



Plastic Packaging Tax

Response to HM Treasury consultation by Environment Links UK

May 2019

Environment Links UK (ELUK) brings together environment and animal protection organisations to advocate for the conservation and protection of wildlife, countryside and the marine environment. The network comprises the combined memberships of Wildlife and Countryside Link, Scottish Environment LINK, Wales Environment Link and Northern Ireland Environment Link. Taken together, Environment Links UK members have the support of over eight million people in the UK.

This response is supported by the following ELUK member organisations:

- A Rocha UK
- The Angling Trust
- Association for the Protection of Rural Scotland
- Badenoch and Strathspey Conservation Group
- Bat Conservation Trust
- British Canoeing
- British Mountaineering Council
- Butterfly Conservation
- Campaign to Protect Rural England
- Earthwatch Europe
- Environmental Investigation Agency
- Friends of the Earth England, Wales and Northern Ireland
- Friends of the Earth Scotland
- Froglife Trust (Scotland)
- Greenpeace
- Institute of Fisheries Management
- Marine Conservation Society
- North East Mountain Trust
- Nourish Scotland
- Salmon and Trout Conservation
- Scottish Badgers
- Scottish Wild Land Group
- Scottish Wildlife Trust
- The Wildlife Trusts
- Whale and Dolphin Conservation
- Wildlife Gardening Forum
- WWF
- Royal Zoological Society for Scotland

Environment Links UK is working in partnership with:

- Green Alliance
- Keep Britain Tidy

EXECUTIVE SUMMARY

The UK Government's recent declaration of a climate emergency and the Committee on Climate Change's new 'Net Zero' report show that the tide is turning, with major environmental crises no longer being ignored at the highest level. If the Government is to prove that these are more than hollow words, it must focus on addressing major environmental problems at root. In the case of the single-use packaging crisis, we must build a system focused on packaging waste prevention, with a wholesale transition to re-usable alternatives and closed-loop recycling.

The environment sector welcomes the long overdue and timely attention to resources, and the opportunity to address the shortcomings of a packaging system regarded as inefficient at best and broken at worst. We are

gratified that the government recognises that a major overhaul is needed and plans to properly embed concepts such as the polluter pays principle and extended producer responsibility in UK packaging legislation.

At the same time, we believe improvements are still needed. It remains unclear how the warm words on waste minimisation and resource efficiency in the Resources and Waste strategy will translate into action on the ground. Questions remain about whether the consultations' proposals will add up to a coherent, sustainable system.

In examining the four consultations¹, we have noticed several recurring shortcomings. These are:

- **Reduction is too often ignored:** We cannot recycle our way out of the current packaging crisis, which requires a reduction-led strategy to phase out all non-essential, single-use packaging and a transition to a refillable, reusable society. We believe the government must do much more to first prevent waste generation and reduce harm, as dictated by the waste hierarchy. An obvious place to start would be to set legally binding reduction targets.
- **It is not just about plastic:** All materials have environmental consequences and we need to revolutionise the packaging system as a whole rather than focusing on substituting one single-use material for another. We believe, for example, that the implementation of a tax on plastic, rather than all materials, could lead to perverse shifts to avoid the tax, with negative environmental consequences. Likewise, a Deposit Return Scheme (DRS) should include all materials to prevent all forms of litter and ensure all drinks containers are properly collected so material can be used again.
- **Government policy must address the unchecked introduction of non-conventional plastics:** We are particularly concerned that the reforms will not prevent like-for-like substitutions with biodegradable, bio-based and compostable plastics. These plastics do not solve the problems associated with pollution in marine, terrestrial and aquatic environments, and we should not be searching to create material that is safe to litter. Their rise could justify greater use of single-use plastic packaging and so detract from the need to reduce, while also complicating existing collection and recycling systems.
- **All the UK Governments and Government departments must work together:** There is inconsistency across UK Governments and Government departments that is proving extremely unhelpful and could risk the effectiveness of all proposed schemes. For example, given the current political context and lack of legislative mechanisms, the plastic packaging tax must extend to Northern Ireland or risk it becoming a dumping ground for the industry to sell off remaining stocks of plastic products. Any DRS in England, Wales and Northern Ireland must also match the criteria and timelines of the Scottish scheme. In England specifically, we are concerned that the Department for Business, Energy and Industrial Strategy (BEIS) has been promoting bio-based and compostable plastics as a solution to the marine plastic crisis, at the same time as Defra's consultations suggest they should be avoided. Unlike other recent government strategies in England, including the Clean Growth Strategy and the Industrial Strategy, the foreword for the Resources and Waste strategy was from the Environment Secretary, and not the Prime Minister. We worry that this signals a lack of buy-in from other departments to some of the contents of the strategy and resulting consultations.
- **Behaviour change is not guaranteed:** The overhauls rightly aim to fairly and effectively distribute responsibility, but there is little to encourage people to do the right thing, apart from through the proposed DRS. Charging for single-use cups, for instance, which is being explored in Scotland, is still disappointingly absent in the rest of the UK. The extended producer responsibility (EPR) reforms will also see producers paying to landfill recyclable waste if people choose not to recycle it. This is clearly a shortcoming, and indicates the need to reopen the discussions on variable charging. This is a common feature in many societies with low waste generation and high recycling. Consulting on this now is the best way to lay the groundwork for introduction once all citizens have access to high quality, consistent services.

