The Government recognises that disposing of tyres to landfill is generally more price favourable than recovery at present and that this will hinder greater recovery progress between now and 2006. Although the landfill tax escalator will gradually increase the cost of landfilling, the Government recognises that in the case of tyres the increase is marginal and unlikely to significantly alter behaviour. However, the Government has made clear its view that the tyre landfill ban is set to take full effect from July 2006, which provides a clear timescale on which the industry can plan for a managed transition. In addition, the Government considers it is worth exploring with landfill operators, through the Environmental Services Association, the scope for progressively constraining landfill capacity on a voluntary basis in advance of the absolute ban as a means of promoting recovery.

UTWG and Communications

8.18 The structure, aims and membership of the UTWG remain contentious to certain sectors of the industry, particularly tyre reprocessors who feel excluded from the Group's considerations. While the Government's general presumption is for the Group to be representative of all used tyre industry interests, it does recognise the reasons for the Group evolving in the way that it has. The Government believes that improved transparency and better communication of the Group's operations would go a long way to positively engaging those currently outside Group membership. The Government urges the UTWG to look at ways to positively address these concerns and consider ways in which those outside its membership can keep in touch with developments and feed their views into the process on an equitable basis.

8.19 It is also perhaps worth highlighting the nature of the Used Tyre Working Group. Although it is assembled on a voluntary basis and has no executive powers as such itself, the Directors of the four principal trade associations attend meetings on behalf of their member companies, who clearly do hold an executive role. The Group's role is therefore not only one of collecting and disseminating information, but also of driving through the necessary changes in outlook and behaviour to enable the terms of the tyre landfill ban to be met.

The Voluntary Approach

- 8.20 The Government remains committed to ensuring the success of the voluntary approach and believes that this should be achievable provided it has the full support of industry. There is no doubt that managing the transition away from landfill is not a no-cost option and will involve the tyre industry in additional costs. However, the Government believes that there is clear benefit to the industry in grasping the mantle and controlling the way the landfill ban is met and the consequent distribution of costs. The alternative is a statutory directed approach, where the costs would also be directed.
- 8.21 The Government will issue a discussion paper on Producer Responsibility towards the end of 2001. This will build on the steps outlined above designed to give force to the voluntary approach. The paper will also outline how the voluntary approach could form the basis of a statutory producer scheme. The paper should not forestall immediate action. All sectors of the industry need to play a full part to ensure the success of either the voluntary or statutory routes, and a close partnership approach between the various industry sector interests, Government and regulatory bodies is therefore essential under both scenarios.

SETTING THE OBLIGATION

ANNEX II

1. UTWG figures for 1999 estimate that almost 400,000 tonnes of tyres were brought to market in the UK, including retreads and used casing imports. An additional 40,000 tonnes of part-worn and other re-use tyres were estimated to be brought back into circulation, giving a total of 439,000 tonnes of tyres. In comparison, it is estimated that 437,000 tonnes of tyres were scrapped in 2000.

2. The tables below provide further detail:

CAR & 4x4 TYRES			
	Registrations	Units	Tonnes
Car Tyres (on new vehicle)	2,197,615 ¹	10,988,075	71,422
Car Tyres (replacement sales)		19,593,786	127,360
Car Tyres (UK retread sales)		1,841,177	11,968
Car Tyres (imported retread)		56,769	369
Car Tyres (imported used casings)		3,116,000	20,254
4x4 Tyres (on new vehicle)	10,192 ²	50,960	697
4x4 Tyres (replacement sales)		577,432	7,899
TOTAL		36,224,199	239,969

LIGHT & MEDIUM COMMERCIAL TYRES			
	Registrations	Units	Tonnes
Lt Commercial (on new vehicle)	225,484 ³	1,177,026	12,794
Van & Lt Truck (replacement sales)		1974,245	21,460
Van & Lt Truck (UK retread sales)		87,945	956
Medium Commercial (on new vehicle)	17,207 ⁴	120,449	2,590
TOTAL		3,359,665	37,800

HEAVY COMMERCIAL TYRES			
	Registrations	Units	Tonnes
On new vehicle	39,132 ⁵	324,796	15,908
Replacement sales		1,189,978	58,285
UK retread sales		915,717	44,852
Imported retread sales		30,727	1,505
TOTAL		2,461,218	120,550

¹ 5 tyres per vehicle at 6.5kg each.

² 5 tyres per vehicle at 13.7kg each.

³ 5.2 tyres per vehicle (<=3500kgs GVW) at 10.9kg each.

⁴ 7 tyres per vehicle (3501-7500kgs GVW) at 21.5kg each.

