



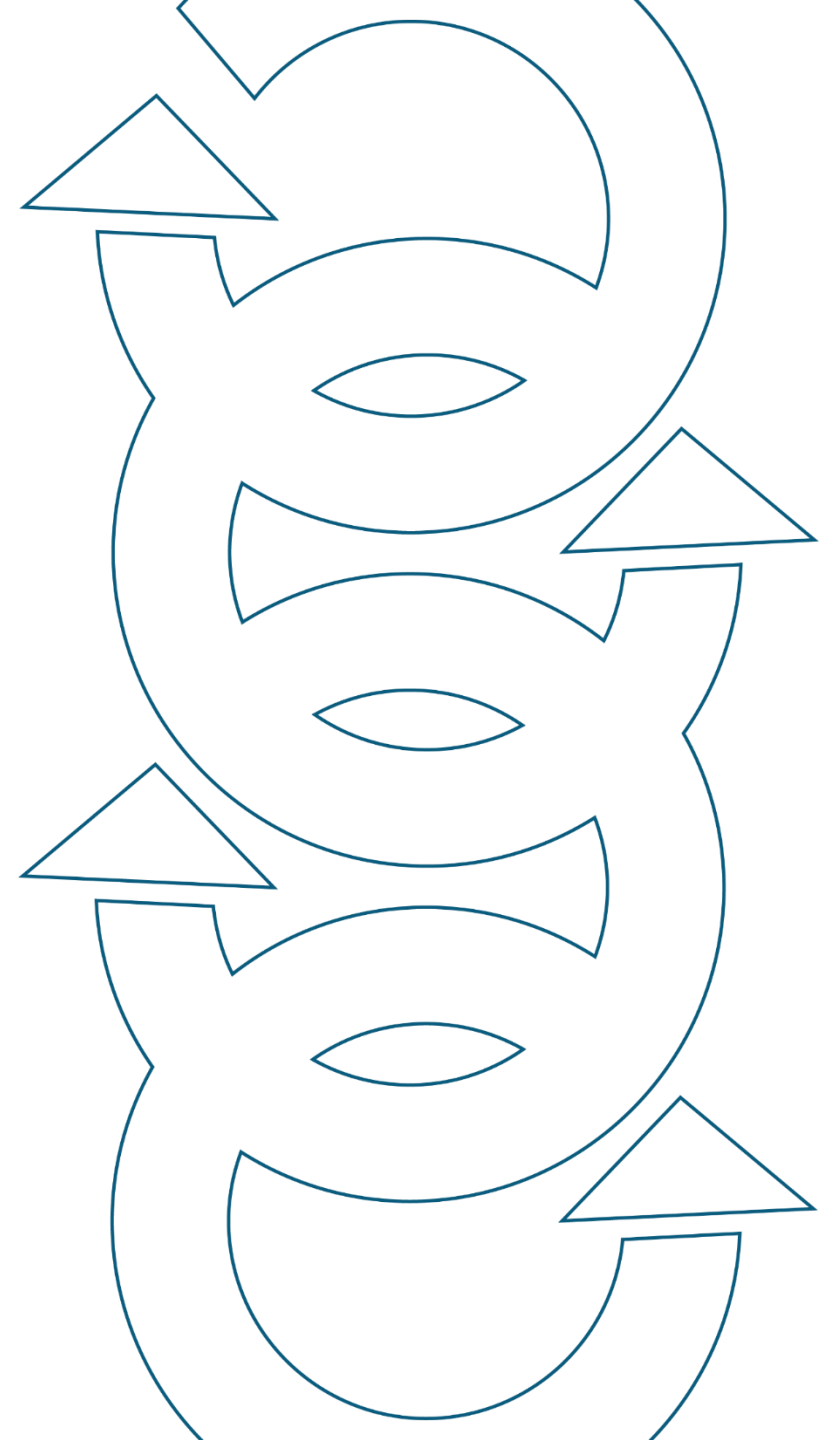
Leading a more circular
plastics value chain

UK Plastics Packaging Tax

Steve Morgan

RECOUP

12 March 2024



Our Commitments

RECOUP is the UK's leading independent authority and trusted voice on plastics resource efficiency and recycling. As a registered charity, our work is supported by members who share our commitments including:



More sustainable use of plastics



Meeting legislative requirements



Increased plastics recycling



Improved environmental performance

Connecting the whole value chain to keep plastics in a circular system that protects the environment, underpinned by evidence and knowledge.



Leading



Advising



Challenging



Educating

Our Work



RECOUP Plastics Resource & Recycling Conference



Save the Date 26 September 2024

UK Policy & Legislation

- 25-Year Environmental Plan
- Resources and Waste Packaging Reforms:
 - Reform of the UK Packaging Producer Responsibility System (EPR)
 - Deposit Return Schemes (DRS) – England, Wales and Northern Ireland, and Scotland.
 - Single-Use Plastics (SUP) – England, Wales, and Scotland.
 - Consistent Collections – now Simpler Recycling.
 - Recycling targets, Digital Waste Tracking, End of Waste Status, Recycling Plastic Films and Flexibles, Compostable and Biodegradable Packaging, Fibre-Based Composite Cups Takeback Scheme, Litter clean up, etc.
- Ban on Export to Non-OECD Countries / EA and SEPA notification costs for International Waste Shipments.
- Food Standards Agency Recycled Plastic in Food-Contact Packaging – GB, Northern Ireland and EU.
- Mandatory Separate Sorting for Recycling Collections for Businesses in Wales.
- Windsor Framework (Northern Ireland).

And ...