¹ As well as this consultation on Extended Producer Responsibility, the UK Government is consulting on a tax on plastic packaging, a Deposit Return Scheme (for England and Wales) and consistency in household and business recycling collection (for England).

DETAILED RESPONSE

6. Do you agree with the government's suggested approach to defining plastic in scope of the tax?

We broadly welcome the proposed tax which seeks to incentivise the use of recycled content as a substitute for virgin plastic used in plastic packaging. However, this tax should be part of a suite of measures which tackle the use of virgin materials alongside other tools to promote avoidance, reduction and reuse of packaging of any material.

We would also propose that a more effective measure would be to tax the use of virgin material explicitly as this would result in the same outcome - driving the use of more recycled material and stimulating the recycling industry.

Whilst we are supportive of the UK Government's suggested approach to defining plastic in the scope of the tax, our preferred approach would be to have a broad definition that covers all 'synthetic polymeric substances'. This should include an explanatory note to aid the interpretation of this definition, making it explicit that this includes all synthetic polymers, semi-synthetic polymers, combinations of natural and synthetic polymers and biodegradable plastic alternatives and any combinations of any of these materials.

However, we appreciate the UK Government might want to be consistent with the EU definition and recommend that additional information is included to explain the specifics of the definition.

Consistent with the consultation on banning certain single-use plastics, we welcome the inclusion of bio-based, compostable, biodegradable and oxo-degradable plastics alongside fossil-fuel based plastic. A recent study from the International Marine Litter Research Unit at Plymouth University has examined the degradation of five plastic bags made from different materials and shown that as well as the conventional plastic bag, the biodegradable and oxo-biodegradable also remained functional as carrier bags after being in the soil and marine environments for over three years². If scaled up, these bags could contribute to plastic pollution rather than solve it. Alongside concerns around their environmental harm in the marine environment, to meet current plastics demand, biobased plastics made from agrobased feedstocks would divert land from agriculture or require conversion of existing natural habitats, resulting in additional environmental harm³. UNEP have concluded that biodegradables "will not bring about a significant decrease either in the quantity of plastic entering the ocean or the risk of physical and chemical impacts on the marine environment"⁴. Therefore, their inclusion in this proposed tax will discourage switching use to these packaging materials since current evidence suggests they do not provide a sustainable alternative.

² <https://www.plymouth.ac.uk/news/biodegradable-bags-can-hold-a-full-load-of-shopping-three-years-after-being-discarded-in-the-environment>

³ CE Delft, 2017. Biobased Plastics in a Circular Economy Policy suggestions for biobased and biobased biodegradable plastics. Available at: <https://www.ce.nl/publicaties/download/2405>

⁴ [https://wedocs.unep.org/bitstream/handle/20.500.11822/7468/-Biodegradable Plastics and Marine Litter Misconceptions, concerns and impacts on marine environments-2015BiodegradablePlasticsAndMarineLitter.pdf.pdf?sequence=3](https://wedocs.unep.org/bitstream/handle/20.500.11822/7468/-Biodegradable%20Plastics%20and%20Marine%20Litter%20Misconceptions,%20concerns%20and%20impacts%20on%20marine%20environments-2015BiodegradablePlasticsAndMarineLitter.pdf.pdf?sequence=3)

In this vein, we also welcome the UK Government's planned consultation on "*Standards for bio-based and biodegradable plastics*"⁵. We would like to see this used to drive a greater understanding of the environmental impact of these alternatives. However, we are concerned at the disconnect in approaches to alternative plastics between governmental departments. The Department for Business, Energy and Industrial Strategy (BEIS) has promised to reduce 'plastic waste and pollution by developing a new generation of advanced and environmentally sustainable plastics, such as bio-based and biodegradable packaging and bags' in the 2018 Bioeconomy Strategy. This same strategy also estimates a £20 billion growth in the global bioplastics market across five years⁶.