⁵ 8.3 tyres per vehicle at 49kg each

3. Registration figures for cars and trucks are shown below:

New Registrations	UK	Co's (exc others)	Imports	Co's (exc others)	Total
New Cars	624,151	11	1,573,464	72	2,197,615
Light 4x4 vehicles	5,451	1	4,741	7	10,192
Light Vans (to 1800 kgs)	35,066	2	43,476	14	78,542
Vans (1801-3500 kgs) ¹	64,054	3	82,888	28	146,942
Total	728,722		1,704,569		2,433,291
% split	30%		70%		

Source: Motor Industry of Great Britain 2000 World Automotive Statistics

The tables in paragraph 2 indicate that there are approximately 84,913 tonnes of tyres on new cars, 4x4 and light commercial vehicles. Apportioning 30% to UK manufacturers and 70% to importers gives figures of 25,474 tonnes and 59,439 tonnes respectively.

New Registrations	UK	Co's (exc others)	Imports	Co's (exc others)	Total
Trucks - Rigid	8,675	7	24,953	17	33,628
Artics	3,727	5	14,436	12	14,436
Buses and Coaches	2,536	4	2,012	14	4,548
Total	14,938		41,401		56,339
% split	27%		73%		

Source: Motor Industry of Great Britain 2000 World Automotive Statistics

Again, the tables in paragraph 2 indicate that there are approximately 18,498 tonnes of tyres on medium and heavy commercial vehicles. Apportioning 27% to UK manufacturers and 73% to importers gives figures of 4,994 tonnes and 13,504 tonnes respectively.

Translating the figures above to market shares of the overall tyre figures, excluding UK retread sales of 57,776 tonnes gives the following approximations:

Tonnes of tyres placed on the market in 1999	(tonnes)	(% share)
UK vehicle manufacturers	30,468	8.95
Imported vehicle manufacturers	72,943	21.42
Tyre manufacturers – replacement sales	215,004	63.13
Retreaded tyre importers	1,874	0.55
Used casing importers	20,254	5.95
	340,543	

¹ Includes 3,915 taxis, which have attributed to the UK.

5. These percentages would need to be further divided between the players in each sector by reference to their market share, although as mentioned in the main body of the paper minimum obligation thresholds could be applied.

6. There are of course fluctuations between years in the number of tyres that are scrapped. There are a number of ways this might be addressed. One solution would be to set the obligation as a % of the previous year's figure, say 95%. So the 439,000 tonne total, less 58,000 tonnes of retreads and 41,000 tonnes of part-worn and other temporary re-use tyres would give an overall obligation of 323,000 tonnes. At the start of the year the obligations, based on this figure would be as follows:

	(% share)	(tonnes) (rounded)
UK vehicles manufacturers	8.95	28,900
Imported vehicle manufacturers	21.42	69,200
Tyre manufacturers - replacement sales	63.13	203,900
Retreaded tyre importers	0.55	1,800
Used casing importers	5.95	19,200
Total		323,000

7. As mentioned in paragraph 51 of the body of the paper, tyres sent to UK retreaders would allow obligated parties to defer their obligation from one reporting period to another. Thus, those obligated parties who had chosen to use UK retreading services in 1999 to defer obligations of 12,000 tonnes of car tyres and 46,000 tonnes of truck tyres (inc. light truck) would need to produce evidence of final recovery or reuse in the 2000 reporting year. Similarly, 41,000 tonnes of deferred part-worn (and other temporary reuse) obligation would also fall due. So an obligation of 99,000 tonnes would be added to the 323,000 tonnes giving a total obligation of 422,000 tonnes.

8. It is estimated that 437,000 tonnes of tyres were scrapped in 2000. Under this model, there would be an obligated recovery rate of around 96% of total used tyre arisings less any exemptions. If there was a deviation at reporting year-end against total used tyre arisings outside certain tolerances, the balance could be carried forward to the next reporting period.

9. It should be possible to improve the accuracy of information on the volumes and weights of new tyres entering the market by reference to individual sectors and participants. Manufacturers clearly know how many vehicles they sell in any particular period, and it should not be unduly difficult for that information to be combined with specific information on the numbers and weights of tyres fitted to those particular vehicles. On the car side, tables already exist showing tyre sizes fitted as Original Equipment Manufacture by reference to vehicle manufacturer and model.

10. There is also a link here to the End of Life Vehicle (ELV) Directive. This Directive includes an 85% recovery target for end of life vehicles by 2006, with 80% of that target met through reuse and recycling. From 2015, there is a 95% recovery target, reviewable in

2005, with 85% met through reuse and recycling. Tyres comprise around 3.5% of a vehicle's weight and are highly likely to form an important contribution to these overall recovery targets. Any statutory Producer Responsibility scheme for tyres would also need to be compatible with any systems developed to implement the ELV Directive.

11. By its nature, statutory producer responsibility would result in changes to market relationships and structure. For example, where vehicle manufacturers are obligated, it may be the case that they would require their tyre suppliers to be responsible for this obligation, and this would then form part of the usual contractual arrangements between the vehicle manufacturer and its suppliers.

