



Department for
Business, Energy
& Industrial Strategy

Lord Callanan
Minister for Climate Change and Corporate
Responsibility

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Dear Lord Kinnoull,

**SECOND RESPONSE TO THE LORDS EUROPEAN UNION COMMITTEE ON
EXPLANATORY MEMORANDUM (EM) 15051/19: THE EUROPEAN GREEN DEAL.**

Thank you for your letter received on 23 September with further questions and suggestions relating to the Explanatory Memorandum (EM) on the Communication from the Commission on the European Green Deal.

Thank you for your points raised in relation to a level playing field with the EU. As you know, this is a part of ongoing negotiations with the EU, but I would like to reassure you that irrespective of the outcome of these negotiations the UK will continue to work with our international partners, including the EU, to drive up standards and climate action to deliver on the Paris Agreement. This of course, is also the central objective of our UNFCCC COP26 Presidency.

On behalf of BEIS, Defra and HMT, please find below responses to your additional questions.

Devolved administration (DA) engagement

We would be grateful to hear in more detail about the nature of this engagement [with the devolved administrations] for the Green Deal policies that most affect the UK. We are keen to understand how this engagement is informing Government policy in specific cases. This is especially true for Northern Ireland since some EU legislation referred to in the Ireland / Northern Ireland Protocol may be revised as part of the Green Deal.

We have regular meetings with the DAs on energy and climate. As you note the Ireland / Northern Ireland Protocol contains provisions for electricity generators in Northern Ireland to continue to participate in the EU Emissions Trading System (ETS) after the transition period, to help maintain the continued operation of the Single Electricity Market. The UK Government and NI Government will continue to work closely on technical matters regarding the operation of the EU ETS in Northern Ireland after the transition period.

Carbon border adjustment

We recommend that you consider alternative policies to address carbon leakage, including a link to the EU's proposed carbon border adjustment mechanism...Will the Government assess the EU's proposal with some urgency given its possible implications for the UK-EU negotiations on carbon pricing?

The European Commission has yet to make a concrete proposal for a carbon border adjustment mechanism (CBAM), but we are following the EU's debate on possible designs with interest. The EU, which shares the UK's ambition to reach Net Zero by 2050, has indicated that any CBAM would be targeted towards countries with less ambitious climate policies.

As a global leader on decarbonisation, the UK recognises the importance of addressing carbon leakage, to ensure that policy interventions to cut domestic emissions do not lead to increased emissions elsewhere. A range of approaches could potentially help to address this, of which carbon border adjustments are one. However, further investigation is needed in order to understand how such a measure would be implemented, whether it would comply with World Trade Organization rules, and how effective it would be.

Circular economy

Will the Government's commitment to match or exceed the ambition of the EU's Ecodesign standards apply to the EU's standards as they evolve in future?

In the Resources and Waste Strategy we committed to match or where economically practicable exceed the ambition of the EU's Ecodesign standards. To that effect, Defra is seeking powers in the Environment Bill that will enable the scope of Ecodesign to be expanded to cover more resource intensive product groups, such as textiles and furniture. For those Ecodesign measures agreed shortly before we left the EU, on white goods, industrial goods, lighting and electronic displays, which include requirements for the availability of spare parts and information for repairers, BEIS is about to launch a public consultation on adopting those measures.

In the future, we will be considering which product groups may be suitable for these and other types of resource efficiency Ecodesign measures. We will take note of the standards as they evolve or are likely to evolve in the EU. However, EU Ecodesign standards as agreed by 27 Member States may not always capture the full resource efficiency potential of products. We will consider standards on a product by product basis and will look to set better standards where these correspond to cost effective environmental benefits to the UK and work for UK businesses.

We believe that economic viability is an important consideration. What is the Government's rationale for not including it in the relevant target?

The ambition in the Resources and Waste Strategy is to work towards all plastic packaging placed on the market being reusable, recyclable or compostable by 2025. This aligns with the voluntary pledge made by the UK Plastics Pact (the business membership of which accounts for the majority of plastic packaging placed on the market) to do the same thing. Economic viability is inherently an important consideration in this ambition and our policy proposals will support businesses in achieving it. Extended producer responsibility, for example, will incentivise businesses to make their packaging recyclable.

The Government is committed to taking action to address a number of issues where domestic reproprocessors struggle to compete in a global market and secure the investment necessary to expand capacity. This includes accessing sufficient material to compete at scale, accessing good quality material to minimise sorting and disposal costs, increased and less volatile demand for recycled materials, and tackling poor quality (and in some cases illegal) exports that undermine these objectives and result in an uneven playing field with exporters. The Government is doing this through: national consistency in recycling collections to increase capture rates; extending producers' responsibility to include the full financial costs of managing the packaging they place on the market when it becomes waste, and proposing to modulate these fees to reduce the use of unrecyclable packaging so as to improve quality; introducing a deposit return scheme for drinks containers to improve both capture rates and quality, through and banning exports of plastics to non-OECD countries and increasing requirements on exports more generally to level the playing field; and by introducing a plastic packaging tax to increase demand from producers for recycled content. The Government is also investing in science and innovation to make domestic recycling more cost effective, for instance, supporting research efforts in the chemical recycling of plastics.

What actions are BEIS and Defra taking to ensure that the Datahub project can go ahead given its importance to your policy portfolios?

As you have pointed out this is a project led by ONS which is supported by BEIS and Defra. We will continue to provide support and engage with the project though any final decisions will be subject to the outcome of the Spending Review.

The transposition table suggests that the Government is transposing a final municipal waste recycling target and disregarding the interim targets in the Waste Framework Directive. Why are you taking this approach?

In line with our Resources and Waste Strategy commitment, the transposing regulations contain a requirement that the Government include, in the waste management plan for England, measures to achieve 65% municipal recycling rate by 2035. The Government's view is that, rather than setting more targets, taking action is the best way to drive progress. These actions include: introducing Extended Producer Responsibility Scheme to ensure producers cover the full net cost recovery for packaging waste so that as much as possible is recycled and recyclable; having greater consistency in what is collected for recycling from both households and other premises including ensuring all households have separate food waste collection; and planning to introduce a deposit return scheme to increase recycling of drinks containers. Together, these measures will help us to achieve a 65% recycling rate by 2035 and it is these actions that will drive progress over the coming years rather than interim targets. We have also published plans for monitoring and evaluating progress on the Resources and Waste Strategy and will publish annual statistics of recycling.

Pesticides

We hope that the action plan is published for consultation soon given the pressing need to address threats to biodiversity.

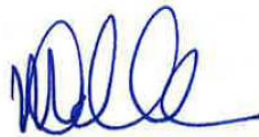
Work on the National Action Plan for the Sustainable use of Pesticides is progressing well and the Government expects to publish a draft for consultation this year. Plans to develop, promote and support Integrated Pest Management (IPM) will be central to the Plan.

Genomics

The Government recently announced that it will consult on the regulation of new genomic techniques. Will the consultation explore whether a new policy approach will constrain UK farmers' ability to export to the EU and, if so, how to minimise that impact?

Defra is in the process of planning the consultation on the regulation of new genomic techniques. We want to understand the implications of amending the regulations, including the impact on trade. Views and information provided by the public and stakeholders will inform any new approach we take.

I thank you, once again, for your continued interest in these matters and hope that you find these answers to your questions useful.



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Minister for Climate Change and Corporate Responsibility