- **HMRC UK Plastic Packaging Tax – Chemical Recycling and the Adoption of the Mass Balance Approach**



Recycled Content in Plastic Packaging

- **UK Packaging Tax** – applies to packaging that is predominately plastic produced in, or imported into, the UK and that does not contain at least 30% recycled plastic.
- **UK Plastics Pact** – 30% average recycled content across all plastic packaging by 2025.
- **Other Countries** – France, Italy, Spain, USA, etc.
- **EU Single-Use Plastics Directive** - PET drinks bottles 25% by 2025 and 30% for all plastic bottles by 2030
- **Proposed Packaging & Packaging Waste Regulations (PPWR)**

| Plastic category | 2030 target | 2040 target |
|---|-------------|-------------|
| Contact sensitive packaging, except single use beverage bottles, made from PET as the major component. | 30% | 50% |
| Contact sensitive packaging made from plastic materials other than PET, except single use plastic beverage bottles. | 10% | 25% |
| Single use plastic beverage bottles | 30% | 65% |
| Packaging other than those above for the year in question | 35% | 65% |



HM Revenue & Customs

“The aim of the tax is to provide a clear economic incentive for businesses to use recycled plastic in the manufacture of plastic packaging, which will create greater demand for this material. In turn this will stimulate increased levels of recycling and collection of plastic waste, diverting it away from landfill or incineration.” – HMRC

- Introduced in April 2022.
- £217.85 per tonne from April 2024.
- Applies to bioplastics and compostable packaging.
- Does not *currently* include human medicine contact packaging.
- Pre-consumer waste / manufacturing scrap *currently* used towards the recycled content.