12. Again, placing an obligation on tyre manufacturers would result in changes to market relationships and structure. For example, it would be necessary for manufacturers to accurately differentiate between UK sales and sales for export. Contractual arrangements between manufacturers and customers might be introduced to cater for this. Similarly, tyre manufacturers would need to demonstrate that they have met their obligation. Presently, systems for tyre reuse, recovery and disposal are usually between the tyre retailer, tyre collector and the tyre reprocessor or reuser. As such, arrangements would need to be developed to provide for the provision of reuse and recovery information between these parties and the obligated tyre manufacturer.

1. Taking 2000 as a hypothetical example, say there is an obligation to recover 363 tonnes of tyres plus 58 tonnes of Temporary Tyre Notes that need to be redeemed against evidence of final reuse or recovery (i.e. in 1999, 58 tonnes of tyres were retreaded). In 1999, there were market shares of 63% for replacement tyre sales (split 50/50 UK/imports), 9% for UK vehicle manufacturers and 21.5% for imported vehicle manufacturers and 6.5% imports of used casings. In this example let us also assume there is only one company per obligated sector. Also that the UK tyre manufacturer holds all the Temporary Tyre Notes. Obligations might initially therefore be:

- UK replacement tyre sales - 172 tonnes
- Imported replacement tyre sales - 114 tonnes
- UK vehicle manufacture - 33 tonnes
- Imported vehicle manufacture - 78 tonnes
- Used casing importer - 24 tonnes

2. There is no certainty of direct contractual arrangements between these obligated parties and the reprocessor.

3. Taking as an example UK replacement tyre sales, the manufacturer will wish to be satisfied that there is sufficient reuse and recovery capacity in place to reuse or recover 172 tonnes of material in the current reporting period and that they can secure access to this capacity. If they are not satisfied, for planning and liability purposes, it is likely they will wish to take steps to address. The manufacturer could choose to defer part of the obligation to the next reporting period by using retreaders' services or arrange for the export of used tyres to overseas reproducers or other users of used tyres .

4. The normal supply route of new tyres from the tyre manufacture to fitment on vehicles will be direct to the retailer or via an intermediate step through a wholesaler. The retailer is the usual point of disposal for a used tyre although vehicle dismantlers are another such point. As a disposer of used tyres, retailers could be in a position to receive evidence of reuse and recovery through their used tyre collector/disposer, either by way of one of the developing industry schemes (eg TIC Responsible Recycler initiative) or by building on regulatory audit requirements, ie Waste Transfer Notes.

5. Let us assume that the manufacture supplies to two retailers and one wholesaler. One retailer is a member of an industry scheme and receives evidence of recovery from reproducers accredited under the scheme in the form of Tyre Recovery Notes (TRNs). The term accredited reprocessor simply means that the reprocessor has met the audit requirements called for by that particular scheme.

6. The other retailer and its collector are not signed up to an industry scheme. The collector uses three reproducers, which may or may not be party to one or more of the industry schemes. The collector issues Waste Transfer Notes, as required by existing legislation which demands that the used tyres are only delivered to Environment Agency

licensed¹ sites unless exempted ie. the person to whom the used tyres are delivered must be authorised to take it whether that be a rubber crumber or other reprocessor. Both persons involved in the waste transfer must keep copies of the Transfer Note and the description of the waste for two years, and copies of these Transfer Notes, augmented with proof of actual recovery of the tyres, could be passed back to the retailer as evidence of recovery.

7. Both retailers therefore have information on their recovery performance. The manufacturer may wish to develop arrangements with these retailers to gain access to this information; this would require changes to existing market practice. It is likely that whilst obligated companies might contract with their retailers, for example, to obtain proof of recovery the retailers (and the reprocessors they use) are likely to charge for this (either explicitly or implicitly). As with the manufacturer, it is likely that there is no direct link between the wholesaler and reprocessor and no natural conduit for information to flow from the reprocessor back through the supply chain to the wholesaler and ultimately the manufacturer. Again, the manufacturer may wish to develop arrangements with the wholesaler, who in turn will need to develop arrangements with their customers, to provide for this flow of information.

8. Similar arrangements could be developed by tyre and used casing importers.

9. There is a more remote link between vehicle manufacturers and tyre disposers. As a consequence of the End of Life Vehicle Directive, it is likely that car manufacturers will develop closer relations with vehicle dismantlers (Authorised Treatment Facilities under the ELV Directive). ATFs should be able to access reuse and recovery information through existing channels (augmented Waste Transfer Notes) or currently developing initiatives and requirements flowing from the ELV Directive. Again, vehicle manufacturers may wish to develop arrangements with dismantlers to access this evidence.

10. It is unlikely that all used tyres from a particular retailer or dismantler will tie neatly with the obligations for that particular set of retailers suppliers, etc. Any balance of evidence not accounted for contractually by a retailers upstream suppliers could form the basis of tradable evidence, which is redistributed on the open market according to obligated needs.

