



Tackling the plastic problem: Using the tax system or charges to address single-use plastic waste

Tobacco Manufacturers' Association response to HM Treasury's call for evidence

18th May 2018

Key points

1. Cigarette filters are not made of a petrochemical plastic and so should not be considered under the scope of this call for evidence.
2. Cigarette filters are made of cellulose acetate fibre which is a sustainable component derived from plant cellulose (wood pulp).
3. Fiscal measures to address smoking related waste would be unlikely to raise additional revenue and may promote the illicit trade in tobacco.
4. The Tobacco Manufacturers' Association (TMA) alongside individual members make significant efforts to change consumer behaviour towards smoking related litter and to tackle the issue directly.

Some TMA member companies may take differing views on specific technical aspects of this document.

The materials in tobacco products

HM Treasury's call for evidence lists various products as examples of single-use plastics such as coffee cups, stirrers and cigarette filters. Whilst these products fall under the umbrella term of "single-use plastics", they offer fundamentally different propositions and there is a clear difference between them in terms of time taken to break down.

Unlike plastic bottles which are petroleum-based and derived from fossil fuels, reportedly taking hundreds of years to break down, cigarette and other tobacco filters are not made from petrochemical plastics.

1. Cellulose acetate is the primary component (+90%) of cigarette and other filters but is not a petrochemical derived plastic.

Cellulose acetate fibre is derived from plant cellulose (wood pulp) - one of the most readily available renewable materials on the planet, and it is biodegradable. Various studies estimate that used cellulose acetate filters take between a matter of months and 15 years to disappear when disposed on the soil surface, depending on the ecology and conditions of the soil. Degradation processes at the upper end of that spectrum for cellulose acetate can take several years in environments without any significant biological activity such as sealed surfaces or sand, however, this is the case for almost every material, including paper.

In contrast, petrochemical-based plastics (such as polyethylene terephthalate (PET) widely used in plastic bottles and packaging) will take a minimum of 450 years¹ to degrade. This comparison clearly demonstrates the magnitude of difference between the types of plastic products listed in the call for evidence.

Given its different chemical structure, uses and period of decomposition, products that use cellulose acetate, such as cigarette filters, should not be considered under the blanket term, single-use plastics.

The use of cellulose acetate in filters needs to be viewed in context:

2. When evaluating the issue of waste and resource use based on weight, cigarette filters are a relatively small contributor to the problem. Given this, the Government should prioritise its action on single-use petrochemical plastics, and not on sustainably sourced and degradable cellulose acetate products such as filters which have less collective mass.

The House of Commons Environmental Audit Committee recently noted that 5.5 billion plastic bottles are landfilled every year and 700,000 are littered every day². These bottles use many more man made resources than a cigarette filter as a typical 500ml bottle contains 23g-25g³ of plastic (compared to approximately 0.2g of cellulose acetate per filter).

On this basis, each year approximately 132,000 tonnes of un-degradable plastic bottles alone are landfilled in the UK compared to around 5,000-6,000 tonnes⁴ of degradable cigarette filters.

Again, this shows there is a clear difference between the use of cellulose acetate cigarette filters and petrochemical-based food and drink containers. The impact of focusing on cellulose acetate filters will have limited impact on consumer behaviour and will not have any significant fiscal benefits to the Exchequer.

¹ https://www.des.nh.gov/organization/divisions/water/wmb/coastal/trash/documents/marine_debris.pdf

² <https://publications.parliament.uk/pa/cm201719/cmselect/cmenvaud/339/339.pdf>

³ <http://www.wrap.org.uk/sites/files/wrap/Esterform%20packaging%20final%20report.pdf#page=6>

⁴ TMA estimate based on cigarettes consumed in the UK

The impact of e-cigarettes

3. The industry actively promotes choice for adult consumers between e-cigarettes and tobacco products⁵ which has probably increased the decline in cigarette consumption and arguably has had more of an effect on the use of cigarettes and the littering of cellulose acetate filters than any media campaign could deliver. The positive impact of e-cigarettes on litter issues was acknowledged by HM Government in its recent Litter Strategy for England⁶.