Data, Data, Data ...



Freedom of Information Request – Q1 to Q4, 2022-2023

- **3.2 million tonnes** of packaging that is predominantly plastic declared:
 - **1.7 million tonnes** of plastic packaging manufactured **domestically** in the UK.
 - **1.5 million tonnes** of plastic packaging **imported** onto the UK market.
- Packaging **EXEMPT** from the tax – **1.9 million tonnes (60%)** – **OVER** 30% recycled content, packaging exported, human medicine.
- Packaging **TAXED** – **1.3 million tonnes (30%)** – **UNDER** 30% recycled content.

Revenue from the Tax

- Over **£276 million** raised from the tax in the 1st year – **£40 million** more than estimated.
- Latest data:
 - January-March 2023 – £60m.
 - April-June 2023 – £40m.
 - HMRC declined our latest FOI request.

Is the Tax failing?

Legislation a barrier ...

- Missed opportunity to align with EPR as part of the eco-modulation framework.
- Legislation precluding the use of recycled content in food contact polymers.

Availability and price ...

- Significant and changeable price difference between recycled and virgin plastics – does the ~£200 work?
- Limitations for the availability of recyclate and premium price.

Is recycled content what it says it is?

- Verification of recycled content is not being sufficiently enforced.
- Limited use of recognised certification schemes.

Options for change?

Availability & price ...





Material Recovery Facilities (MRF)

123
Facilities

Annual throughput
900kt - 1.1mt

1.7mt - 2.1mt
Annual capacity

UK Plastic Reprocessors

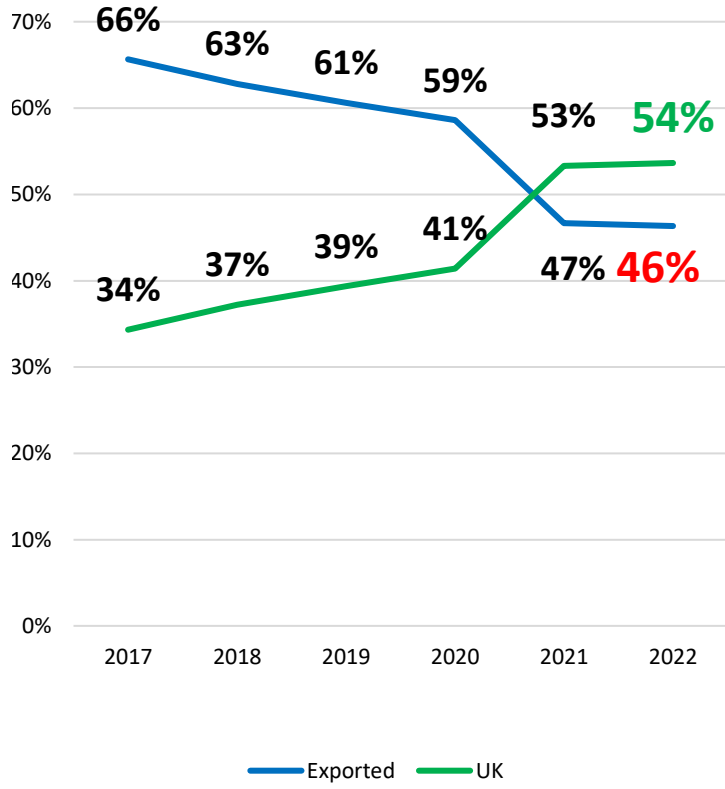
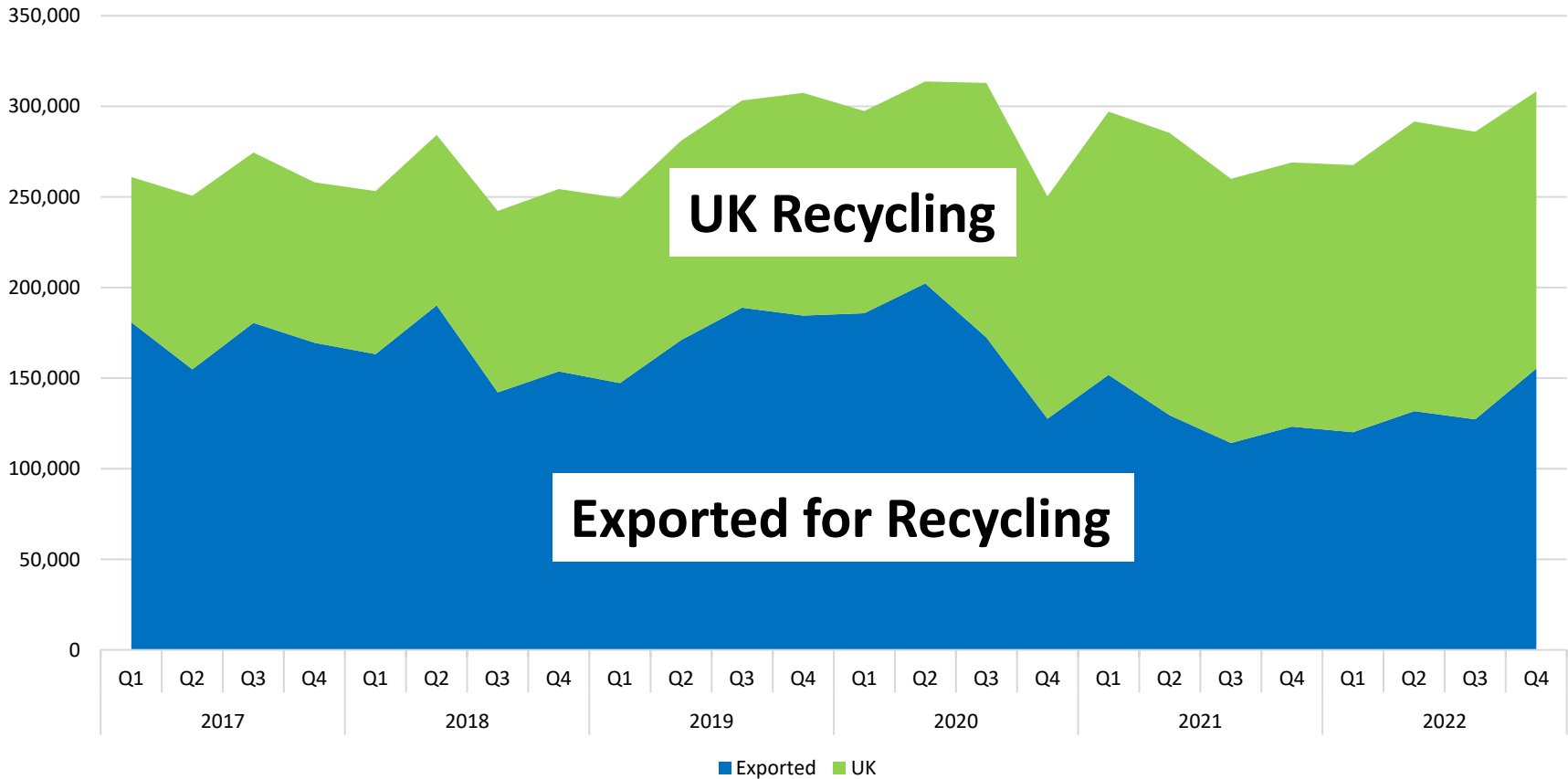
Household
16 Facilities
455kt Annual capacity
288kt Annual throughput