11. As an alternative to the development of complex layers of contractual arrangements between market participants to provide for the flow of information between those extracting value from used tyres, such as reprocessors, and obligated parties, wider scale use could be made of tradable evidence. It is likely that even if an explicit tradable permits regime was not set up, there would be widespread trading because of the value attached to evidence. While, doubtless some obligated parties would wish to have a proportion of their obligation accounted for outside a trading scheme (eg securing capacity directly with a reprocessor) the balance could be met using such a scheme. Under such a scheme, the reprocessor, scheme operator or other competent party would place evidence of recovery on the open market. That recovery evidence would attract a value based on the current market position. So if there was an excess of recovery capacity or obligations had been met, the value

¹ EA, SEPA, EHS or the Industrial Pollution and Radiochemical Inspectorate

attached to that recovery would fall and if there was insufficient recovery capacity and obligations not yet met, the price would rise.

12. The Packaging Regulations provide for obligated companies to pool their obligations with others within schemes such as that operated by Valpak. Such schemes take over the responsibility for meeting the obligations of their members and demonstrate compliance through securing sufficient Packaging Recovery Notes (PRNs), whether directly from accredited reprocessors¹ or from PRNs traded on the open market.

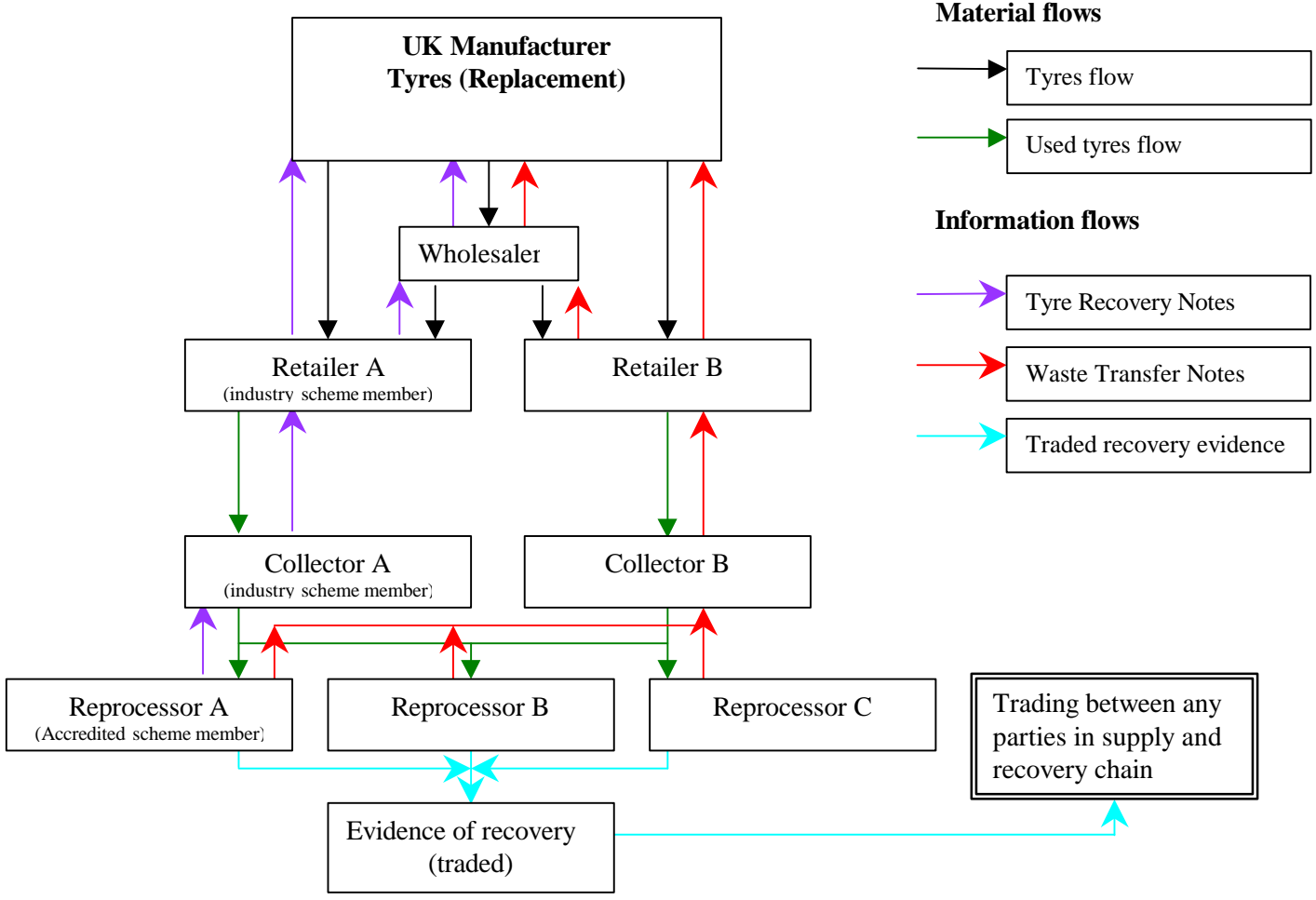
13. Tradeable permits allow recovery to be carried out by those for whom it is least cost. Firms who face lower costs could engage in additional recovery and sell extra permits to higher cost firms. However, the operation of this (and more generally the incentives, costs and working of this producer responsibility scheme) may be affected by the need to recover all tyres. The process for dealing with the excess tyres (i.e. those above the 95% obligation plus deferred Temporary Tyre Notes described above) may be crucial. A further advantage of tradeable permits is the greater recovery cost transparency it should bring.

