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Latte levy risks UK jobs and £819m blow to the economy

New economic research claims 25p recyclable paper cup levy could cost to the economy of £819m and 11,000 jobs in the coffee retail sector. Existing research suggests as few as 5.7% of consumers will switch to re-usable alternatives whilst 8% may choose not to make a purchase.

- **100% of paper cups manufactured in the UK are completely recyclable**
- **Five recycling facilities in the UK can recycle all cups sold on UK high streets**
- **130,000 people are employed in coffee economy**
- **Waste management companies and councils need to do more to get recyclable paper cups to the recycling plants**

The first major study into the economic consequences of a proposed 'latte levy' has found that a tax could cause up to 11,000 job losses and wipe £819m from the UK economy through lost sales and the impact of redundancies.

Independent analysis by environmental research consultancy Ecuity on behalf of the Paper Cup Alliance found that the costs associated with a tax on recyclable paper cups may hugely outweigh the quantifiable benefits. A 25 pence tax on recyclable paper cups, the most frequently suggested level, could according to existing research reviewed by Ecuity result in just 5.7% of consumers switching to re-usable plastic cups or crockery with a greater number (8%) of consumers simply choosing not to make a purchase at all.

The latte levy raises the prospect of redundancies at manufacturing sites in towns such as Wrexham, Gosport and Huntingdon.

Currently paper cups make up just 0.7% of total paper packaging waste and the typical person purchases 156 hot drinks per year on average

The Paper Cup Alliance (PCA), an industry group representing the UK's eight main paper cup manufacturers and suppliers and the 1,700 skilled UK jobs directly created by the sector, is urging the Government to fully consider the economic and social impact of a crackdown on paper cups that are 100% recyclable.

100% of the paper cups produced in the UK are fully recyclable, made from wood fibre from sustainable forests and meet the most stringent health, safety and food hygiene regulations, to keep consumers safe – particularly important when supplying hospitals, schools and care homes.

There are now five paper cup recycling facilities in the UK. One facility in Kent, recently announced the capacity to recycle up to 2.5 billion coffee cups –the amount UK consumers use every year

There are currently 4,000 paper cup recycling points across 92% of UK local authorities. The PCA believes that this number must be increased with waste management companies and local councils putting better infrastructure to get recyclable paper cups from the bin to the recycling plant.

Industry action plan on cup waste

The PCA is today launching a five-point industry action plan:

- Boost the number of cups recycled to 85% by 2030, a target in line with other recyclable paper products.
- Effective collection – increase the number of bins in public places from high streets to stadiums, transport hubs to music festivals.
- Effective sorting – consistent standardised approach across waste management companies and local authorities on separating recyclable materials and transporting them to recycling plants.
- Consistent labelling – clear information for the consumer on how and where paper cups are recycled, from public places to collection outside their front door.
- Campaign to raise awareness that paper cups are 100% recyclable.

Rather than damaging a successful British manufacturing sector, the PCA industry action plan calls on Government, local authorities, and other concerned parties to increase the number of bins available to recycle paper cups and mechanisms to transport them to the five cup recycling facilities.

It also seeks to work with retailers to develop a clear and consistent labelling scheme for their branded cups that will inform consumers about their recyclability.

Mike Turner, Spokesperson for the Paper Cup Alliance, said:

“This research should come as a sharp wake up call to policy makers and politicians calling for a latte levy. More can and should be done to increase paper cup recycling rates, but this needs to be balanced against the devastating impact that a 25 pence tax could have for thousands of people working in the British cup manufacturing industry, the towns they are based in, and the wider supply chain.

“This year alone we have installed 426 extra cup recycling bins across the UK, and they can now be found in 92% of local authorities. However, to quickly boost these numbers further we need a wholesale commitment from Government, councils, waste management contractors and other concerned groups to get more paper cups to the recycling plants.

“Further investment in infrastructure is the only way we can meet our important environmental obligations without dealing a blow to the UK manufacturing sector and our already struggling high streets.”

Chris Stemman, Executive Director of the British Coffee Association, said:

“Whilst very supportive of increasing the volume of coffee cups being recovered and recycled, we do not believe that a latte levy is the right solution. Paper cups, including coffee cups, make up just 0.7% of paper waste and any tax would be unfairly targeting coffee drinks to pay to fix an entire recycling system for all packaging. The Paper Cup Alliance’s report is cause for concern and highlights again that just because policies such as the 5p carrier bag charge have been associated with some positive impacts in reducing plastic bag use, it does not mean that this will necessarily happen in other areas such as paper cups.”
“The UK coffee industry is committed to supporting all circular economy principles, including those around packaging and waste. We support the scaling up of all recycling processes and infrastructure in the UK as the only sustainable way of creating a circular economy around paper cups, so that they are captured and recycled.”

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Notes to editors

About the Paper Cup Alliance

- The Paper Cup Alliance (PCA) is made up of the UK's eight main paper cup manufacturers and suppliers, employing over 1,700 people across the country.
- The group was formed in 2017 to coordinate industry efforts to address the issue of paper cup recycling.
- PCA members are working hard to increase recycling in the UK through a variety of initiatives and through supporting the right behaviours.
- It aims to better communicate the industry's efforts on paper cup recycling to reassure stakeholders that the industry takes its environmental responsibilities seriously.
- PCA members are part of Pack2Go, the European Association for convenience food packaging, but are specifically focused on the issue of paper cups in the UK.

About the research

- The Paper Cup Alliance (PCA) contracted Ecuity to develop an economic model analysing the impact of the introduction of a consumer levy on disposable paper cups commonly used for retail of coffee, tea and other hot drinks.
- Ecuity is a team of energy and environmental policy and market experts. The company has detailed understanding of key issues impacting the energy and environmental sector.
- The economic modelling in this research is based on a literature review of available research covering consumer responsiveness to changing coffee prices, take-away food and other drinks. This research yielded an average value of -0.8355, i.e., for every 1% increase in hot drink price, demand drops by around 0.84%.
- Copies of the report are available upon request.