This commitment to the alternative plastics industry seems to sit at cross-purposes to The UK Treasury's ambition to tackle plastic pollution. Therefore, it is vital that the UK Government establishes a unified approach so all Government departments follow the same standards. Otherwise, the UK Government will undermine itself if there is a lack of clarity and therefore render any new policy unenforceable.

We would seek to future proof the scope of this tax so new materials resulting from material innovation will be subject to the same criteria as the plastics already encompassed by the definition within this consultation. This includes additional considerations around additives in plastics. All materials should be subject to full lifecycle and environmental impact assessment.

7. Do you agree with the government's suggested approach to defining packaging and packaging materials in scope of the tax?

Whilst we agree with the UK Government's suggested approach to defining packaging and packaging materials, including applying the tax to the separate components of each item, we would welcome the scope of this tax being broadened beyond single-use plastic packaging and to other non-packaging applications. This would stimulate demand across all plastic products and reduce further our dependency on virgin polymers for anything made from plastic. It would also send a signal to the market that shifting to recycled content and reusable systems should become the norm.

Expanding the scope of this tax would capture these as well as other similar products. The tax should also be future-proofed to include any innovation in plastics that may not strictly fall under the proposed definition of plastics i.e. "natural polymers which have not been chemically modified".

There should also be an ambition for the tax to be extended across all packaging materials, not just plastic packaging, to encourage inclusion of recycled content across the board, where safe. Where relevant the requirements could also extend to ensuring sustainable sourcing of materials e.g. recycled paper/board from certified sustainable sources such as FSC, PEFC. This would ensure we tackle the 'single-use packaging problem' more holistically, rather than solely focusing on plastic based items. We believe this would discourage switching to other materials, removing or at least significantly reducing, any unintended consequences of the plastic packaging tax e.g. a rise in paper-

⁵ <https://www.gov.uk/government/publications/resources-and-waste-strategy-for-england>

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https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/761856/181205_BEIS_Growing_the_Bioeconomy_Web_SP_.pdf

based products and therefore deforestation. This would also discourage disingenuous promotion of other materials as more 'sustainable options e.g. aluminium cans for water.

Given the ongoing political impasse in Northern Ireland, it is essential that mechanisms are found to ensure the legislative reforms are extended to Northern Ireland, to maintain and improve standards across the UK. If the plastics tax was not extended, there is a real risk the environmental benefits of using recycled content would be missed in NI.

8. Is the government's approach to components of plastic packaging consistent with the way businesses operate and packaging is created?

Yes, we believe the UK Government's approach is consistent with the way businesses operate and packaging is created. We support the application of the tax on each component pre-assembly, across all areas of the supply chain.

9. Which of the above options for defining plastic packaging for composite material items do you think works better for the purposes of the tax?

Although the UK Governments overarching objectives should focus upon the reduction and avoidance of single-use packaging of any material, we would very much support the inclusion of composite packaging within the scope of this tax. This is because these materials are often the problematic materials for which there are no viable recovery and recycling streams. For example laminated film crisp packets and multi-layer food and beverage cartons.

Whilst the lightweight nature of many of these composite materials (e.g. laminated films) delivers a positive benefit with regards to CO2 impact, the inability to recover and recycle them conflicts with circular economy principles and most commonly results in littering, landfill or incineration as end-of-life scenarios. 300 million crisp packets and 200 million sweet wrappers end up as litter each year⁷.

Furthermore, we are concerned the exclusion of composite packaging from the tax liability will send a signal that their use is environmentally positive and may therefore result in a shift towards using them. However, we acknowledge certain measures proposed within the Extended Producer Responsibility consultation are aimed at discouraging their use and encouraging, where possible, the use of mono-material options; as could a deposit system with modulated fees that includes cartons and pouches. However, it is hard to judge how effective this will be as we do not yet know how fees will be modulated and EPR reforms are due to be implemented after this plastic packaging tax is introduced.

Based on the above, we would support Option 2 where any packaging containing plastic would be subject to the tax, chargeable on the weight of the plastic content.

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<https://www.google.com/url?q=https://earthwatch.org.uk/images/plastic/PlasticRiversReport.pdf&sa=D&ust=1555586556533000&usg=AFQjCNF8wVGwZOyCU-24bGGupScWi3ukKw>

10. Do you think alignment with reformed Packaging Producer Responsibility regulations is important for the purposes of the tax?