Using the tax system to address the use of cigarette filters is flawed

4. In contrast to the other items mentioned in the consultation as being commonly recognised as single-use plastics, cigarette filters are most commonly sold with, or as part of, tobacco products which are subject to high levels of excise duty.
5. The Government collects approximately £11.5 billion per annum in tobacco and VAT from the tobacco industry⁷ as well as significant amounts from other taxes such as corporation tax.
6. Any additional tax or levy would likely be passed on to consumers, equivalent to an excise tax rise. Tobacco Duty was raised twice in 2017 and a minimum excise tax was introduced; additional across the board tax rises would likely grow the illicit trade which already represents more than one in every seven factory made cigarettes consumed in the UK⁸ (2016-17).
7. Previous suggestions that a similar levy should be placed on the tobacco industry have been rejected by the Government. HM Treasury previously found that “a levy of £150 million [on the tobacco industry] would only raise £25 million after behavioural effects⁹” (such as shifting to the illicit and cross border tobacco markets). And, similar to this proposed industry levy, it is likely that any further levy would raise little to no revenue once behavioural effects are taken into account.
8. Private sector evidence supports the view that any form of levy on the tobacco industry would be counterproductive. Oxford Economics has previously estimated that a £100 million levy on the industry could result in a net loss of £28 million once behavioural impacts are considered¹⁰.

⁵ <http://www.vapril.org/>

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https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/630999/litter-strategy-for-england-2017-v2.pdf#Page=32

⁷ TMA estimate

⁸ HMRC, 2017, Measuring Tax Gaps, Tobacco Tax Gap Estimates

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https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/464795/PU1814_Tobacco_Levy_final_v3.pdf

¹⁰ Oxford Economics, January 2015, The Estimated Impact of a Windfall Tax on Tobacco Manufacturers' Profits

9. Hypothecated taxes are notoriously disliked by economists as they lead to an inefficient way of raising and spending taxes and so are just an “exercise in deceiving voters”¹¹.
10. A tax or levy may also encourage littering by leading smokers to believe they have ‘paid’ for the clean-up.
11. Fiscal measures would fail to tackle the root of the issue which is inappropriate consumer disposal of cigarette filters. A more appropriate societal mechanism would disincentives consumers from disposing of cigarette filters on the streets in the first instance.

Plastics in tobacco product packaging

12. Cigarette packs are wrapped in a plastic film including a tear strip which is removed to open a new pack, this reassures customers that their pack has not been tampered with. The plastic film also protects the tobacco from losing moisture, which is important in maintaining product quality during transportation and storage.

The industry is looking into biodegradable materials however currently such materials do not sufficiently protect the product and cannot be used as an alternative.

13. A voluntary agreement between the four major tobacco companies and HMRC led to the introduction of on-pack security features in 2007. This security feature is applied to the tear-strip, which when read by a bespoke scanner can determine a cigarette or hand rolling product’s authenticity. As such, the integrity of the plastic outer packaging is very important for tobacco duty fraud enforcement purposes. HMRC and a majority of Trading Standards teams across the country have access to the appropriate scanner to read this covert security feature.

The tear strip may also be relevant to the implementation of Article 16 of the European Union’s revised Tobacco Products Directive (TPD)¹² which requires tobacco packs to have 5 security features (comprised of a combination of overt, covert and semi-covert) from May 2019. It is a possibility that one or more elements of the security features may be placed on the outer wrap further raising the importance of a robust packaging material.

14. This plastic film is used in a relatively small quantity such that its use is not comparable to the volume of plastic in drinking bottles or food packaging¹³.
15. Fiscal measures placed on the tobacco industry based on their use of plastic wrappings would suffer from the same flaws as if it were based on the use of cellulose acetate cigarette filters.

The industry position on smoking related waste

¹¹ Paul Johnson, Institute for Fiscal Studies, 22nd January 2018, [Earmarking a tax to pay for the NHS alone is not a healthy option](#)

¹² Directive 2014/40/EU

¹³ Based on similar calculations to those noted earlier.

16. The UK tobacco industry encourages consumers to be responsible with their used cigarette filters. However, it has to be acknowledged that some consumers continue to fail to dispose of them responsibly.
17. And so it is appropriate that efforts to change behaviour are focussed on individual consumers, businesses (e.g. pubs who can be forced to clear litter from their premises)¹⁴ and local authorities who can provide appropriate refuse and recycling infrastructure. The following section details how the industry goes about this.

The industry has and continues to try to promote behaviour change

18. The TMA alongside its members undertake a wide range of measures designed to educate consumers and promote responsibility. Particularly, it has acted on the two recommendations from the CLG committee's 2015 *Litter and Fly Tipping* report¹⁵.
 - Further production of stub tidies¹⁶ which are given out free at the point of sale. The industry works with a range of partners to produce and distribute stub tidies for example recently with the Scottish Grocers' Federation^{17,18}.
 - Support for the development of the innovative ballot bin including a fund to support their sale across the UK. This reflected the committee's desire for greater 'binrastructure'. They support behaviour change by reframing the act of responsibly disposing of used cigarette filters as social voting system (see image).