Commercial & Industrial
78 Facilities
515kt Annual capacity
347kt Annual throughput

- Over **400** plastic reprocessors in the UK – **94** reprocess plastic packaging.
- Total capacity – **1 million tonnes**.
- Operational throughput – **650,000 tonnes**.
- **Bottlenecks – Post-consumer films and flexibles, non-bottle PET and food-grade recycled content.**

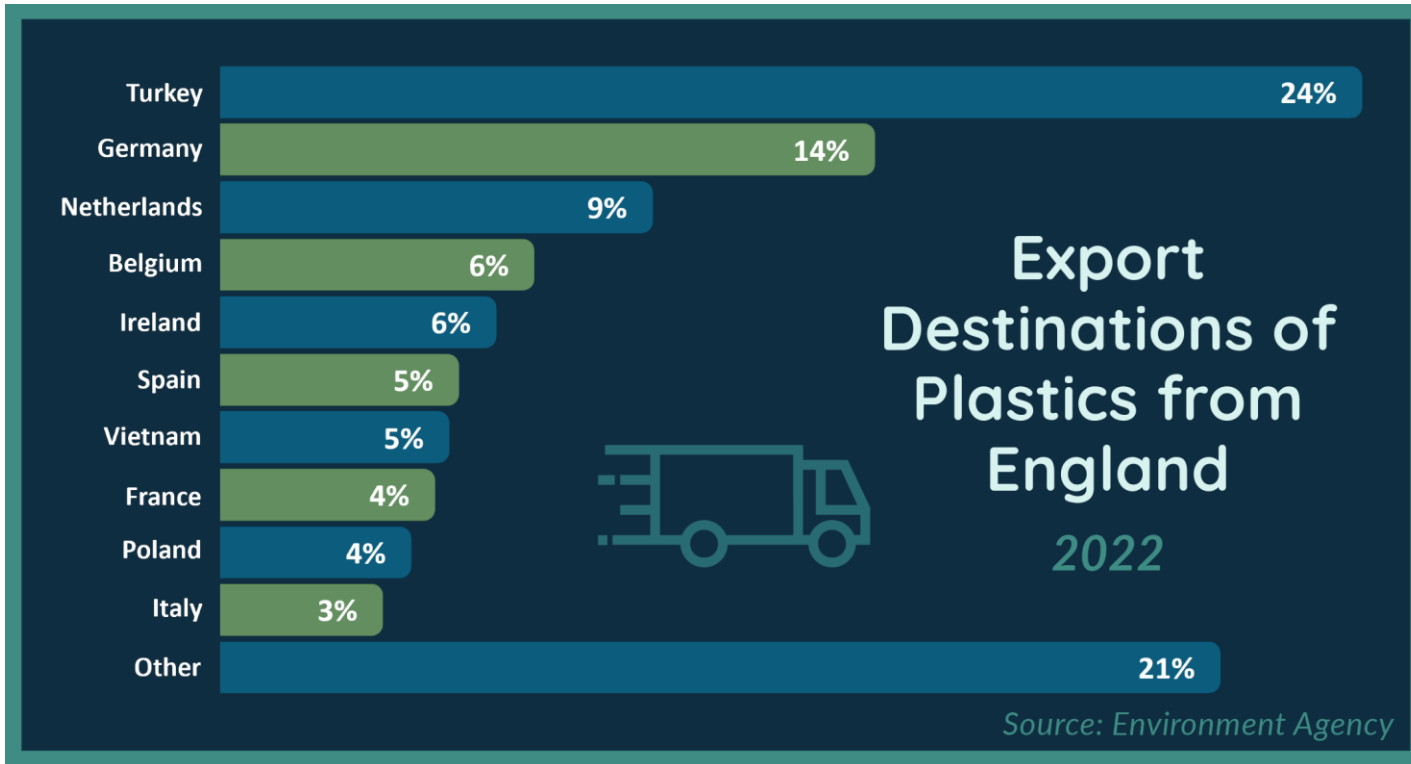


UK Reprocessing & Waste Exports



FOI Request

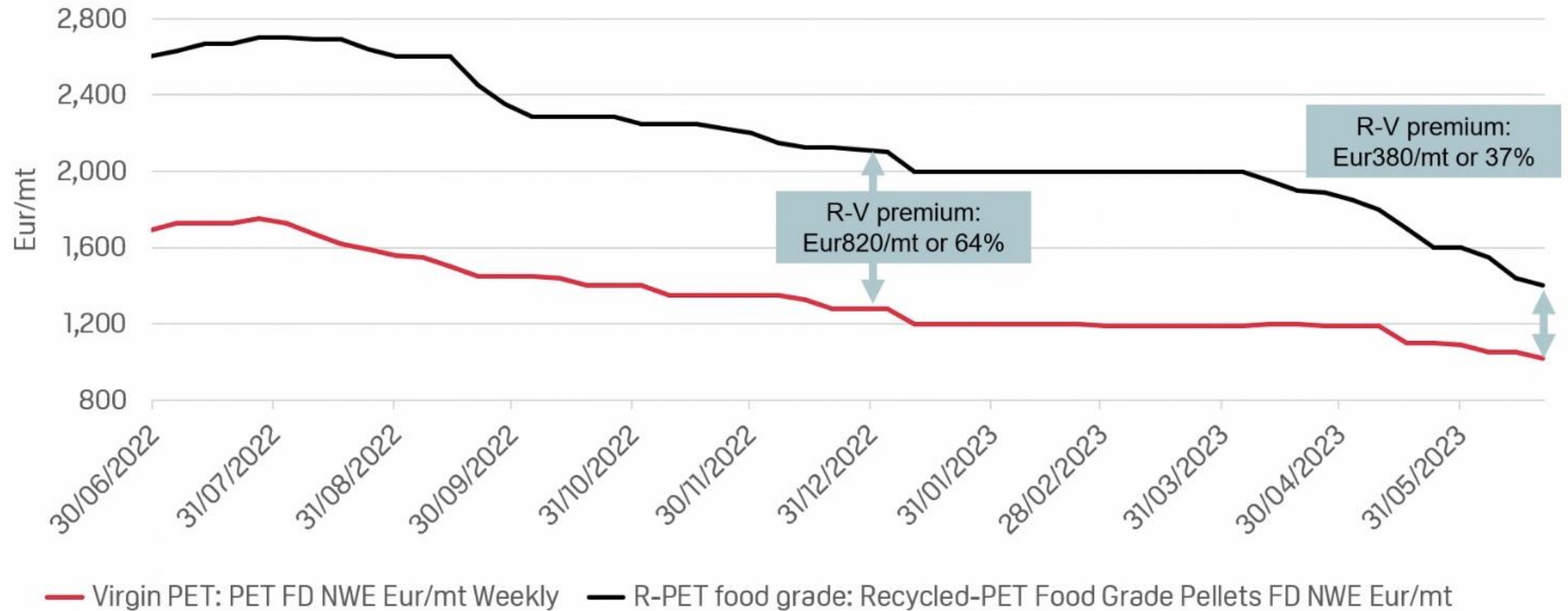
2022 England Plastic Packaging Exports



| Country | Region | OECD | Export Percentage from England |
|----------------|--------|------|--------------------------------|
| TURKEY | Europe | Yes | 31.5% |
| GERMANY | EU | Yes | 17.9% |
| NETHERLANDS | EU | Yes | 11.7% |
| BELGIUM | EU | Yes | 8.4% |
| IRELAND | EU | Yes | 7.4% |
| SPAIN | EU | Yes | 6.3% |
| VIETNAM | Asia | No | 6.1% |
| FRANCE | EU | Yes | 5.7% |
| POLAND | EU | Yes | 5.0% |
| ITALY | EU | Yes | 4.2% |
| MALAYSIA | Asia | No | 4.0% |
| BULGARIA | EU | No | 2.7% |
| PORTUGAL | EU | Yes | 2.6% |
| KOSOVO | Europe | No | 2.4% |
| TAIWAN | Asia | No | 2.3% |
| GREECE | EU | Yes | 2.3% |
| LATVIA | EU | Yes | 2.2% |
| INDONESIA | Asia | No | 1.9% |
| ROMANIA | EU | No | 1.6% |
| LITHUANIA | EU | Yes | 1.6% |
| HUNGARY | EU | Yes | 1.5% |
| EGYPT | Asia | No | 0.7% |
| AUSTRIA | EU | Yes | 0.6% |
| CZECH REPUBLIC | EU | Yes | 0.2% |
| SOUTH KOREA | Asia | Yes | 0.2% |
| SLOVENIA | EU | Yes | 0.1% |
| SLOVAKIA | EU | Yes | 0.1% |
| HONG KONG | Asia | No | 0.1% |
| DENMARK | EU | Yes | < 0.1% |
| ISRAEL | Asia | Yes | < 0.1% |
| THAILAND | Asia | No | < 0.1% |
| FINLAND | EU | Yes | < 0.1% |

