

Finance Bill:  
Public Bill  
Committee  
Plastic Packaging  
Tax

April 2021

## **1. Introduction**

Established in 1933 the British Plastics Federation (BPF) is recognised as the single voice of the UK plastic industry with over 550 members across the plastics industry supply chain, including polymer producers and suppliers, additive manufacturers, recyclers, services providers, end users, plastics processors and machinery manufacturers, representing over 80% of the industry by turnover.

The Plastic Packaging Tax will be paid by our members as we represent companies both large and small that are involved in the supply of plastic material, manufacturers and suppliers of rigid and flexible plastic packaging in all forms and members that recycle and supply plastic recycle.

## **2. Executive Summary**

The BPF supports the aim of the Plastic Packaging Tax to increase circularity and the increased use of recycled content. However, the current design of the tax has unintended negative consequences that we believe can readily be addressed during the Public Bill Committee's forthcoming scrutiny.

At present regulatory barriers, lack of available UK supply of recycled material and lack of infrastructure will result in 50% of the market being unable to incorporate 30% recycled content. This will result in unfairly penalising smaller UK companies who will not have the buying power to secure recycled materials. Regulatory barriers will also unfairly penalise those suppliers of food contact materials where regulatory permission for the use of recycled material does not exist.

Reporting requirements will further place a considerable administrative burden on all manufacturers of plastic packaging, regardless of whether they can incorporate recycled content or not.

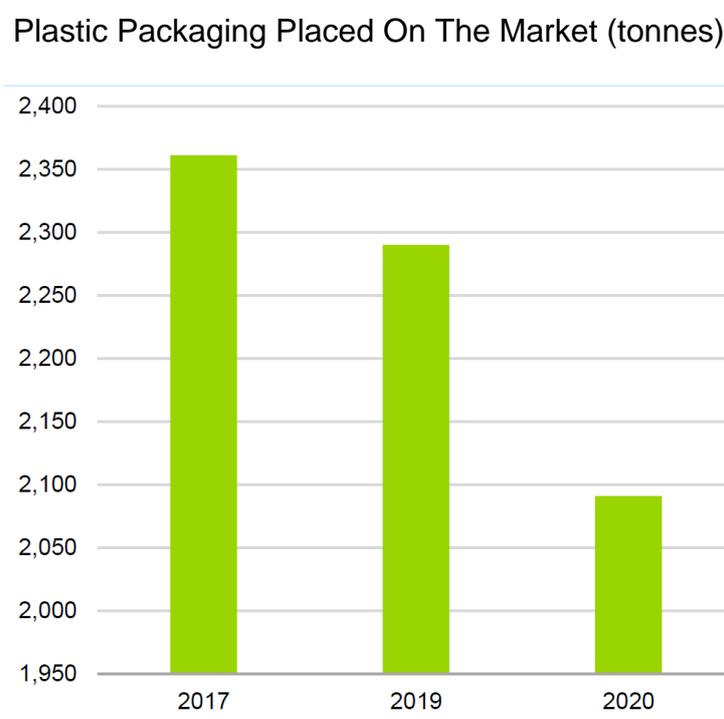
The BPF is calling for the definition of packaging in the Bill to be aligned with Packaging Regulations terminology (definitions are currently different) to avoid confusion within the supply chain.

The BPF believes that consideration should be given to a phased introduction of the tax so that it aligns with EPR and consistent collection for those formats such as polyolefins where supply and lack of recycling infrastructure and regulation pose the most challenges.

There are no robust systems which exist to measure recycled content therefore there is a risk of fraud. The BPF believes that recognisable international standards relating to recycled content must be used to prevent fraud and enhance competition.

### 3. Background

Within the UK, plastic packaging consumption has continued to decline since 2017 which is in line with forecast predictions. In 2017 the plastic packaging placed on the market was 2,361 k tonnes, reducing further to 2,290 k tonnes in 2019 and forecasts of 2,092 k tonnes in 2020 as highlighted in the graph below.



Source: Valpak PackFlow Covid-19 Phase II, 2020

### 4. Key statistics

- The average amount of plastic packaging recycled within the EU is 42% (Plastic the Facts, 2020 Plastics Europe\_. Please see the following link:
- [https://www.plasticseurope.org/application/files/5716/0752/4286/AF\\_Plastics\\_the\\_facts-WEB-2020-ING\\_FINAL.pdf](https://www.plasticseurope.org/application/files/5716/0752/4286/AF_Plastics_the_facts-WEB-2020-ING_FINAL.pdf)
- 78% of all post-consumer plastic is recovered in the UK. (Environment Agency – National Packaging Waste Database) (accessed Nov 2020).
- 50% of plastic packaging is recycled in the UK (Valpak – Databite No. 3).