14. Another potential advantage of a trading scheme is that it can be used as a tool to address any mismatch between the initial estimated obligation, in year adjustment to that obligation if deemed beneficial and any final resolution of the obligation in light of actual figures, if necessary. So if a company has under or over recovered against its obligations at any point in the reporting period, it could choose to purchase additional recovery evidence or sell surplus recovery evidence.

15. For example, one possibility might be to allow proof of recovery to be valid for more than one year. When a firm's annual obligation is calculated it could include an element that reflects the amount of recovery done in the preceding year. Thus if arisings were 10,000 tonnes higher than the combined 95% and retread obligation then the next year companies' obligation could be increased by 10,000. Clearly such a possibility raises a range of issues. One advantage would be that companies holding tyres in excess of the obligation can sell the resulting proof of recovery rather than having to bear the cost themselves uncompensated. This may be more equitable and reduce incentives for fly-tipping. Other points that may need to be addressed are administration and enforcement issues, how to calculate the amount of 'excess' recovery, whether it introduces further uncertainty, etc.

16. There are a number of potential drawbacks, however, with such trading schemes. There may be issues relating to the transaction costs to trading, and (in the short term) issues as a result of the immaturity of the market for tradeable permits leading to fluctuating prices and hence fuelling firms uncertainty. Also there may be fears that a few large firms will somehow "corner" the market in tradable evidence, thereby increasing the costs of compliance for producers. In addition there may be issues concerning the use of revenue from the sale of the evidence. Checks and balances would need to be incorporated in a trading scheme to cover such eventualities.

¹ In this context, accredited reprocessors means reprocessors that have met the criteria as set out by the EA and SEPA, and have applied to them for accreditation. This process is voluntary.



Comments are invited on whether the assumptions and estimates made in this partial RIA are realistic, accurate, and complete. In particular, estimates of the impact on small businesses are invited.

1. Purpose and intended effect of the measure

This partial Regulatory Impact Assessment (RIA) examines possible implementation mechanisms for ensuring the recovery of used tyres. The underlying driver is the Landfill Directive, which bans the landfill of whole used tyres from 2003 and shredded tyres from 2006. It is the view of both Government and industry that this objective is likely to be most efficiently met through voluntary measures. However, it is possible that voluntary measures might not prove sufficient, and were this to be the case then a statutory scheme might prove necessary. The primary issue distinguishing these two approaches is the degree of certainty in meeting the target. The assumption is that a statutory producer responsibility (PR) scheme will provide a greater degree of certainty.

2. Risk assessment

There are potential implications for the level of compliance between a voluntary agreement and a producer responsibility approach. These implications could possibly impact on the level of fly-tipping. However, the main driver of fly-tipping is likely to be the relative cost of alternative disposal methods of tyres as opposed to implementation. Notwithstanding this, possible implications of alternative options will be further explored in the RIA to be produced following consultation.

3. Options

Identify options

Two options will be considered in this RIA:

- A statutory PR scheme.
- A ‘Do nothing’ option, which corresponds to a continuation of the current voluntary approach. This forms the baseline relative to which the other option will be assessed.

Clearly, other options exist including variants of the voluntary agreement approach, for example in terms of greater observance, or alternatively some form of levy. Were the voluntary approach not to prove sufficient other options would need to be assessed in greater detail. A further assessment of these options will be produced following the consultation.

Currently a voluntary scheme to ensure the appropriate disposal (presently including landfill) of waste tyres operates in the UK. Thus, were a ‘do nothing’ approach adopted, this is equivalent to relying on the voluntary scheme. This option forms the baseline for this partial RIA. Industry is developing independently audited systems which provide information on reuse and recovery performance. These include the ‘accreditation’ (registration) of those extracting value from used tyres such as reprocessors, who can then issue formal proof of recovery. The existing Waste Transfer Note (WTN) system records

the movement of waste materials, including tyres. Reuse and recovery is currently funded by whoever holds the used tyre, typically a retailer. Some of these costs are retrieved through a voluntary levy, paid to the retailer when a replacement tyre is purchased, although the levy is by no means universally applied or accepted.

