

Thursday 15 October 2026

Rt. Hon James Murray, MP, Financial Secretary to the Treasury

Rt. Hon Emma Hardy MP, Minister of State, Defra

Rt. Hon Jonathan Reynolds MP, Secretary of State for Business, Innovation, Science and Trade

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Dear Mr Murray, Ms Hardy and Mr Reynolds

RE: Open Letter
Increasing costs of compliant packaging

I am writing to you in my capacity as the Chief Executive of the British Brands Group (BBG), the UK's only not-for-profit organisation dedicated to fast moving consumer goods (FMCG) brands. We have brought together other trade bodies working across a range of UK sectors to write this letter to you both.

Collectively, we recognise the importance of reducing unnecessary packaging, increasing recycling, encouraging the use of recycled materials and ensuring that producers contribute appropriately to the costs of managing packaging waste after use. Business has a significant role to play in delivering these environmental objectives. Our focus is on ensuring that the various packaging regimes work efficiently and coherently together, supporting effective implementation and delivering positive outcomes for the environment, industry and consumers.

However our collective memberships are increasingly concerned about the cumulative impact of the UK's developing packaging tax and regulatory framework on businesses and ultimately, consumers. We note the temporary intervention to lower plastic recycling obligation thresholds, which was announced last week. However, this intervention does not go far enough to negate the impact being felt by manufacturers and distributors across the UK.

The impact of these reforms also extends well beyond a single sector, with consequences being felt across the wider UK economy and supply chain. Packaging manufacturers, food and drink producers, cosmetics and personal care producers, medical device suppliers, breweries, the horticultural sector, construction, hospitality businesses and other sectors are all having to respond to the changing cost and regulatory environment.

Our collective concern is not with the principle of these measures, but with the way in which these various, cross-governmental obligations interact to create an increasing complex compliance ecosystem and as a result, are not delivering the intended outcomes.

Business Impact

Packaging Extended Producer Responsibility (pEPR), Plastic Packaging Tax (PPT), Packaging Recovery Notes (PRNs) and other developing packaging-related requirements each have legitimate objectives, but businesses are faced with duplicative, divergent and inconsistent reporting and financial obligations. In addition to direct financial burdens, there are significant hidden costs of compliance. Managing different timelines, payment bodies, data requirements and assessments, creates substantial administrative overhead that can rival or even exceed the tariffs themselves. This will be exacerbated by the requirements of the EU's Packaging and Packaging Waste Regulations (PPWR), which will affect all businesses wishing to place products in Northern Ireland or export to the EU.

Our members have seen a significant increase in costs since the introduction of these reforms. One large multi-national has reported that total packaging related costs in the UK are now approximately two-fold the norm of comparable European neighbours without the corresponding benefit in packaging recovery. Several smaller brands have advised that due to the increased regulatory costs, they cannot afford in-house expertise to consider alternative solutions, and are stuck in a cycle of using the same plastic packaging as pre-regulations, slowing their progress rather than accelerating it.

A UK fine-fragrance importer and distributor has had to develop a dedicated system to convert its overseas brand owner's packaging data into biannual pEPR submissions. An Environment Agency audit also required detailed evidence, including the weight of void fill in each carton. Although the same data determines its PRN obligation, wood PRN prices have risen from around £7.50 per tonne last year to more than £100. Despite this sharp increase, wood PRNs remain largely unavailable, leaving the business unable to meet its obligation even at the higher price.

Consumer Impact

The Government's own estimation that pEPR would have a relatively small overall impact on headline CPI or RPI downplayed the real inflationary impact on individual products and sectors. DEFRA positioned EPR as adding 0.07% to CPI with a projected impact of 0.37% on RPI. However, the actual impact on food and drink must be significantly higher as food/drink related categories make up <20% RPI, but account for >80% of EPR fees. Appendix one shows a table of anonymised examples from Q1, 2025 showing projected inflationary impacts from EPR alone (excluding PRN and PPT).

The examples provided in this letter illustrate the importance of considering the wider economic consequences of packaging policy, including its effects on domestic

manufacturing, investment, supply-chain resilience, business competitiveness and ultimately the prices both business and personal consumers pay.

Although businesses will seek to absorb some costs through efficiency and innovation, this is not always possible. Retailers operate on single digit margins and costs are passed on through the supply chain to **ultimately impact consumers**.