Ensuring alignment with reformed Packaging Producer Responsibility regulations as well as proposals in the DRS (England, Wales and Northern Ireland) and Consistent Collections (England only) consultations is a key consideration for the scope of this tax. A key consideration should be the weighting of the different economic incentives provided by EPR fees and the plastics packaging tax. For example, a perverse impact might be that if the 30% tax has a greater impact on business costs while EPR fees are set too low to have tangible impact on business costs, there could be a shift to a use of packaging that contains recycled content but is not recyclable.

To achieve this, the economic incentives across all the consultations should actively encourage a shift in behaviour and therefore a significant reduction in all but the most essential applications of single-use packaging. A negative outcome would be the income from the tax funding the status quo with consumers ultimately paying more to compensate for the increased tax burden on businesses.

We recognise the introduction of this tax is to encourage the use of recycled material and to stimulate the recycling industry. We also acknowledge the EPR proposals aim to encourage selection of more sustainable materials and packaging formats upstream. However, as currently proposed by the government, we see neither as providing sufficient means to achieve a significant reduction in single-use packaging and a wholesale shift to reusable and refillable alternative delivery systems.

We call for the UK Government to undertake an urgent exercise to understand the impact of different taxation levels and how successfully they will drive the desired behaviour change.

11. Do you agree with the government's suggested approach to defining recycled content for the purposes of the tax?

We agree with the inclusion of post-consumer material in the definition of recycled content. We would also welcome the inclusion of pre-consumer material if it diverts waste from further up the supply chain. We would want to see a robust verification process for pre-consumer material so that manufacturers can not include rework, grind or scrap as recycled content.

Another important consideration when defining recycled content is the risk of toxic chemicals being recycled in the material also. Recent studies have found at least 63 chemicals included in plastic packaging that represent a high risk for human health⁸. To prevent this increasing under a plastic packaging tax, we urge Government to eliminate all harmful toxic chemicals in plastic production. We also propose that the government considers the establishment of a clearinghouse or similar database wherein additives and other chemical inputs into plastic are made publicly available, with this information passed along the supply chain from producers to converter, and every step in between. In the report Considerations and Criteria for Sustainable Plastics from a Chemicals

⁸ Groh, K.J., Backhaus, T., Carney-Almroth, B., Geueke, B., Inostroza, P.A., Lennquist, A., Leslie, H.A., Maffini, M., Slunge, D., Trasande, L. and Warhurst, A.M., 2018. Overview of known plastic packaging-associated chemicals and their hazards. Science of the Total Environment. <https://www.sciencedirect.com/science/article/pii/S0048969718338828>

Perspective⁹, prepared for the OECD, identifying the chemicals in plastics and creating a system for passing this information along the supply chain were considered priority actions.

12. Are there any environmental or technical reasons to consider excluding any particular ways of recycling plastic?

We would encourage the UK Governments to establish guidelines to define these emerging technologies and facilitate a greater understanding of their long-term environmental benefits.

13. Is there any way that the proposed approach to defining recycled content could encourage unintended consequences, such as wasteful manufacturing processes?

There is a chance that the proposed definition will drive use of alternative materials such as paper or cardboard. To prevent a simple substitution of one single-use material for another, which is what many 'alternatives' are designed to do, the tax should be extended to include all forms of packaging, not just plastic. Although ultimately, the only solution to the packaging crisis is the elimination of all non-essential single-use packaging and a transition to a refillable, reusable society.

As previously mentioned, we would want to see a robust verification process for pre-consumer material so that manufacturers cannot include rework, regrind or scrap as recycled content. For example, the Government could adopt a supply chain approach, wherein at each stage along the plastic supply chain the supplier would need to demonstrate they have implemented best practice and provide a 'certification trail' for each stage of the supply chain, as per the suggested supply chain approach for tackling plastic pellet loss¹⁰. This would also alleviate our concerns around the lack of transparency in the risk of toxic chemicals being included in content defined as recycled.

14. Do you agree with the government's preferred approach of a single threshold, and why? If not, what alternative would be better, and what are the risks associated with this? Please explain your answer and provide any supporting information and evidence.

No.

