

1 Proposals and their impacts

1.1 Main proposals

The proposal proposes amendments to the Waste Act that would add the prevention and clean-up of nicotine pouch litter to the cost liability of producers of certain single-use plastic products. The cost liability of producers of nicotine pouches would correspond to the cost liability of a producer of tobacco products under the current Waste Act, with the exception of collection containers intended for tobacco waste. A nicotine pouch producer should compensate municipalities for the collection and clean-up costs of nicotine pouch litter in the areas referred to in section 48(c) of the Waste Act, as well as for providing information and advice on these activities and the prevention of nicotine pouch litter. Adding nicotine pouch litter to the producer's cost liability would be a national addition compared to the SUP Directive, since nicotine pouches are not covered by the Directive.

The proposal also proposes that the cost liability of producers of certain single-use plastic products for waste management and clean-up services provided by municipalities should be based on a fixed annual cost per capita. A producer of single-use plastic products referred to in section 48, paragraphs 6 to 10 of the Waste Act would be obliged to compensate the municipality annually for the waste management and cleaning costs resulting from the products. Reimbursement would be based on a fixed annual cost per capita, determined on the basis of the information available on the cost of waste management and clean-up operations incurred by municipalities, based on the population of the municipalities on the last day of December of the year in which the costs were incurred. It is proposed that compensation based on a fixed annual cost per capita should also apply to the producer's cost liability in relation to providing information and advice on tobacco products and the waste they generate. However, the fixed annual cost per capita would not be applied to the acquisition of tobacco waste collection containers, the costs of which would have to be reimbursed by the producer in accordance with the actual costs incurred by the municipalities. The cost liability of the producer of nicotine bags would also be based on a fixed annual cost per capita. The fixed annual cost per capita and the basis for calculating the compensation paid by producers to municipalities would be laid down in more detail by Government decree.

The proposal proposes that the municipality's duty to disclose to the authority the costs of the previous year's waste management and cleaning operations would be replaced by an obligation to provide the authority with a report on the previous year's waste management and cleaning operations and their costs. The municipality would be entitled to the compensation paid by the producers after submitting the report to the authority by the deadline. The report should briefly describe the measures taken to organise waste collection, transport and processing measures, litter clean-up measures and measures taken to organise the transport and processing of cleaned litter as well as the provision of information and advice within the scope of a producer's cost liability. In addition, the report should indicate the estimated total costs of the aforementioned activities. The report should also indicate the number of collection containers purchased in the previous year for tobacco waste and their acquisition costs. The authority should attach to its decision on the compensation paid by producers to municipalities a summary drawn up on the basis of the municipalities' reports, describing in general terms the measures taken by the municipalities and their costs of those measures.

1.2 Principal impacts

1.2.1 Impact on the business

The proposal would affect those manufacturers and importers of nicotine pouches and single-use plastic products who would be subject to the producer's cost liability for municipal waste management and cleaning activities. Manufacturers and importers of nicotine pouches would incur costs to reimburse the costs of municipal waste management and cleaning activities, as well as activities related to the provision of information and advice on the prevention of littering. The costs incurred by a single manufacturer or importer of nicotine pouches would depend on the size of the fixed annual cost per capita and its allocation to costs incurred from waste collection, litter clean-up, and activities related to providing information and advice, the producers' share of costs incurred from waste collection and clean-up, the manufacturer's or importer's share of products launched on the market as well as the number and population of municipalities claiming compensation. It is therefore difficult to estimate in advance the costs incurred by an individual company manufacturing or importing nicotine pouches.

In addition to compensating municipalities, manufacturers and importers of nicotine pouches would incur administrative costs for obligations related to extended producer responsibility. Manufacturers of nicotine pouches should join a producer association or establish one together with other producers and register as a producer. Manufacturers and importers of nicotine pouches would also be subject to a producer's accounting

obligation, duty of disclosure and self-monitoring obligation. In practice, producer associations generally assume producer responsibility on behalf of producers. An estimate of the administrative costs incurred by producers under extended producer responsibility is not available. However, the administrative costs would be proportionally higher for small and newly established companies.

It has been stated in the Government Proposal to Parliament for an Act amending the Tobacco Act (GP 221/2024 vp, p. 17)¹ that detailed information on the manufacturers of nicotine pouches is not yet available, but there are at least two Finnish companies known to manufacture nicotine pouches. Smokeless nicotine products, which are considered nicotine pouches, were added to the scope of the excise duty on tobacco in early 2024. During 2024 and early of 2025, a total of 76 different declarants filed a tobacco tax return for smoke-free nicotine products with the Tax Administration. Based on the declarant role indicated on tax returns, 58 of these declarants are importers. Three of these are distance sellers based in another EU Member State. Some of the declarants may also be private individuals who would not be subject to a producer's cost liability. According to the Government Proposal amending the Tobacco Act (GP 221/2024 vp), all large tobacco companies have their own nicotine pouch brands. Thus, some of the companies that would have to bear the costs of adding nicotine pouch litter to the producer's cost liability would include tobacco companies that are already liable for the costs of municipal waste management and cleaning operations for tobacco products. For these companies, the administrative costs of the proposal would be lower. Adding nicotine pouch litter to the producer's cost liability would also promote equal treatment between producers of nicotine pouches and producers of single-use plastic products subject to the producer's cost liability.