This matters particularly at a time when household budgets remain under significant pressure. Between January 2020 and July 2025, food and non-alcoholic drink prices rose 37%, compared with 28% for overall UK prices. Milk, cheese, eggs and oils saw the steepest increases. The Food & Drink Federation's latest forecast predicts that food and non-alcoholic inflation will reach 3.9% in December 2026, putting the inflation rate over 2026 at 2.8%. Looking ahead, they predict inflation to reach 5.5% in 2027, peaking at 6.4% in July 2027. The slowdown in food inflation in recent months has been surprisingly strong, but this trend is likely to reverse as manufacturers face rising costs across energy, ingredients, transport, logistics and packaging.¹

We believe environmental policy should achieve its intended environmental outcomes while also considering affordability and the potential cumulative impact on the price of everyday goods.

Our Ask of Government

There is a strong case for Government to take a more holistic view of the packaging policy landscape. We would particularly welcome the opportunity to discuss with you:

- how the different packaging measures interact in practice and where unintended consequences have emerged
- whether the cumulative cost and administrative burden on businesses is proportionate to the real environmental benefits being sought
- how Government can provide greater certainty for businesses making long-term investment and packaging decisions
- how the different regimes can be better aligned to create operational efficiencies with clear and consistent incentives for innovation, recyclability and the reduction of packaging waste (especially as the Deposit Return Scheme goes live for drinks manufacturers next year), and
- how the real impact of these measures on consumer prices can be understood and appropriately taken into account in future policy development.

British Brands Group members, plus those of the organisations supporting this letter, have significant experience of redesigning packaging, investing in more sustainable materials, engaging with supply chains and responding to consumer expectations. They are well

¹ Food & Drink Federation. UK Food Inflation Forecast 2026 – 2027:
<https://www.fdf.org.uk/fdf/resources/publications/reports/uk-food-inflation-forecast-2026-2027-later-and-longer/>

placed to identify where policy is working as intended and where the interaction between different measures risks producing unintended outcomes.

I would be pleased to meet with you, alongside representatives of our membership and other signatories of this letter, to explore how Government and industry can work together to deliver environmental improvements while maintaining a competitive business environment and protecting consumer choice and affordability.

I look forward to working with you.

Yours sincerely,



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Chief Executive
British Brands Group

Cc. Chris Bloore MP for Redditch. Member of the Business, Innovation, Science and Trade Committee

Letter signatories:

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Absorbent Hygiene Products Manufacturers' Association

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Appendix One - Inflationary Effects from EPR for Common Packaged Goods

Large Supermarket Chain – One

Washing Up Liquid (320 ml)	Branded beans (415 g)
33.0 grams plastic ²	51 grams steel ³
£1.00 Tesco	£5.25 (6 x 415 g) Tesco
£1.00 each	£0.88 each
1.6 pence EPR fee	1.6 pence EPR fee
1.6 % current price	1.8 % current price

Large Supermarket Chain – Two

Own Brand Baked Beans (410 g)	Own Brand Chopped Tomatoes (400 g)	Own Brand Washing Up Liquid (500 ml)	Own Brand Semi- Skimmed Milk (1 pint)
49 grams steel	48 grams steel	26 grams plastic	16 grams plastic
£0.45 each	£0.45 each	£0.55 each	£0.90 each
1.49 pence EPR fee	1.46 pence EPR fee	1.26 pence EPR fee	0.78 pence EPR fee
3.31 % current price	3.25 % current price	2.29 % current price	0.86 % current price

² DEFRA illustrated base fee for plastic £485 per tonne

³ DEFRA illustrated base fee for steel £305 per tonne

Own Brand Spaghetti (500 g)	Own Brand Sliced Loaf (800 g)	Own Brand Seedless Green Grapes (400 g)	Sugar (500 g)
5 grams plastic	7 grams plastic	20 grams plastic	6 grams paper ⁴
£0.28 each	£0.47 each	£2.00 each	£0.89 each
0.24 pence EPR fee	0.34 pence EPR fee	0.97 pence EPR fee	0.129 pence EPR fee
0.86 % current price	0.72 % current price	0.49 % current price	0.14 % current price

Other retailers

Breakfast Spread (340 g)	Alternative Milk (1 litre)	Pre-Packaged Potatoes and Vegetables (450 g)
203 grams glass ⁵ jar & 11 grams steel lid	47 grams fibre- composite & plastic ⁶	15 grams plastic & 7 grams card
£2.25 each	£1.75 each	£4.00 each
5.21 pence EPR fee	2.14 pence EPR fee	0.88 pence EPR fee
2.31 % current price	1.22 % current price	0.22 % current price

⁴ DEFRA illustrated base fee for paper £215 per tonne

⁵ DEFRA illustrated base fee for glass £240 per tonne

⁶ DEFRA illustrated base fee for fibre composite £455 per tonne