Although a target of 30% recycled content in all plastic packaging is more challenging than what is being called for in voluntary agreements such as the UK Plastics Pact (an average of 30% recycled content), we do not believe it is sufficiently challenging for certain materials where there is a well-established recycling stream. Several large businesses are already committing to levels of recycled content beyond 30%. For example, Innocent Drinks bottles have been made from 100% recycled content since 2007¹¹. The supermarket chain Aldi has committed to ensuring all its packaging is made from 50% recycled material by 2025¹² and Waitrose wants all its widely recycled packaging to

⁹ <https://www.oecd.org/environment/waste/background-paper-sustainable-plastics-from-a-chemicals-perspective-considerations-and-criteria.pdf>

¹⁰ <https://drive.google.com/file/d/1IJ4Lm1CuUClEB6KiLaDua4Sk5BpO77L/view>

¹¹ <https://www.innocentdrinks.co.uk/blog/2007/september/our-brand-new-1>

¹² <https://www.aldi.co.uk/about-aldi/corporate-responsibility/resources-for-our-products/product-packaging-and-waste>

include 50% recycled material by the end of 2019¹³. Coca Cola has committed to doubling the recycled content in its bottles to 50% by 2020, across all of the 20 brands they sell¹⁴. These examples highlight the need for the UK Government to show leadership in this area. We propose they do this by stretching their ambition and implementing a higher recycled content target, as well as differentiated thresholds for specific materials to boost recycled content for materials where it is more readily available

We would also welcome a clear roadmap for increasing the thresholds over time. A precedent for this would be the Fuel Duty Regulations where the tax increased over time¹⁵.

Where there are currently concerns about capacity to produce certain recycled materials, this will continue to challenge the industry to develop the market for more. Furthermore, a successful DRS (see the Wildlife & Countryside Link and Northern Ireland Environment Link response to the DRS consultation for more information) could allow PET bottles to be made almost entirely of rPET, well above the 30% mark. The EU has already agreed a target of 35% recycled content in bottles by 2025.

15. Assuming a single threshold, do you agree with a 30% threshold for recycled content and why?

As per the above, we do not believe a 30% threshold for certain recycled materials such as rPET is sufficiently challenging and would like to see a clear roadmap for increasing the thresholds for all materials over time, or an indication that this will be developed in the near future.

16. Are there any products for which it would be very challenging to increase the level of recycled content, and why? If so, please outline the effect of a tax on production decisions and consumption of these items.

From a manufacturing perspective, we do not envisage any technical issues with processing recycled materials with virgin materials to produce plastic packaging and products. The technical challenge remains the requirement for food grade recycled materials - for instance, there is no established process to verify food-grade rPP. Also introducing recycled content will be challenging for certain polymers where there is currently no viable collection or reprocessing stream of any scale, for example, polystyrene items. However, as these materials do not contribute to a closed-loop system, we believe hard-to-recycle polymers and formats should be phased out altogether - not simply for their application in single-use items.

We call for an urgent and robust review of food contact legislation to broaden the opportunity for recycled content but where it does not compromise food safety or human health. Taking guidance from EU legislation in this area but also taking a global leadership position in the outcomes of the review. An urgent step that should be taken is to immediately stop using substances of very high

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<https://www.waitrose.com/content/dam/waitrose/Inspiration/About%20Us%20New/Waitrose%20Way/Waitrose%20Plastics%20Plan%20v2.pdf>

¹⁴ <https://www.coca-cola.co.uk/blog/our-plan-to-recover-and-recycle-every-single-can-and-bottle-we-sell>

¹⁵ <https://researchbriefings.files.parliament.uk/documents/SN00824/SN00824.pdf>

concern in the production of virgin packaging. This would prevent the possibility of dangerous substances being recycled and creating a toxic circular economy¹⁶.

We reinforce the principle of avoiding all single-use packaging, not just plastic, in the first instance to reduce the environmental impact of switching to alternative materials which may be a consequence of the introduction of this tax.

We also understand there are concerns about the use of recycled content in plastics used for medical packaging and devices. However we are aware of several initiatives within the NHS which is challenging this belief and there are existing guidelines around the remanufacture and reuse of single-use devices¹⁷.

Additionally sustainability initiatives such as the Stryker circular mapping of catheters shows where there is work taking place to understand the full benefits including cost of remanufacturing and reusing single-use devices¹⁸.

There is clearly an appetite to continue exploring where single-use plastics can be removed from the NHS in low risk areas such as catering and more complex usage areas such as medical device packaging. However, the NHS supply chain is not in a position to move on this yet and any changes would require lengthy testing to ensure all safety standards are met so as not to compromise human health. We would call for an urgent review of this area with a view to including certain single-use plastic packaging at a later date. We also want standards relating to medical-grade recycled material to be established so clear guidance is set to reassure the public of the safety of any plastic items containing recycled content for medical applications.