Under the PR scheme, an obligation to recover scrap tyres is placed at a single point in the supply chain. Tyre and vehicle manufacturers and importers will be obligated (minimum thresholds could be used to exempt those placing small tonnages on the market).

Reprocessors such as crumbers and energy-from-waste plants are accredited/registered with a public sector body, such as the Environment Agency (EA), and issue proof of acceptance of waste tyres for recovery. At the end of each compliance year obligated firms must have sufficient proof of recovery to demonstrate that they have discharged their obligation.

Retreading tyres delays their disposal. Thus firms such as retreaders will be able to issue evidence that delays the requirement to recover or otherwise reuse obligation tyres.

Funding for recovery flows from the obligated companies to reproprocessors and collectors/sorters. Any tyres that remain after the total obligation has been met must still be recovered in an acceptable manner by whoever holds them (e.g. retailers). It should be possible to use the mechanisms created to track tyre recovery performance to help guard against unacceptable disposal and fly-tipping. However this will require some additional monitoring by the relevant enforcement body e.g. the EA.

This outline PR framework does not consider several important issues. For example, reassessing obligations mid-year could reduce the volatility of tonnages in excess of the obligation. This could thus reduce the volatility of the costs falling on those holding excess tyres. However reassessment would require additional administration and may affect the ability of obligated firms to plan compliance and hence increase their costs. Whilst comparing effects of this sort will be important in assessing the finer details of any PR scheme, they are not considered in this preliminary RIA.

Some further points. The comparison made here is between PR and a successful voluntary scheme. However, a situation in which PR might be introduced would be where a voluntary scheme proved unsuccessful. Note also that only the differences between the two schemes will be assessed here. Thus, as 100% of tyres are assumed to be reused or recovered under both systems, the costs of recovering those tyres and any environmental benefits associated with avoiding landfill lie outside the scope of this partial RIA.

The interaction of any scheme for used tyres with the End of Life Vehicle (ELV) Directive may be important. The provisions of that Directive could lead to the reuse and recovery of tyres on ELVs. The costs associated with the reuse and recovery of tyres on ELVs have been considered in the partial RIA for that Directive. Thus these costs may not be attributable to the Landfill Directive, and so it might not be appropriate to include them here. However, who incurs the costs of handling tyres on ELVs, and how these costs are distributed between different firms, may vary between the voluntary and PR approaches.

Issues of equity and fairness

The distribution of costs is likely to differ between PR and a voluntary scheme. The distribution may be also influenced by aspects of the systems' operation that are outside the scope of this partial RIA (e.g. who incurs the costs of disposal of fly-tipped tyres). In addition, reprocessors might be able to make excessive profits under one approach or the other. This would effectively redistribute income from obligated parties to reprocessors, and could lead to the distribution of costs varying under the two schemes. In particular, aspects of any PR scheme may be specifically tailored to resolve fairness issues.

Possible fairness issues include the effects of free riders under a voluntary approach (e.g. certain end-users may not pay the voluntary levy). Under a PR scheme the bulk of the costs are likely to fall upon obligated companies, although the cost of disposing of tyres in excess of the total obligation may fall on small firms such as garages (although they may partially recoup this through some fee charged to last owners). A minimum threshold will have fairness implications for small firms, who might otherwise bear disproportionate administrative and compliance costs. Under either approach competition issues, fly-tipping, and the operation of any tradable permits system may also affect the distribution of costs. However these effects are not assessed here.

4. Benefits

As noted above, it is likely that PR would be one of the options considered if voluntary measures did not prove sufficient. This highlights the primary benefit; a PR scheme provides greater certainty of the UK meeting the requirement of the Landfill Directive because firms are legally obliged to comply. If PR results in an increased likelihood of tyres being handled responsibly through to final reuse or recovery, it might also reduce public sector costs, incurred by local authorities and the enforcement Agencies, resulting from flytipping.

Other possible benefits of PR are that it might: generate stronger incentives for eco-design of tyres (as the bulk of the recovery costs are borne by producers); arguably increased certainty of compliance is more likely to stimulate additional reprocessor capacity; yield superior information on arisings and disposal (which might inform future policy making); could avoid any competition issues that may be associated with a voluntary approach; and may be perceived as being fairer given the prevention of free-riding.

5. Costs

Business sectors affected

Firms affected could be those involved in the manufacture and supply of tyres (SIC[92] 25.11), manufacturers of vehicles (SIC[92] 34.10), as well as reprocessors (SIC[92] 37.2, 26.51 and 25.12), and those involved in retailing tyres (SIC[92] 50.30). Within the UK there are a small number of tyre manufacturers, around 40 vehicle manufacturers and many thousands of tyre retailers. There are around 40 importers of new tyres (excluding new tyres on vehicles), plus a small number of retread and used-casing importers. There are around 40 retreaders. Reprocessors include crumbers (of which there are around 10) and cement kilns.