Note: England only data and for all plastic packaging, not just consumer

PET - Recycled prices pressured by virgin and imports



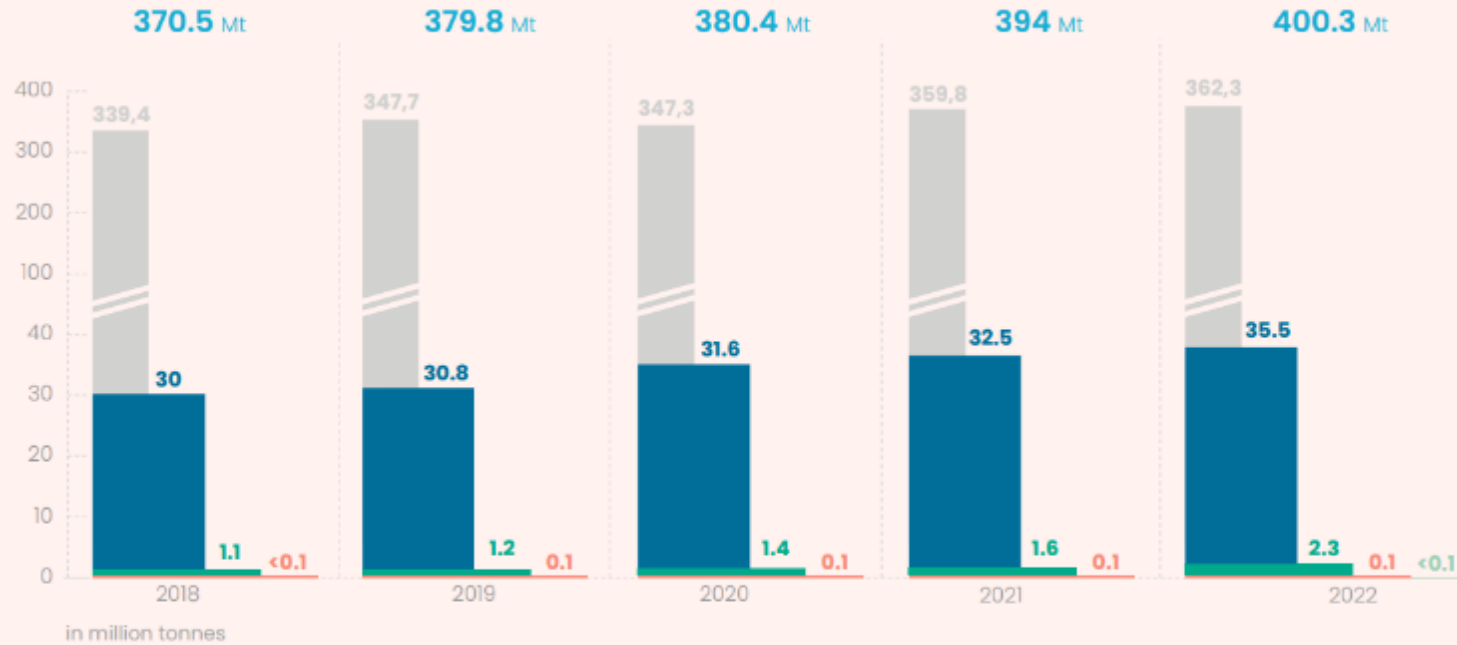
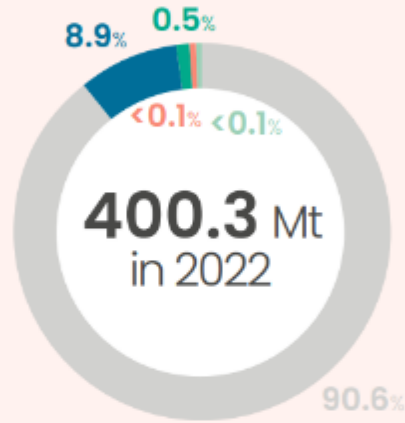
Is recycled
content
what it says
it is?