17. Are there any products for which the use of recycled plastic is directly prohibited in packaging? If yes, please provide details on these products stating the relevant legislation and industry standards as well as the effect of a tax on production decisions and consumption of these items.

We do not believe there are any food or beverage items for which the use of recycled plastic is prohibited as long as it meets “food grade” standards. However, as stated in question 16, we need to understand whether there are any safety implications for use of recycled plastic in medical-related items as a longer-term project.

¹⁶ https://www.chemtrust.org/wp-content/uploads/HCPP_briefing.pdf

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https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/534784/Remanufacture_SUD_guidance.pdf

¹⁸ <http://sustainability.stryker.com/wp-content/uploads/2019/03/MKT10218-REV-A-remanufactured-circular-mapping-safety-effectiveness-and-cost.pdf>

18. What evidence is currently held by liable manufacturers and importers on the levels of recycled content in their plastic packaging and how it might be able to meet the requirements of identifying recycled content levels?

We believe there is currently no formal verification process for the inclusion of recycled material in plastic packaging. However, manufacturers and converters should be held accountable for capturing this technical information as part of the material specification for production purposes.

Transparency of and access to that information must be included within the scope of this tax to ensure producers are not avoiding their obligations.

Standardisation on how this information is captured must be part of the system for implementing the tax. This could be introduced in the form of secondary material certificates. For this, there must be clarity around to whom producers are responsible for sharing this information and understanding of what enforcement body will police compliance with the system.

We would like to see this standardised information capture supported by the adoption of an independent audit system and, if technically feasible, a standard testing methodology to verify inclusion of recycled materials. As per the approach outlined above in relation to implementing a certification trail at each stage of the supply chain to understand potentially harmful additives in plastic.

19. If you are an importer of unfilled plastic packaging or plastic packaging material, what information do you hold on the recycled content? What controls or assurance do you have over the accuracy of this information? How might you influence the level of recycled plastic content?

We are not an importer of unfilled plastic packaging or plastic packaging material, however we reiterate the need for a formal and standardised approach to capturing this information and the need for transparency of and access to that information.

20. Do you agree with the government's suggested approach of setting a flat rate per tonne of a plastic packaging product? Why?

It is difficult to conclude whether or not a flat rate per tonne approach could drive the desired behaviour change and increased use of recycled content. Whilst the UK Government's suggested approach might be less administratively challenging, there is a risk that favourable market pricing of plastics may make using virgin materials more attractive than recycled materials even with the tax levied on top. There is also a risk that the price of recycled content may rise due to an increase in demand and a flat rate tax might not be able to counter increases in pricing whereby it could remain more cost effective to use 100% virgin and bear the tax burden. Therefore the tax, whether a flat rate or modulated, needs to be set at a high enough rate to incentivise use of recycled materials and design of the product so it is fully recyclable and should be subject to regular review.

Alternatively, as previously suggested, we believe a more effective measure would be to tax the use of virgin material explicitly as this would result in the same outcome - driving the use of more

recycled material and stimulating the recycling industry. The Resources and Waste Strategy¹⁹ also suggests a move away from weight-based measures. This is an area where a unit-based approach could apply and yield greater success in driving recycled content usage.

Whether using our proposed measure of taxing the use of virgin material explicitly or the flat rate per tonne method, the overarching principle should be that, the tax should encourage the desired behaviour change, incentivising producers to seek out and use recycled content, thereby stimulating the recycling industry as well. To achieve this aim, we call for urgent modelling to investigate the impacts of different tax thresholds and figures.

21. Do you agree with the proposed points at which domestic or imported products would be liable for the tax? If not, at what point in the supply chain do you think the tax point should be and why?

The liability for the tax should be at the point in the supply chain which would drive an increase in recycled content in the packaging. Based on our understanding of the options presented we believe this would be option 1 whereby individual packaging components are sold onto the packer filler/retailer or brand for use in assembly of their final product.

Additionally if the purpose of the tax is not only to encourage greater inclusion of recycled content but also to stimulate the UK recycling market, we would look for the government to introduce incentives for use of domestically sourced recycle vs. imported recycled materials.

We would strongly challenge the exemption of imported, filled packaging from the tax for a number of reasons:

- The volume of imported filled goods into the UK each year could be as high as 30%, representing a significant percentage of goods on the market.
- If these imports were exempt from the tax it would not align with the Packaging Producer Responsibility scheme.
- The UK's environmental impact goes beyond our borders and we must consider the total global footprint of our consumption.