Most used tyre recovery capacity is based in England; of around 427,000 tonnes of the total UK used tyre arisings in 1999, it is estimated that arisings of 369,000 tonnes were in

England, 31,000 tonnes in Scotland, 17,000 tonnes in Wales and 10,000 tonnes in Northern Ireland.

Placing the obligation upon vehicle manufacturers and importers and tyre manufacturers and importers may mean 200-250 companies are obligated (the use of a minimum threshold might reduce this number).

Policy costs

This RIA deals with the costs of alternative implementation options for ensuring the reuse or recovery of used tyres. However, in terms of the policy costs of the banning of used tyres one industry estimate calculated that the additional costs in terms of extra fees charged for disposal at alternative facilities compared with those charged at landfill sites will be approximately £5m per annum. The estimate is that there will be also additional transport costs in the range of £2-3m per annum, which will bring the total to some £7-8m per annum.

The distribution of these costs may be proportionally higher for parts of Scotland, Wales and Northern Ireland due to the wider dispersion of low levels of used tyre arisings and their geographic remoteness to treatment facilities leading to increased transport and treatment costs.

Implementation costs

The main scope of this analysis is to evaluate the differences in implementation costs between the voluntary and PR approach, which are likely to stem from their differing administrative requirements. These are set out below.

Accrediting reprocessors and monitoring reprocessors/collectors/sorters

Both schemes require reprocessors to be accredited/registered in some manner, plus some form of monitoring of reprocessors, sorters and collectors. The mechanism for this is assumed to be broadly similar under the voluntary and PR schemes. The primary difference is that in the former system this is carried out by an independent private sector auditor, and in the latter by a public sector body such as the EA. There thus seems no inherent reason why the costs (including the time taken) of one approach would differ substantially from those of the other. One exception is that the arrangements for a voluntary scheme are likely to be more flexible and easier to adapt in response to new circumstances. Thus, relative to this baseline, a statutory PR scheme may be more costly over time.

Calculating and proving discharge of obligations

The voluntary scheme is assumed to require no centralisation of data. Under a PR scheme obligated companies are assumed to have to submit annual UK sales data to the EA (to calculate their obligation) as well as proof of having discharged their obligation.

It is assumed that companies already possess UK sales data and thus submitting it in a standard format has been ascribed a nominal cost of £50/company (based on 4 hours of time, at a wage of £10/hour³ plus £3 to allow for non-wage costs). It is assumed that

³ Based on NES (1998) full time non-manual average hourly wage for retail trade, vehicle repair et al.

obligated companies can acquire proof of recovery from firms further down the supply chain within existing commercial relationships. However it is assumed that a PR scheme might require some additional contact with a number of firms at various points. Thus assume that collecting this information, administering payments to firms further down the supply chain and handling proof of recovery generated by reprocessors requires a total of 16 hours more than a voluntary scheme for all those affected, per obligated company per year. This gives a cost of £200. These costs may be higher in the short run if companies have to seek out and establish new commercial arrangements or are unfamiliar with the system. Proving that compliance has been discharged is assumed to require an additional form to be submitted to the EA, taking a further 4 hours (£50). Thus the total recurring costs, resulting from employees being diverted from their existing duties, may be £300 p.a. per obligated firm. This figure may be an underestimate as it does not take account of any time taken by senior managers to approve trades, sign declarations of compliance etc. Multiplying by 200-250 obligated firms gives an estimate of £60,000-75,000.

There is also a cost for the EA to assess and process the arisings data and the compliance information. This cost is assumed to be passed back to obligated firms via EA fees. The charge per hour is assumed to be £30. This is based on an annual salary of £20,000 for 180 days, each 7.5 hours long, per year (1350 hours p.a.), plus additional costs equal to 100% of the salary. These figures are derived from those used to calculate EA fees for assessing exemptions from waste management licensing. Assume that processing each firm's obligation takes 1 hour and checking it has been discharged takes another 3 hours. This gives an estimated cost of £120 per firm, or a total of £24,000-30,000 p.a.

Monitoring

Monitoring compliance will require periodic visits to obligated companies to verify compliance and arisings data. Assume this requires 1 full time member of EA staff, with wage £20,000 and additional costs equal to 100% of their salary (as above). As well as this cost of £40,000 to the public sector, which is assumed to be passed on to obligated companies via their annual fees, there is also the cost in terms of staff time for obligated companies that are audited. Totalling this across all audited companies, this is assumed to equal one full time member of staff for a year (the same time as required for the EA). Assuming an annual wage of £18,000-22,000 and adding on 30% to account for non-wage costs gives another £23,000-29,000.