Plastics – the *fast* Facts 2023

<https://plasticseurope.org/knowledge-hub/plastics-the-fast-facts-2023/>

World plastics production



■ Fossil-based

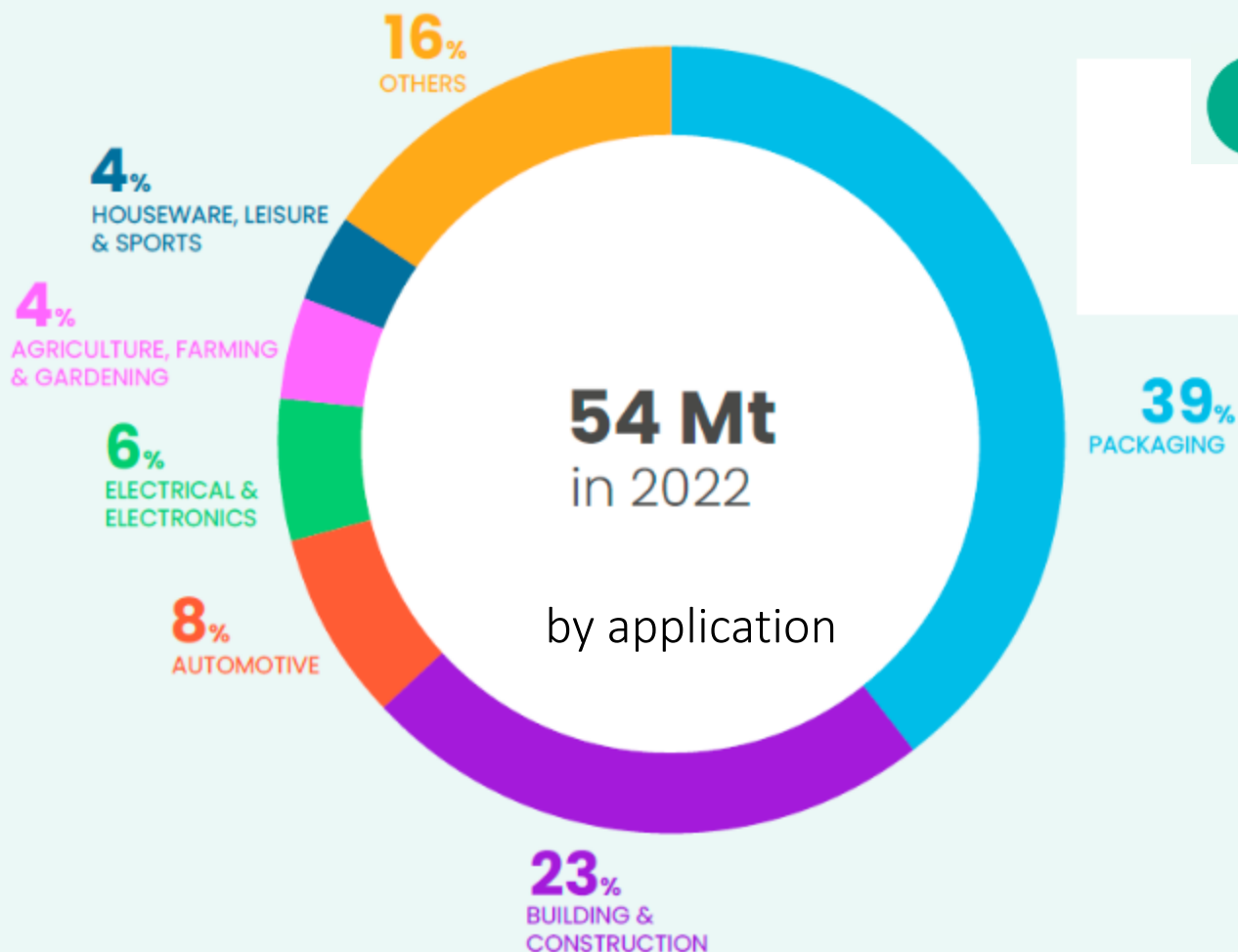
■ Mechanically recycled (post-consumer)⁴

■ Chemically recycled (post-consumer)

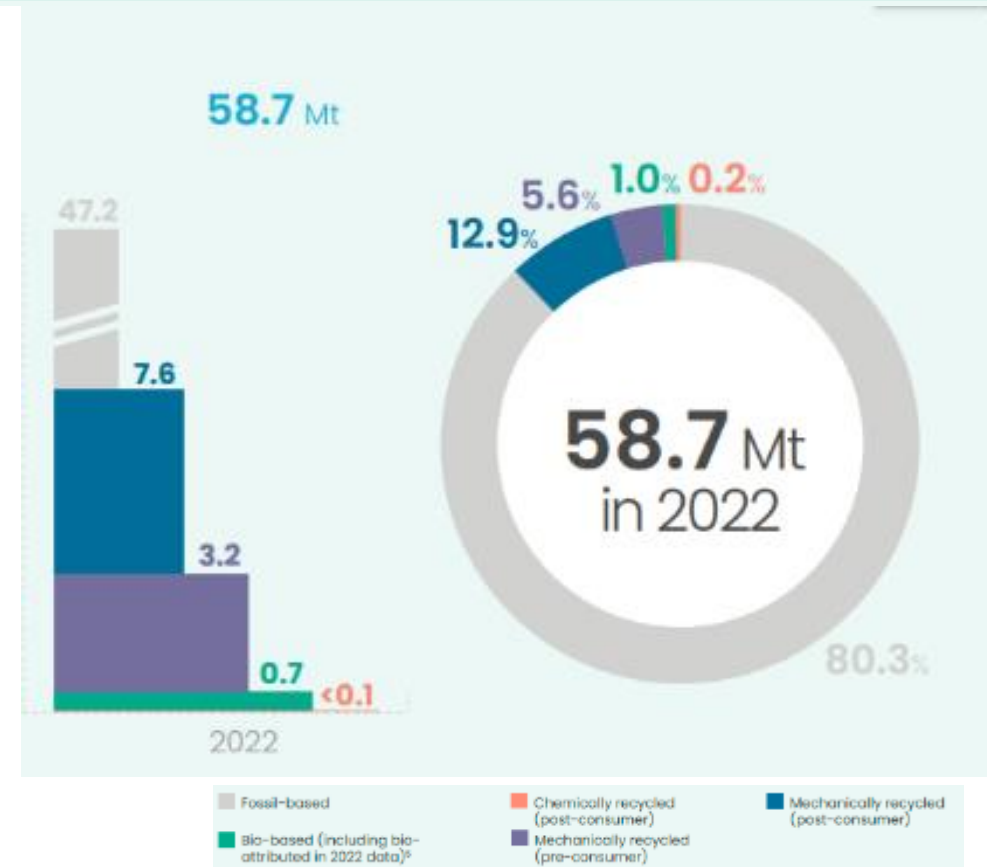
■ Bio-based plastics (including bio-attributed plastics in 2022 data)⁵

