# Food industry urges government to delay EPR packaging tax amid soaring inflation



Food industry leaders have come together in a desperate call for the government to delay the implementation of the extended producer responsibility (EPR) packaging tax, warning of its potential to fuel inflation and stifle economic growth. With food inflation hitting alarming levels, the British Retail Consortium (BRC) cautions that this tax could exacerbate the financial strain on already beleaguered consumers. In May, food inflation surged to 17.3%, marking the third-highest rate since 2008 and squeezing household budgets tighter than ever. BRC chief executive Helen Dickinson stated, "It is no surprise that inflation is rearing its head once again," while retailers brace for impending costs estimated at £2 billion from the new tax.

The coalition urging for a halt to the EPR spans a broad spectrum of hospitality and drinks industry players, including UKHospitality and the British Beer & Pub Association. In their letter to the Prime Minister and Chancellor, they voiced strong concerns over the financial impact the EPR will have on pubs and restaurants, which are already grappling with soaring operating costs from National Insurance contributions and other regulatory changes. The group argues that the government has ignored the rapid rollout of this tax and its dire repercussions for business prospects. “There is a widespread belief that this legislation is being introduced far too quickly, with the burdens on businesses and their implications for growth being brushed aside,” the letter asserts.

Looking ahead, the cautious optimism about postponing the EPR is juxtaposed with past instances where the government has buckled under industry pressure to defer similar initiatives. A previously proposed £1.7 billion plastic packaging tax was delayed in late 2024 following extensive lobbying from food and drink organisations. This keen contrast raises doubts about the expeditiousness of such policies, particularly at a time when inflation is rising and economic stability hangs in the balance.

As retailers brace for impending challenges, they anticipate costs could balloon by £7 billion due to a series of new levies, encompassing the EPR, increased National Insurance contributions, and escalating minimum wage thresholds. The BRC warns that these combined changes could escalate consumer prices and trigger job losses, particularly among entry-level positions. The overwhelming call for government intervention regarding the phased implementation of new regulations underscores the urgent need for a thoughtful examination of the broader economic consequences prior to advancing such policies.

Recent figures accentuate the severity of the inflation dilemma, with UK food prices skyrocketing by 19.1% in early 2023, influenced heavily by external pressures such as the conflict in Ukraine and persistent labour shortages. These ongoing challenges highlight the fragile state of household finances; the total impact of food price inflation since the pandemic has reached a staggering 26%. As families are forced to adapt to rising costs—often opting for supermarket own-brand products to manage their budgets—this trend offers little relief from the crushing inflationary pressures they face.

As the October deadline for the EPR looms closer, the urgency of addressing these concerns intensifies. Retailers and hospitality suppliers are keenly attuned to developments, hoping their collective voices will resonate in a climate rife with policy contention and economic uncertainty. The stakes are undeniably high—not only for businesses confronting added financial burdens but also for families already overwhelmed by skyrocketing living costs in these uncertain times.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.thegrocer.co.uk/news/chancellor-faces-new-industry-call-for-delay-to-packaging-tax/704901.article> - Please view link - unable to able to access data
2. <https://www.theguardian.com/business/2024/oct/05/british-food-firms-lobbied-to-defer-17bn-plastic-packaging-tax-documents-reveal> - In October 2024, it was revealed that major UK food companies successfully lobbied to delay a £1.7 billion plastic packaging tax. The tax, intended to improve recycling rates and reduce plastic pollution, was postponed for a year following industry complaints about the financial burden. The delay was influenced by trade bodies representing hundreds of food and drink companies, who argued that the rapid implementation of the tax could negatively impact business growth and investment. The government acknowledged the concerns and agreed to defer the charges, which could reach up to £605 per tonne of packaging.
3. <https://www.ft.com/content/e5ed2e6e-0c00-4399-9acd-ac193a801623> - In February 2025, Marks and Spencer faced a £40 million annual sustainability tax bill due to new packaging levies under the Extended Producer Responsibility (EPR) scheme, set to begin in October. The EPR scheme, aimed at reducing unsustainable packaging, was expected to generate £2 billion annually from UK retailers. The British Retail Consortium (BRC) warned that these additional costs would place significant financial pressure on the industry, potentially leading to higher consumer prices and job losses. Retailers have called for the government to delay the implementation of these levies to mitigate adverse economic impacts.
4. <https://www.reuters.com/world/uk/uk-retail-warns-inflation-job-losses-budget-seeks-reeves-meeting-2024-11-19/> - In November 2024, major UK retailers, coordinated by the British Retail Consortium, expressed concerns to Finance Minister Rachel Reeves about the potential negative impacts of the recent budget. The budget included increased National Insurance contributions, lower earnings thresholds, and higher minimum wages, along with impending higher business rates and new packaging levies. Retailers warned that these changes could escalate annual costs by £7 billion, leading to higher inflation, reduced pay growth, store closures, and job losses, particularly affecting entry-level positions. They sought government action to phase in the new regulations and delay packaging levies to mitigate these potential impacts.
5. <https://www.ons.gov.uk/economy/inflationandpriceindices/articles/foodandenergypriceinflationuk/2023> - In March 2023, the Office for National Statistics reported that UK food and non-alcoholic beverage prices experienced an annual inflation rate of 19.1%, the highest in over 40 years. This surge was attributed to supply disruptions caused by the Russian invasion of Ukraine, labour shortages leading to unharvested crops, and adverse weather conditions in Europe and North Africa. The UK had the second-highest food price inflation among G7 economies, following Germany. The cumulative increase in food prices since the pandemic was 26%, similar to the US, where food prices rose by 25% during the same period.
6. <https://www.theguardian.com/business/2023/may/23/uk-food-price-inflation-shoppers-kantar> - In May 2023, the British Retail Consortium reported that UK food price inflation reached 17.3%, marking the third-highest rate since 2008. The report highlighted that the average cost of four pints of milk had increased by 30p compared to the previous year, reaching £1.60. The persistent high food and drink prices added an extra £833 annually to shoppers' bills. Despite some consumers turning to supermarket own-brand products to manage costs, the overall inflationary pressure remained significant, prompting concerns about the impact on household budgets.
7. <https://www.foodmanufacture.co.uk/Article/2023/03/22/food-inflation-hits-highest-level-in-45-years/> - In March 2023, Food Manufacture reported that food and drink inflation in the UK accelerated to 18.2% in the year to February 2023, the highest level in 45 years. The Office for National Statistics attributed this increase to significant price movements in vegetables, bread and cereals, chocolate and confectionery, ready-meals, sauces, and hot beverages. The Food and Drink Federation expressed concern over the disproportionate impact of rising input costs on the sector compared to other UK businesses and called for more government support to address these challenges.