This exclusion would incentivise the offshoring of packaging production, as it is likely that some producers would seek to avoid the tax by switching to importing filled packaging. Based on the British Plastics Federation membership, 45% of their members are foreign-owned businesses with alternative manufacturing sites outside of the UK and the ability to relocate production to avoid the tax. That would mean that the environmental benefits would not be achieved and that the country would miss the economic opportunities that stem from manufacturing both packaging and the products that fill packaging in this country.

25. Would you support extending joint and several liability for UK production, and for imports?

On the basis there is a robust approach to verifying recycled content, we would strongly support this approach to ensure all businesses involved in the supply chain have a level of accountability for the tax even though the tax is applied at a single point in the system. This will avoid companies creating

¹⁹ <https://www.gov.uk/government/publications/resources-and-waste-strategy-for-england>

loopholes. For this reason, it is also important that the proposed tax apply to the whole of the UK. For example, given the current political context and lack of legislative mechanisms in Northern Ireland, if the tax does not extend here, Northern Ireland could risk becoming a dumping ground for the industry to sell off remaining stocks of plastic products.

This would also serve to strengthen the influence UK manufacturers, brands and retailers have on the recycled content of packaging as we look to demonstrate global leadership and a commitment to reducing our global footprint.

26. Please outline any issues in relation to routine wastage or spillage that may have an impact on the tax liability.

We would see plastic manufacturing companies being able to use spilled plastic pellets as ‘recycled’ plastic as a positive, but only as long as the supply chain approach is implemented to demonstrate that plastic pellets have been handled responsibly and that there is no deliberate spilling.²⁰

In this specific area, we would welcome mandate for all plastic manufacturers to be accountable to schemes such as Operation Clean Sweep to prove best practice in not only preventing waste but also ensuring microplastics such as pellets do not leak from the process, especially into the marine environment.

27. Do you agree with the government’s initial proposal that the tax at import should only apply to unfilled packaging? If not, what would the effects be? What alternative would you prefer, and how would it work?

As previously stated we would strongly challenge the exemption of imported, filled packaging from the tax for a number of reasons:

- The volume of imported filled goods into the UK each year could be as high as 30% representing a significant percentage of products on the market.
- If these imports were exempt from the tax it would not align with the Packaging Producer Responsibility scheme.
- This exclusion would incentivise the offshoring of packaging production, as it is likely that some producers would seek to avoid the tax by switching to importing filled packaging. That would mean that the environmental benefits would not be achieved and that the country would miss the economic opportunities that stem from manufacturing both packaging and the products that fill packaging in this country.
- The UK’s environmental impact goes beyond our borders and we must consider the total global footprint of our consumption. Including imported filled packaging would incentivise manufacturers, brands and retailers to drive the use of recycled content outside of the UK, therefore reducing our global footprint and stimulating the recycling industry within those countries.
- We understand there will be markets where food grade recycled plastic is unavailable; however, we would like to see mechanisms in place to drive inclusion of recycled content

²⁰ <https://drive.google.com/file/d/1U4Lm1CuUClEB6KiLaDua4Sk5BpO77L/view?usp=sharing>

regardless of the country of origin for a product. For example applying a flat rate levy on all imported filled products and a rebate system if there is evidence of secondary material usage within the packaging.

28. Do you agree with the government's suggested approach for crediting exports?

In principle, yes so as not to disadvantage UK businesses competing in the global market. This approach also aligns with the current PRN system where exported packaging is not obligated.

29. Do you foresee any difficulties in providing appropriate records to demonstrate that packaging has been exported?

In theory if the manufacturer exports the packaging directly from their business, there would be sufficient evidence to prove it has gone abroad. However, there are often scenarios where the manufacturer sells the packaging onto an agent who may then export some of the packaging. In those cases, the tax will have been incorrectly applied.

There could be a rebate mechanism in place to allow for such situations - the agent would then have to provide evidence that they have exported the packaging in order to receive the rebate.

30. Do you agree that the government should seek to exclude small operators? If yes, what would the risks be if the government didn't do this?

It is critical we address the environmental crisis being caused by plastic pollution and any business using plastic packaging as part of their operations should be included. Therefore, we believe all operators should be included in the scope of the tax and there should not be a de minimis requirement. Primarily this would be to minimise avoidance of the tax and to close up loopholes businesses may look to exploit. For example by splitting up businesses into smaller entities to fall below the requirement. We recognise the potential administrative burden for smaller businesses may be challenging but this could be addressed through simplifying how their liability is assessed.