Basing the compensation paid by producers to municipalities on a fixed annual cost per capita would affect producers of single-use plastic products falling within the scope of the producer's cost liability. The impact would depend on the size of the fixed cost per capita and on how the cost is allocated between the different waste management and cleaning operations. The impact would also depend on the evolution of the shares of different product groups in waste collected in bins and in litter picked up from the ground. If the municipalities' right to compensation were based on the aforementioned report submitted to the authority, rather than a report on the actual costs of waste management and clean-up operations, it might be easier for municipalities to obtain compensation. This could increase the number of municipalities applying for compensation and thus increase both the total amount of compensation paid by producers and compensation-related costs incurred by producers. Compensation based mainly on a fixed annual cost per capita would, to some extent, facilitate anticipation of the costs to be borne by producers and passing the costs on to product prices. On the other hand, the fluctuations in the quantities of products launched on the market by producers, uncertainty as to the number and population of municipalities applying for compensation, and the reimbursement of the acquisition costs of tobacco waste containers on the basis of actual costs would still make it difficult to anticipate the amount of compensation to be paid by an individual producer.

1.2.2 Environmental effects

Adding nicotine pouch litter under the producer's cost liability could reduce nicotine pouch litter, especially through the municipality's obligation to provide information and advice. Information about nicotine pouch litter, the harm caused by littering and the prevention of littering could affect the behaviour of nicotine pouch users and thus reduce littering.

The producer's cost liability is unlikely to have a significant impact on litter, as municipalities already organise waste collection and clean-up in public areas. With the producer's cost liability, at least some of the litter collection and clean-up costs would be passed on to the producer instead of the municipalities. The producer's cost liability would also not encourage producers of nicotine pouches to make nicotine pouches from plastic-free materials, as cost liability would apply to all nicotine pouches, regardless of whether or not they contain plastic. Thus, adding nicotine pouch litter to the producer's cost liability would not affect the environmental harm caused by nicotine pouch litter.

Compensation paid by producers to municipalities based on a fixed cost per capita cost and changes in compensation procedures would have no impact on the environment.

1.2.3 Impact on the functioning of public authorities and on public finances

The fact that the compensation paid by producers to municipalities is mainly based on a fixed annual cost per capita would reduce the compensation process' regulatory burden on the authority. The proposal would also

¹ Government Proposal to Parliament for an Act amending the Tobacco Act (GP 221/2024 vp): https://www.eduskunta.fi/FI/vaski/HallituksenEsitys/Documents/HE_221+2024.pdf

prevent an increase in the authority's regulatory burden, which would result from the fact that after the transitional period, the compensation paid by producers to the municipalities would be based entirely on the actual costs reported by the municipalities. When the compensation paid by producers is based on a fixed annual cost per capita, the authority would not have to assess the acceptability of the costs declared by the municipalities, with the exception of the acquisition costs of tobacco waste collection containers. A fixed annual cost per capita would also facilitate the drafting of compensation decisions, as it would simplify the calculation of the compensation paid by each producer association and producer as well as the compensation paid to each municipality. Insofar as compensation paid by producers to municipalities would be based on a fixed annual cost per capita, the authority could also adopt a compensation decision without consulting the involved parties, unless there were specific reasons for consultation. The authority would be responsible for receiving and processing the reports submitted by the municipalities, preparing the compensation decision and the summary attached thereto, and collecting the compensation from producers and paying it to the municipalities in accordance with the decision. The authority should also assess the necessity of tobacco waste containers acquired in the previous year and the correctness of their costs.

The proposal would also reduce the regulatory burden on municipalities arising from producer responsibility, as municipalities would not have to collect and report actual waste management and cleaning costs to the authority. However, municipalities would take on an additional workload to prepare and submit to the authority a report on the waste management and cleaning measures taken and their costs. However, the workload resulting from the preparation and submission of the report is estimated to be lower than the workload resulting from the development of the monitoring of actual costs and compiling and reporting cost data. For the purpose of the report, municipalities should briefly describe the measures taken and assess their costs. The acquisition costs of tobacco waste collection containers should be declared in accordance with the actual costs incurred. However, it would be easier to obtain information on the acquisition costs of collection containers than on the actual costs of waste collection, litter clean-up and the provision of information and advice.

The fact that the compensation paid by producers to municipalities is based on a fixed annual cost per capita could also affect the amount of compensation received by municipalities. The impact depends on the level of the fixed cost. Adding nicotine pouch litter to the scope of the producer's cost liability would increase the amount of compensation that municipalities receive from producers.