Budget 2025 Submission from the Cosmetic, Toiletry and Perfumery Association (CTPA)
October 2025

Summary

- No new taxes on business. Such action on the cosmetics, personal care and beauty sectors will have an impact on consumers.
- Build stronger relationships with our largest trading partners, including Regulatory Cooperation with the EU on chemicals under the TCA. Also drive forward further FTAs which expand global market access.
- Strengthen, reinforce and update the UK Cosmetics Regulation, while maintaining its risk-based principles.
- Reduce regulatory costs and burdens, while continuing to protect consumers and the environment.
- Significantly reduce the costs and burdens of UK REACH for transitional chemicals by simplifying the current proposed ATRm model in advance of the new deadlines.
- Significantly reduce the costs and burdens of packaging EPR by removing national data requirements and ensuring the new industry-led PRO can run the new system in the most cost-efficient way, while achieving its goals. Look to digital labelling as an opportunity to meet the increasing demands for consumer information.
- No new additional EPR burdens on industry. Do not take forward any proposals for an unnecessary and potentially highly damaging EPR scheme, such as for quatenary water treatment. Ensure that if investments are required at any stage in the future, these are going to guarantee the policy outcome, are fully costed to ensure affordability, value for money and efficiency.
- Drive higher exports – prioritise export promotion in DBT and our Embassies globally.
- Bring back tax free shopping as a boost to the UK tourism, beauty and cosmetics sectors, retail and hospitality.

Full Submission to HM Treasury for the Budget 2025 – 15 October 2025
From the Cosmetic, Toiletry and Perfumery Association (CTPA)

Introduction

The UK cosmetics, beauty and personal care sector is a highly innovative, creative, skilled and successful industry, worth over £10 billion[1], by retail value, and grounded in science with a powerful drive for sustainability.

The industry offers employment opportunities for a range of backgrounds, including scientific and technical expertise and highly skilled manufacturing roles. The UK workforce directly supported by the personal care industry increased by 10% to 418,000 in 2023, compared with 2022 figures[2].

Across all channels of economic impact in 2023, the industry supported employment of 603,000, a 9% increase from 2022[2], thus providing opportunities for individuals from all walks of life to bring new trends and innovative ideas to the market and contribute to GDP.

We are an industry of growth and economic success. We have a country-wide presence; a high level of female employment and female leadership; a strong manufacturing sector in the UK; a high level of export and one of the largest numbers of SMEs of any country in Europe[3].

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[1] Kantar Worldpanel for CTPA, 2024. By value at retail sales price.
[2] Value of Beauty Report. (July 2024). Oxford Economics for the British Beauty Council.
[3] Market Performance Report 2023. (2024). Cosmetics Europe, the European personal care association.

We are a responsible industry that places consumer safety and environmental sustainability at the heart of what we do. Cosmetics legislation in the UK sets globally recognised high standards, allowing the industry to focus on investment and innovation. This is critical to our continued success and vital for the trust placed in us by consumers.

CTPA's membership represents over 85% of the UK market by retail sales value and comprises a mixture of world leading UK and global companies as well as many SMEs. Our products and brands are an essential part of our daily lives – used and valued by millions of people in every constituency, every day. As well as cosmetic products contributing significantly to our wellbeing, such as haircare, antiperspirant/deodorants and make-up, our products are also essential for our health, including soap, sunscreen and toothpaste.

Research[4] conducted for CTPA shows that:

- Almost three in four adults in the UK (72%) say cosmetics and personal care products are important for their self-esteem and confidence.
- 82% said they are important for self-care.
- 79% of UK adults class cosmetics and personal care products as important to their lives.
- 90% consider these products to be important for personal hygiene and for oral health.
- 88% consider sunscreens to be important for the health of their and their family's skin in providing protection from the sun.

Many cosmetic products contribute positively to self-care. At a time when the population is living longer, and often in poorer health, we are seeing growing pressure on healthcare systems and a rise in economic inactivity. The consumer healthcare sector, through a singular focus on self-care, empowers people to take better care of their own health. Keeping people healthy, and in work, will not only reduce pressures on the NHS, but also support a rise in productivity.

Specific Recommendations to Increase Growth and Reduce Regulatory Costs and Burdens Whilst Protecting Consumers and the Environment

1. **No New Taxes on Business**

ASK: It is critically important that in the Budget in November 2025 there are no new or additional taxes on business or employment affecting the cosmetics and beauty industry.

The impact of the increase in the 2024 Budget on employer NICs, increased National Living Wage and separately the planned employment law reforms, together with the fees for the new packaging Extended Producer Responsibility (pEPR), have all increased costs for business.

New and additional taxes will mean reduced investment into research and development, impacting the sector's ability to innovate, to offer our consumers cutting-edge products and remain globally competitive.

2. **Trade policy, export promotion, regulatory cooperation and reducing Non-Tariff Barriers to Trade**

ASK: It is important to ensure far stronger UK/EU economic relations, regulatory co-operation and compatibility in order to enable the industry to grow faster and be more competitive.