In addition, arisings in excess of the total obligation will also have to be disposed of responsibly. However, in the absence of a levy paid by the end user there may be increased incentives for fly-tipping. Whilst it is assumed that the mechanisms created to track tyre recovery performance are used to guard against unacceptable disposal additional monitoring will be required. Assume that the total time required to carrying out this additional monitoring equals another full time member of EA staff (in practice this task may be spread across EA staff in different regions). This gives an estimated cost of £40,000 (passed on to obligated companies). Adding this to the costs in the previous paragraph gives £103,000-109,000. This may be a significant underestimate as it excludes any legal costs.

One possible implication is that retailers might refuse to accept tyres free of charge towards the end of the compliance year, leaving the final user with the problem of disposal. The effects of this (both in terms of where these tyres are disposed of and who bears the cost) have not been considered.

Other costs

Clearly there may be other costs and comments are invited on what the source and scale of these might be. For example, the actual cost of reuse and recovery may not be the same under both options. This might occur if barriers are raised for certain reuse routes as a result of the system for monitoring reuse, agricultural or nautical applications. In addition, the EA currently charges reprocessors accredited under the Packaging Regulations for blank PRNs (which act as proof of compliance). Under a PR system there might thus be a similar cost for blank 'Tyre Recovery Notes' (although this fee might partially recoup the monitoring costs given above, so care would have to be taken to avoid double counting). Finally, under PR the ban on disposing of tyres at landfill sites might arguably require less monitoring (due to the mechanisms tracking tyre recovery performance). On the other hand, as arisings are volatile and hence even if all obligations have been discharged there may still be tyres requiring reuse or recovery, these cost savings might not appear.

The costs of adopting a statutory PR scheme also include the loss the benefits of a voluntary approach. These foregone advantages may include flexibility, particularly in response to changing circumstances, and greater industry support.

Total costs

Summing the costs calculated above yields an estimated annual additional cost of £187,000-214,000 for a PR scheme. These are likely to be implementation ('red-tape') costs. They includes enforcement and monitoring costs to the public sector since the preliminary assumption is that these will be passed onto obligated firms (e.g. via EA fees). The cost for a typical obligated business, based on these figures, is estimated to be £800-1,000. This issue will be examined further in consultation. However, as noted above there may be further costs that have not been considered; hence these figures should be viewed as preliminary.

6. Securing compliance

Section 5 contains a preliminary estimate of monitoring costs. Enforcement and sanctions remain to be determined.

7. Impact on small business

The discussion paper on a possible producer responsibility model for used tyres will assist in gathering further information. Issues such as the use of minimum thresholds to exempt those placing small tonnages on the market are also under consideration.

8. Results of consultation

Consultation responses to the discussion paper will be assessed in due course. Further consultation would be carried out if an unsuccessful voluntary scheme had to be replaced with a statutory scheme.

9. Monitoring and review

To be determined.

10. Summary and recommendations

This is an initial assessment of the costs and benefits; uncertainty surrounds the details of possible schemes. Government believes that voluntary measures are likely to prove the most efficient. However, were voluntary measures not to prove sufficient, the balance between the costs and the benefits of PR might need to be reassessed.

Comments are invited on whether the assumptions and estimates made in this RIA are realistic, accurate, and complete. In particular, estimates of the impact on small businesses are invited.

Contact details

TREVOR REID
BAY 425
151 BUCKINGHAM PALACE ROAD
LONDON
SW1W 9SS

Tel. No. (0207) 2155843

Fax No. (0207) 2151071

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THE CONSULTATION CRITERIA

1. Timing of consultation should be built into the planning process for a policy (including legislation) or service from the start, so that it has the best prospect of improving the proposals concerned, and so that sufficient time is left for it at each stage.
2. It should be clear who is being consulted, about what questions, in what timescale and for what purpose.
3. A consultation document should be as simple and concise as possible. It should include a summary, in two pages at most, of the main questions it seeks views on. It should make it as easy as possible for readers to respond, make contact or complain.
4. Documents should be made widely available, with the fullest use of electronic means (though not to the exclusion of others) and effectively drawn to the attention of all interested groups and individuals.
5. Sufficient time should be allowed for considered responses from all groups with an interest. Twelve weeks should be the standard minimum period for a consultation
6. Responses should be carefully and open-mindedly analysed, and the results made widely available, with an account of the views expressed, and the reasons for decisions finally taken.
7. Departments should monitor and evaluate consultations, designating a consultation co-ordinator who will ensure the lessons are disseminated.

The complete code is available on the Cabinet Office's web site, address www.cabinet-office.gov.uk/servicefirst/index/consultation.htm

COMMENTS OR COMPLAINTS

If you wish to comment on the conduct of this consultation or make a complaint about the way this consultation has been conducted, please write to Mr P Martin, DTI Consultation Co-ordinator, Room 564, 1 Victoria Street, London SW1H 0ET or telephone him on 020 7215 6206 or email philip.martin@dti.gov.uk