■ Carbon-captured

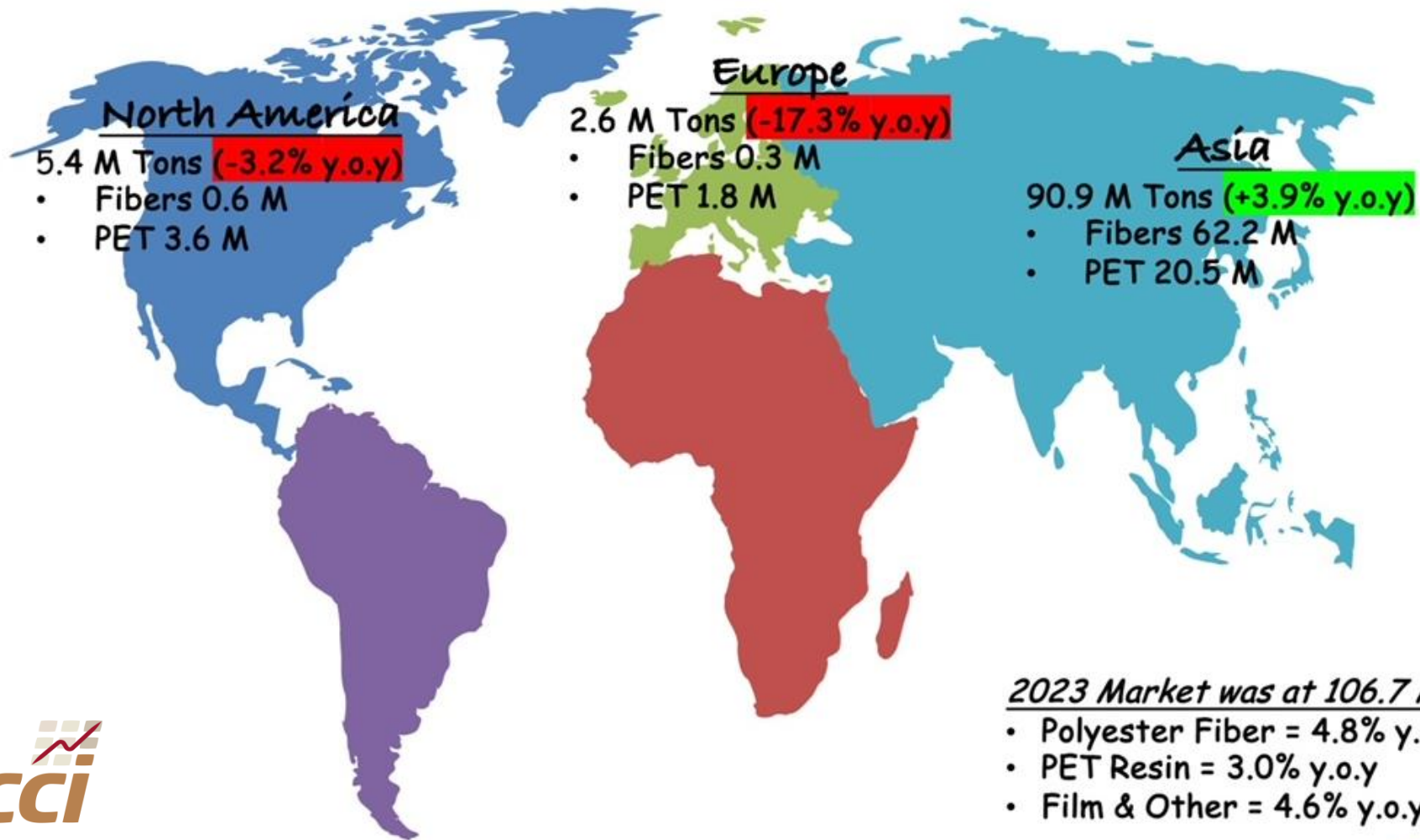
European⁹ plastics conversion²



European plastics production



2023 Global Polyester Production Demand (106.7 M Tons)



Recycled Content Verification Systems

UK Packaging Tax

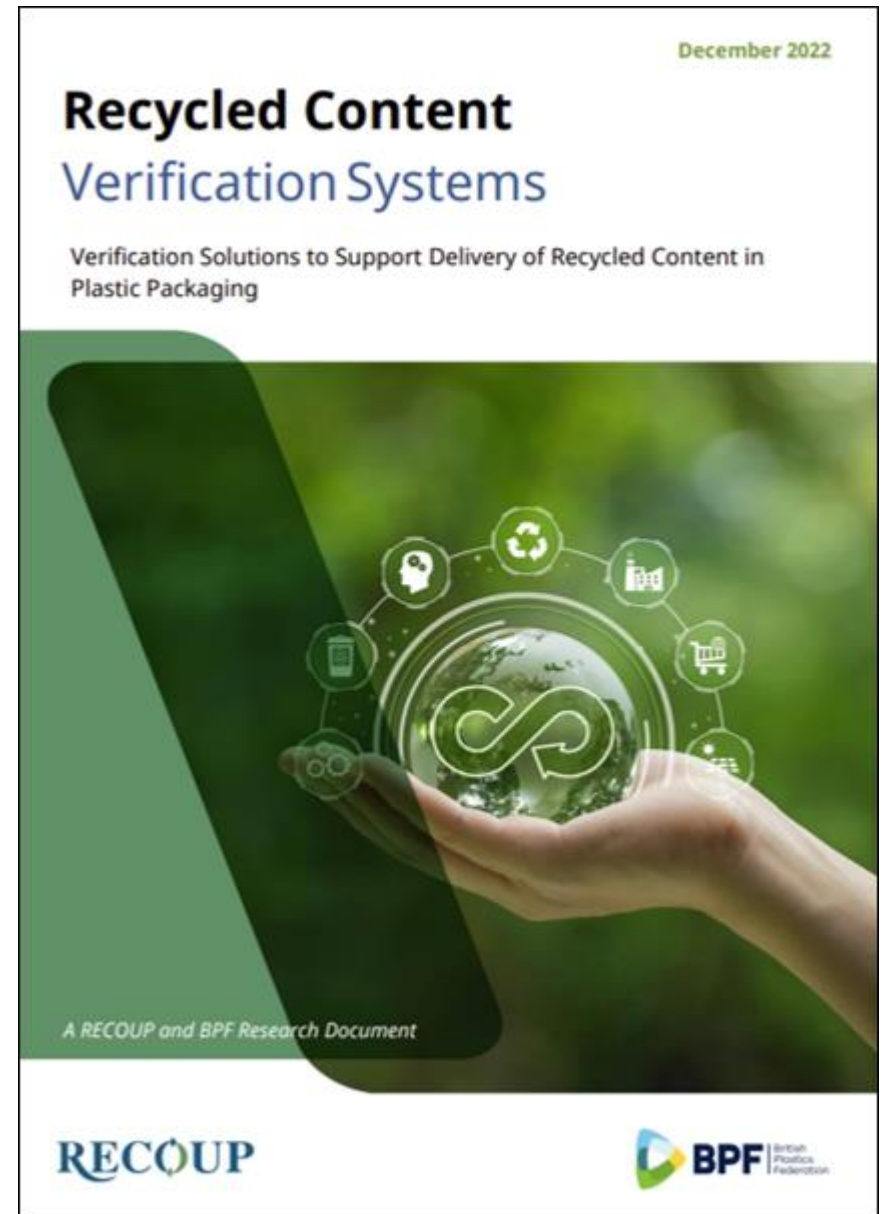
- ✓ No requirement to use a recycled content verification scheme.
- ✓ Records do need to be kept to claim an exemption.