Thus far, over 900 have been distributed following a successful trial in Villiers Street, London and they have been shown to cut down litter by almost 50%¹⁹.

- The Ballot Bin has been enormously popular especially on social media which further raises awareness of the issue of littering and waste which supports this behaviour

¹⁴ "In the UK shop owners can be asked to tidy up their perimeter under the Street Litter Control Notices Order 1991." <https://publications.parliament.uk/pa/cm201415/cmselect/cmcomloc/607/607.pdf#page=17>

¹⁵ <https://publications.parliament.uk/pa/cm201415/cmselect/cmcomloc/607/607.pdf#page=13>

¹⁶ Small pouches in which smokers can hold their used cigarette butts until they find a suitable refuse point.

¹⁷ http://the-tma.org.uk/wp-content/uploads/2017/03/TMA-Litter_Briefing_Sheet_hi-res.pdf

¹⁸ <https://www.edinburghnews.scotsman.com/our-region/edinburgh/scotmid-offering-free-cigarette-stub-tidies-for-hogmanay-1-4649928>

¹⁹ http://the-tma.org.uk/wp-content/uploads/2017/03/TMA-Litter_Briefing_Sheet_hi-res.pdf

change project. For example, one post about the Ballot Bin by actor Ewan McGregor received over 33,700 'likes'²⁰.

19. The TMA and industry has also undertaken to:

- Work with local authorities where possible: South Holland case study²¹
 - i. The TMA has worked with South Holland District Council (SHDC) in recent years in supporting efforts to tackle smoking related litter as part of the council's Pride in South Holland campaign.
 - ii. The partnership is endorsed by the leader of SHDC, Cllr Lord Porter, Chairman of the Local Government Association.
 - iii. With TMA support the council has: procured a glutton (outdoor vacuum cleaner) machine which has made efficient work of cleansing large areas of small litter; a specific Pride of South Holland officer has been deployed to engage the community to inform them of the campaign and to seek to change their behaviours where appropriate.
- Work with local Business Improvement Districts' behaviour change schemes where possible. For example in Liverpool and Edinburgh.
- Support work on end of life solutions to cigarette filters. For example, Terracycle²² who are an innovative recycling company that turns used filters into a usable solid material.
- Support Hubbub's campaigns including For Fishes' Sake which focussed on raising awareness of the issue of river pollutants and encouraging responsible disposal of litter²³.
- Developing a partnership in 2018 with Scottish Town Centre Partnerships looking at innovative ways to discourage littering in Scottish towns.

The industry would like to do more but is limited to an extent on this issue by a number of regulations.

20. Certain regulations or their misinterpretation hinder the industry from doing more or exacerbate the problem:

- The UK tobacco industry was, and continues to be, excluded by Defra from playing a role in the development and delivery of the Government's litter strategy due to the incorrect interpretation by Government of non-statutory guidance stemming from the WHO Framework Convention on Tobacco Control.

²⁰ <https://www.instagram.com/p/BJKQMA7DurL/?hl=en>

²¹ For more info see: http://the-tma.org.uk/wp-content/uploads/2017/03/TMA-Litter_Briefing_Sheet_hires.pdf

²² For further information see: www.terracycle.co.uk

²³ <https://www.hubbub.org.uk/Event/ffs-dont-drop-litter>

- The Local Government Declaration on Tobacco Control (LGDTTC) is frequently incorrectly interpreted as preventing the Industry from working with some local authorities to tackle the issue of littering (despite HMG guidance in the litter strategy). The TMA has taken legal advice that the LGDTTC does not preclude local authorities from working with the Industry on litter issues.
 - a. This has also led to disengagement by some environmental groups²⁴ who may lose the ability to work with local authorities if they work with the Tobacco Industry on litter issues.
- Standardised 'plain' packaging legislation prevents the Industry placing any anti-littering messages on the pack as were in place previously. For example, the 'Tidy Man' logo used to be placed on tobacco packs but this 'nudge' would no longer be allowed.

Conclusion

Cigarette filters are made of cellulose acetate, not a petrochemical plastic, and so should not be considered within the scope of this call for evidence. Market-driven developments, such as the emergence of e-cigarettes, are contributing to the reduction in cellulose acetate use for cigarette filters.

Fiscal measures to address the use of cellulose acetate would, in any case, be unlikely to achieve their intended outcomes and may also have significant unintended negative consequences.

The tobacco industry makes efforts to encourage consumers to dispose of their tobacco litter responsibly but is hindered by a number of regulations.

²⁴ As noted by Keep Britain Tidy in CLG Select Committee report, <https://publications.parliament.uk/pa/cm201415/cmselect/cmcomloc/607/607.pdf#page=14>