



4.13. Uruguay: Tax backlash

Uruguay is an interesting case study, given the recent introduction of legislation that makes the industry more accountable for both the waste it produces and the plastic products it puts on the market. According to the MoE in Uruguay, 16% of the waste generated is plastic, and only 10% of this plastic is recycled.¹ According to CTplas, 14,000 tonnes of beverage containers were placed on the Uruguayan market in 2017 - and, shockingly, almost 1 million beverage containers end up in landfills or the natural environment every day.² Montevideo, the capital and most populous city, generates 1,600 tonnes of household waste per day,³ making urban solid waste management a huge problem.

4.13.1. The General Law of Integral Waste Management

In August 2019, Alejo Umpierrez presented a bill in the chamber of representatives to prohibit the production, import, distribution and marketing of PET bottles and single-use containers - which ultimately failed.⁴ Shortly after, in September 2019, the chamber of senators approved the General Law of Integral Waste Management, which became the new legislation for plastic-waste management in Uruguay.⁵

This legislation sought to minimise waste generation by promoting the reuse and recovery of resources through recycling, energy recovery and other forms of waste recovery, and, ultimately, evaluating alternatives for end-of-life disposal.⁶ It also set EPR for manufacturers and importers, and introduced an environmental tax to finance special waste-management programmes and promote the recovery of waste nationally.

Although manufacturers and importers will have to pay the corresponding environmental tax, they will also have the option of implementing a collection system to recover the containers placed on the market. This will enable them to redeem the environmental tax through a tax credit. Article 40 of the law also stipulates that, once the useful life of a single-use-plastic container or product ends, the merchants, retailers and sales stores - as well as other intermediaries in the chain of distribution and commercialisation - will be obliged to accept the return of the products or packaging.⁷

Acting as an EPR system, the tax applies to products placed on the market in single-use containers, disposable trays used as food containers, plastic packaging film, disposable cups and plastic bags. Great emphasis was placed on single-use plastics. During the legislative process, the industry lobbied to prevent this legislation from coming to fruition, according to National Director of the Environment, Alejandro Nario.⁸ The most active lobbyist was the Association of the Plastics Industry in Uruguay (AUIP) - whose members include plastic producers Ecopet SA and CristalPet SA - which declared that consumers would be the most affected by the legislation, because the price of products would likely have to increase in order to compensate for the tax.⁹

A clear example of how the lobby materialised is its influence of several articles in the law. For example, the responsibility for implementing the environmental tax on single-use plastics falls exclusively on the producers and importer, and gives companies a leeway; they have the options of reusing or recycling the waste they generate, or just paying a tax. Unfortunately, the tax - which was initially set higher than the amount finally agreed - was, at first, completely rejected by the AUIP. This segment of the legislation was received with great disapproval by both sides, with other political party members also arguing that taxing certain types of waste acts as a perverse incentive for companies to continue using single-use plastics and producing waste, while exempting them from any responsibility. A member of the Colorado Party, Cecilia Eguiluz, acknowledged: *'If you pay the tax, you have the right to keep producing waste and not be accountable for it'*.

The new General Law of Integral Waste Management ended up disregarding the earlier proposed bill to prohibit PET bottles and containers, which would have been a much bolder step towards tackling the plastics issue in Uruguay.¹⁰

Figure 4.8: 'it's not plastic, it's you' (No es el plástico, eres tú) Source: AUIP¹²



4.13.2. Business as usual for the plastics industry

AUIP includes approximately 49 members of the plastics industry, such as the prominent names Ecopet and CristalPet.¹¹ Its mission is to defend the general interests of the plastics industry, and, particularly, those of its members - companies that represent approximately 90% of the total processing of imported plastic raw materials.

AUIP is in charge of a great part of the lobbying executed in Uruguay. To continue business as usual, it places the blame on the consumer, diverting responsibility away from producers and onto citizens. An example of this messaging can be found on their official website - *'It's not plastics, it's you'* - which places the blame on consumers for not knowing how to dispose of their waste. As we have seen, this is a typical industry tactic to shift responsibility onto others, while continuing to produce products and packaging that can't be properly recycled at the end of their life cycle.

4.13.3. Cristalpet and Ecopet blame consumers

CristalPet is one of the largest plastic producers in Uruguay, while Ecopet is the environmental responsibility branch that poses as its corporate responsibility organisation. Ecopet recycles approximately 60% of the plastic CristalPet produces, dedicating itself exclusively to recycling PET bottles (mainly of sodas and water) and working closely with Coca-Cola, among other beverage companies.¹³ Ecopet is the first recycling plant in Uruguay capable of processing the PET plastic bottles placed on the market.¹⁴ According to Ecopet, the largest bottle manufacturer in Uruguay has the capacity to inject 900 tonnes of bottles into the market per month, while Ecopet processes only 120 tonnes per month.¹⁵ These figures expose that Ecopet is capable of processing much more than it actually does; its full capacity is not used, due to the lack of proper collection of PET bottles.

However, testimonies from Ecopet's managers have identified that the main obstacle to a sustainable world is not so much *'technical but cultural'*, blaming consumers yet again instead of promoting improved collection, mandatory recycled content or true producer responsibility.¹⁶

Additionally, the connections between Ecopet and Coca-Cola in Uruguay are intimate. Coca-Cola currently uses 100% recycled material in its still-water brand, Vitale (625ml).¹⁷ However, it is not clear how Coca-Cola reaches these numbers. The two companies' collabora-

tions are convoluted; they create joint advertisement campaigns, advocating for more public education, clean-ups and public-awareness campaigns¹⁸ – all while promoting downcycling plastic bottles for use in clothing, accessories, glasses, frames or even roofing.¹⁹

Uruguay is a fascinating case for several reasons. First, it constantly seeks to lead on the improvement of environmental legislation in the region, setting stronger environmental standards. Second, due to its cultural and geographical proximity to other Latin American nations, it can set a clear example of the correct path to take to introduce further legislative environmental action. It seems the industry is well aware of this, and has quickly mobilised to prevent any progressive legislative precedent on the Latin American continent.

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