### 5. Key Issues; Regulatory Barriers

No food contact regulatory approval exists for the use of post consumer recycled material in polyolefins, widely used as a material in films and flexible packaging within Europe and the UK. Due to lack of regulatory approval very limited ability exists to undertake closed loop recycling in plastics other than in plastic bottles.

## **6. Key Issues; Lack of available supply of recyclate**

At present in the UK, most councils provide a collection service for plastic bottles, pots, tubs and trays. However very few councils collect flexible plastic such as plastic film and bags. As a result, only 38% of all plastic packaging was collected from households for recycling in 2019 (source Valpak packflow October 2020).

This lack of consistency creates a great deal of confusion for consumers who do not know which items of plastic packaging they can put out for recycling and creates unnecessary complexity. If all plastic packaging can be collected for recycling this creates one, clear message.

In the UK, only 28 UK councils out of **410** are presently believed to be collecting a variety of consumer flexible films. Some only collect shopping bags (only 6) but others collect a wide range of consumer flexible films.

But despite this, only 21kk tonnes of film is collected from households, which accounts for less than 5% of all packaging film (source Valpak packflow October 2020). Presently this would barely justify building one recycling plant in the UK.

Government are still consulting on the collection of films from households and businesses.

Measures that will address the consistent collection of plastic packaging and the investment in appropriate sorting and recycling infrastructure will not be addressed until after the tax is introduced. The earliest all councils will collect these materials is 2027. This is four years after the tax will be introduced.

The lack of available supply of recyclate affects all plastic packaging applications and an example of this is the need to continue to import high quality food contact material for PET bottle and tray applications.

The UK exports 60% of plastics packaging waste and imports high quality food contact recycled material. An opportunity exists to divert tax revenue raised to invest in creating a world leading collection and recycling infrastructure.

### **Key Recommendation:**

Consideration should be given to a phased introduction to the tax so that it aligns with EPR and consistent collections for those formats such as polyolefins where supply and lack of recycling infrastructure and regulation pose the most challenges.

## **7. Administration Burden**

All manufacturers and importers of packaging will have to demonstrate the level of recycled content present in all the finished plastic packaging components that they supply. This can total thousands of specifications for an individual company and the company then has the responsibility to report quarterly, on the amount of tax due. There is a requirement within the tax whereby all applications have to be

reported on, regardless of whether the packaging application meets the 30% threshold.

**Key Recommendation:**

Consideration should be given to simplifying the reporting requirements.

**8. Definitions**

The definition of plastic packaging proposed to be used in the tax is not aligned with the widespread definition of plastic packaging within our packaging legislation in the UK and Europe. This difference is likely to result in confusion and could even result in unintentional non-compliance of the tax through misinterpretation.

**Key Recommendation:**

The definition of plastic packaging within the plastic packaging tax should be aligned with that in other UK packaging regulations.

**9. Timing**

The introduction of the tax in 2022 before other packaging legislation that will address the lack of supply and recycling infrastructure issues will mean that 50% of the market will be unable to meet the obligation of the tax.

**Key Recommendation:**

Consideration should be given to a phased introduction of the tax. The tax is already stimulating demand for the inclusion of recycled content in those applications where it is presently possible to incorporate. For those applications where regulations do not permit the inclusion of recycled content or that are inhibited by the lack of collection and suitable recycling infrastructure i.e films and flexibles, we would suggest that the tax is introduced at a later date. This could coincide with the changes to EPR and consistent collections.

**10. Risk of Fraud**

UK manufacturers could be further disadvantaged, as it will be more difficult to verify the level of recycled content present in goods that are imported to the UK. It is possible to detect and identify the presence of recyclate within a component. However, there is not a test available which is capable of determining the percentage of recycled content present. We want to ensure that HMRC are able to confirm compliance of imports.

This is a key area for the UK plastics supply chain as fraudulent claims on recycled content on imported packaging has the potential to significantly undermine UK economic activity and not meet the tax objectives.

Our primary concern here is to ensure BPF packaging converters and recyclers are not undermined, and that the aims of the tax to increase the amount of recycled content are met.

**Key Recommendation:**

A recognised and agreed certification method will be required to ensure that the risk of fraud is minimised.