

“Unlock £1.1 billion investment by escalating the Plastic Packaging Tax”

1 year ago



[Veolia](#), a leading resource management company, is calling for the Government to escalate the Plastic Packaging Tax to incentivise the end markets for recycled content, give investors confidence to build domestic infrastructure and stimulate green economic growth.

Veolia commissioned research by climate action NGO WRAP to understand the economic and environmental impacts of escalating the Plastic Packaging Tax. Currently set at £217.85 per tonne tax from 1 April 2024 on plastic packaging that contains less than 30% recycled content, the tax is not achieving its aims as only 22% of material used in plastic packaging is from recycled sources.

By signalling a clear direction of travel and increasing the Plastic Packaging Tax, Veolia believes this will stimulate demand for recycled content from brands and producers who are already under pressure from consumers to demonstrate their sustainability credentials. 82% of UK adults, surveyed by YouGov in February 2024, would like to see more recycled content in the packaging they buy.

The recommendation set out in Veolia's Resource the Future report is to increase the Plastic Packaging Tax to 35% recycled content and £275 per tonne this year, escalating to 50% and £500 per tonne by 2030. To achieve this the UK will need to invest £1.1 billion in building ten new plastic sorting and 30 new plastic reprocessing facilities, creating 2,500 new jobs and reducing annual carbon emissions by 1.8 million tonnes of CO₂ equivalent.

Escalating the Plastic Packaging Tax will also allow UK brands, manufacturers and recyclers to continue to trade across both UK and European markets without falling behind European Union (EU) legislation. The EU is targeting mandatory recycled content, rather than incentives, reaching up to 65% by 2040.

Gavin Graveson, Veolia Senior Executive Vice President, Northern Europe Zone said : *“The recycled plastic industry cannot be ignored if we are serious about building a green economy. The Plastic Packaging Tax is a crucial lever to stimulate growth in the sector, but it needs recalibrating so we create a market where it is cheaper to be sustainable and more expensive to pollute by using virgin polymers.*

“We need to bring thousands of tonnes worth of recycling capacity online – and fast. But this can be a great opportunity for the Government to unlock private investment, new jobs and carbon savings. Backing green policy isn't a zero sum game.”

Key facts

A survey of 2,000 UK adults by YouGov in February 2024 found that:

- 58% said the Government is doing too little to tackle environmental issues
- 69% would support an increase in tax for companies who do not use recycled materials in their packaging
- 82% would like to see an increase in recycled content used in standard packaging

Research by WRAP on behalf of Veolia investigating the efficacy of the Plastic Packaging Tax:

- 2,219 kilotonnes of plastic packaging enters the market each year
- Only 22% of material used in plastic packaging is from recycled sources
- The UK would need to bring online over 600,000 tonnes of plastic sorting and reprocessing capacity to meet a 50% recycled content target
- This would require ten new plastic sorting plants and 30 plastic reprocessing plants, bringing investment of circa £1.1 billion.
- Escalating the Plastic Packaging Tax to 50% recycled content could potentially save an estimated 1.8 million tonnes of carbon dioxide equivalent emissions.