This would be consistent with proposals to align with the EPR scheme where the UK Government is proposing to eliminate the de minimis requirement. This would also follow the examples in France, Germany and Italy where there is no de minimis threshold for their EPR schemes.

However, the UK Government needs to ensure smaller operators who are included in the tax should have access to plastic packaging with recycled content. It requires a level playing field whereby smaller operators have the same opportunity as bigger businesses for recycled content in their packaging. In these cases, a suggested approach as previously mentioned could be to levy the tax on the packaging manufacturer so it still drives use of recycled content.

31. Would Option 1a, Option 1b or Option 2 best meet the government's objective of excluding small operators from the tax whilst ensuring the tax has a strong environmental rationale?

As per the above response, we do not believe small operators should be excluded from the tax. All producers need to be incentivised to reduce their plastic usage and improve the environmental impact of the plastic they do use.

One option to explore would be to shift the liability for the tax to the manufacturer of the packaging who is selling to the small operator. This would continue to drive the use of recycled content at the point of manufacture but would exempt smaller operators from the administrative burden of the tax.

32. What factors should the government consider when setting a threshold (either on volume or turnover) or a relief? Do you have any suggestions for appropriate levels? If so, please provide an explanation for why you believe this is appropriate.

As previously stated, we believe all operators should be included in the system. However, there could be a mechanism to place the liability for the tax on the manufacturer. This would reduce the administrative burden on smaller operators but ensure there is still an incentive for manufacturers to use recycled content.

34. Do you anticipate any risks or issues that would arise from introducing a de minimis that aren't explored above? Please provide details.

We would not want to see a de minimis requirement applied.

35. Do you agree that the registration and reporting requirements outlined are appropriate? If not, please specify why.

We agree with aligning the registration and reporting requirements to the reformed EPR system. However, there is an opportunity for the UK Government to apply the tax automatically based on usage estimates over the next 12 months so producers apply for a quarterly rebate based on proving their recycled content usage.

We believe this might incentivise businesses to use recycled content, as they will be more motivated to submit evidence to receive their rebate vs. submitting evidence to calculate their liability.

Key to the success of this tax will be ensuring consistency in the way plastic packaging usage is declared as well as ensuring there is a verification process in place to avoid misdeclaration of figures to avoid the tax.

Finally, as previously mentioned, we would welcome the development of a system to ensure greater transparency throughout the supply chain of the presence of potentially toxic chemicals in recycled materials.

38. Is the government's suggested approach to compliance proportionate and appropriate? If not, please outline any scenarios that you anticipate may require bespoke compliance powers or penalties?

It is not clear how the UK Government proposes to verify the evidence provided by businesses regarding their plastic packaging usage. Without this in place there is a risk of fraud or avoidance.

This is also an issue with the current PRN system whereby producers submit their own figures to calculate their PRN obligation but there is no process to verify their accuracy.

We would call for a standardised approach to capturing the necessary data on secondary material usage and a robust, third-party verification process. The government urgently needs to establish a standard methodology for verifying the level of recycled content in plastic packaging.

We would also call for default application of the tax if producers fail to provide the necessary evidence of their recycled content usage. This is especially relevant to importers of plastic packaging so as not to disadvantage the UK producers who comply with the requirements.

39. Are our anti-abuse proposals sufficient to tackle the risk of fragmentation (abuse of the de minimis or universal relief) from UK based plastic producers?

For this very reason, we do not support a de minimis threshold. This would tackle the fragmentation risk.

40. Is our approach regarding assuring the accuracy of declared recycled content appropriate? If not, please share any other suggestions you may have.

It is not clear from the proposals what the mechanisms will be for ensuring compliance. Therefore we cannot agree with the approach proposed and call for urgent actions to establish the processes by which compliance with this tax will be measured.

41. Do respondents believe that using UK based agents for non-established taxable persons may help support compliance?

If using UK based agents will support compliance then we would support this. The objective must be to minimise tax avoidance.

56. Unless already covered in your responses to other questions within this document, is there anything else you would like us to note about the impact of the tax, especially any potentially adverse impacts on groups with protected characteristics?

As mentioned throughout this response, we believe that ultimately, the only solution to the packaging crisis is the elimination of all non-essential single-use packaging and a transition to a refillable, reusable society.

Currently, we are concerned that the tax could result in substitutions from one material to another, resulting in additional unintended environmental consequences. To reduce this risk, we want the UK Government to deliver an ambitious revision to the Extended Producer Responsibility scheme and an extension to this tax across all packaging materials, not just plastic. These measures will ensure a reduction in single-use packaging of all materials and begin our transition to a sustainable, circular economy.