Three Broad Approaches

1. Independent Third-Party Auditing.
2. Certification Schemes.
3. Scientific Laboratory-Based Testing Approach.

Benefits of Verification

- ✓ Provide Evidence.
- ✓ Meet Customer Requirements.
- ✓ Positive Reputation.
- ✓ Prevent Fraud.



Certification Schemes Summary

| Scheme | Methodology / Standards | Scheme Certifies Auditors | Recycled Content Verification | | Geographical Region | | | |
|---|--|---------------------------|-------------------------------|----------|---------------------|-------------------|----------|---------------|
| | | | Mechanical | Chemical | National (UK) | National (non-UK) | European | International |
| RecyClass Recycled Content Traceability | Traceability uses EN 15342:2007 and chain of custody ISO 22095 | ✓ | ✓ | | | | ✓ | |
| REDcert² | Uses RED cert principles and checklists | ✓ | | ✓ | | | ✓ | |
| ISCC | Change of custody - physical segregation and mass balance | ✓ | ✓ | ✓ | | | | ✓ |
| UL | Uses the Environmental Claim Validation Procedure (ECVP) | ✓ | ✓ | | | | | ✓ |
| SCS | | | ✓ | | | | | ✓ |
| Intertek | Uses ISO 14021:2016 | | ✓ | | | | | ✓ |
| Greencircle | | | ✓ | | | | | |
| DIN Certco | Uses ISO 14021:2016 and BS EN 15343:2007 | | ✓ | | | | ✓ | ✓ |
| QA-CER | Goes beyond ISO 14021:2016. Certification based on ISO 9001 | ✓ | ✓ | | | | | ✓ |
| Plastica Seconda Vita | Uses ISO 14021:2016 | ✓ | ✓ | | | ✓ | ✓ | |
| Company scheme using independent auditor | Based on ISO definition | | ✓ | ✓ | | | | ✓ |

✓ National (non-UK) scheme but can be used elsewhere



Options for
change ...



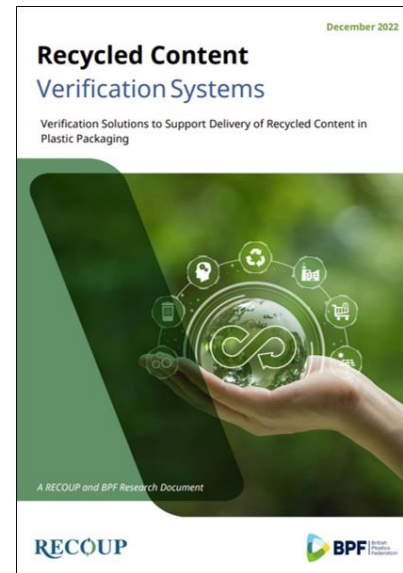
Five Points for Consideration

1. Introduce a robust enforcement framework to prevent fraud, including acknowledgement and use of a certification scheme(s)

- Checks and verification of claims of recycled content.
- Use of certification schemes and third-party auditing.

2. Gradual increase of the price point of the tax

- Gradually increase the tax in parallel with effective enforcement.
- Kept under review to reduce the risk of disproportionate costs that could be passed on to consumers.



- ✓ **Consistent reporting mechanism.**
- ✓ **Operate internationally / multinational and to operate to recognised international standards on recycled content and traceability.**
- ✓ **Provision to have an annual in-person audit at a site level with an auditor pool that can be deployed worldwide.**
- ✓ **Affordable, credible and add value.**
- ✓ **Monitor scientific laboratory-based testing technology.**

Five Points for Consideration

3. A modulated approach to increasing recycled content thresholds

- Similar to Plastic Packaging Waste Regulations (PPWR) proposal.
- Increased rate where legislation allows recycled content and a lower threshold for those where legislation it doesn't.
- Reviewed annually to account for changes to food contact approval.

4. Reinvestment of revenues raised from the tax to support its objectives

- “Not how tax works”.
- Proportion of the funds raised from the gradual increase of the price point to fund supporting public bodies, recycling infrastructure and future research to create investment ready conditions.

5. Delivering effective policy

- Outcome of the chemical recycling consultation.
- Support recycled contact in food contact policy.
- Reducing EPR fees for including recycled content.
- Avoiding negative outcomes of material substitution.





HM Revenue & Customs

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Introduce a robust enforcement framework

Gradual increase of the price point

Modulated approach to increasing recycled content

Reinvestment of revenues raised to support its objectives

Delivering effective policy

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