CTPA has been pleased to work with DBT and with UK Embassies around the world, including in China, the US, India, Indonesia, and with many other countries, on reducing both tariff barriers and technical barriers to trade for cosmetic products. CTPA was given the opportunity to speak on behalf of the industry in the original Trade Advisory Groups, now Insight Forums, which provided

[4] Survey conducted for CTPA by Opinium Research on a nationally and politically representative sample of 2000+ UK adults, May 2024.

an avenue for the industry to obtain significant wins such as in the Australia, New Zealand and India FTAs. These agreements are essential for the long-term trading relationship in our sector.

CTPA is ready to step up this activity significantly working with DBT, UK Embassies and Consulates around the world. The potential for international growth of the cosmetics industry is there, and CTPA would like to explore how the UK Government's Trade Policy Strategy may enable the industry to continue its positive contribution to the UK's economic growth.

We understand that reductions in civil service headcount may mean cuts to the resources available to support UK exports. Given the imperative to increase UK exports to drive growth and productivity, we ask that resource is prioritised for UK export promotion, export support and reducing technical barriers to trade.

3. Better Regulation

ASK: That UK Government takes into account global supply chains and seeks close collaboration on packaging and labelling requirements, in terms of design and implementation date.

It is important that regulators understand how the cosmetics industry works and the timelines involved.

When regulatory changes are made, industry must be given sufficient time to make the changes and adjust; for example, long lead-in times to amend labels and formulations.

Business needs details and certainty, not broad intentions, in order to prepare in time. For example, re-formulation of a cosmetic product takes at least three years, if there are suitable alternative ingredients available. New labelling requirements can also take at least three years to implement. In particular, consideration must be made for the sell-through of existing products to avoid unnecessary waste.

4. The UK Cosmetics Regulation, Product Safety, the PSR and the PRAM Act

ASK: Continue to work with CTPA and the industry to strengthen, reinforce and update the UK Cosmetics Regulation, while maintaining its risk-based principles.

CTPA has worked intensively with DBT and OPSS officials in recent years to explain how the UK Cosmetics Regulation (UKCR) is the bedrock of the success of our industry. The UKCR is a scientifically robust regulation providing a very high level of consumer protection and it provides a level playing field for all companies placing cosmetic products on the UK market, meaning consumers trust our products, industry can work to a clear framework to deliver safe, essential products and our international trading partners know we can be trusted to deliver safe products.

We strongly support the Government's action to strengthen the safety of online marketplaces and this must be underpinned by legal clarity and rigorous enforcement. E-commerce in the UK has brought significant benefits to businesses and consumers alike. It is vital that this is not undermined by the risk of counterfeit and potentially unsafe products reaching UK consumers.

We are also interested in the opportunities the Product Safety and Metrology (PRAM) Act may present for the UK to remain competitive and compatible with our main trading partner, the EU. As for many sectors, the UK is still governed by EU regulation with regard to Northern Ireland, so it remains critical for the integrity of the UK internal market that the UK Government and the industry are able to keep pace with the changes taking place.

5. **UK/EU Regulatory Cooperation on chemicals**

ASK: Ensure regulatory compatibility with our largest trading partners, including Regulatory Cooperation with the EU on chemicals under the TCA.

CTPA has been working closely with the UK Government, DG Trade in the EU Commission, chemicals trade associations and the UK and EU TCA Domestic Advisory Groups (DAGs) to seek to initiate this autumn UK/EU Regulatory Cooperation on chemicals and REACH (Registration, Evaluation and Authorisation of Chemicals Regulation) as provided for already in the Chemicals Chapter of the UK/EU TCA. This would stimulate investment in the UK industry, reduce costs and regulatory burdens while improving the quality of information available to UK and EU chemicals regulators, ensuring safe and effective products for consumers.

As Defra, DBT and Cabinet Office colleagues are aware, formal, structured and regular UK/EU Regulatory Cooperation would reduce regulatory costs and burdens, remove barriers to investment, growth and exports and improve regulation for the benefit of all by improving the data and information available to UK and EU regulators. We are extremely grateful that Defra, DBT and the Cabinet Office have been supportive of this goal and we would like to offer every assistance to the UK Government – including our continued, direct engagement with the EU Commission, EU DAG and European trade associations – to seek to get agreement on this with the EU at the meeting of the TCA Specialised Committee on TBT on 23 October. Beyond this we ask that regular, structured meetings take place between relevant officials in the UK and EU to ensure that the sharing of scientific information, approaches and priorities becomes well-established and fruitful.

6. **UK REACH Alternative Transitional Registration model (ATRm)**

ASK: Significantly reduce the costs and burdens of UK REACH for transitional chemicals by greatly simplifying the current proposed ATRm model in advance of the new deadlines.

There is a significant opportunity to agree and implement a simple, low-cost approach to registration of transitional chemicals under UK REACH. We supported Defra's decision to consult on new deadlines this summer, and look forward to working with officials to secure 2.5 year deadlines for all tonnage bands within an Alternative Transitional Registration model (ATRm).

CTPA would welcome registration requirements for transitional chemicals (i.e. those that have previously already been registered under EU REACH before Brexit) which are greatly simplified compared with those previously consulted on by Defra during 2024.

Extending the deadlines would mean we can work in partnership to secure a future model that does not impose major costs and burdens on industry whilst still providing information on the chemicals, tonnages and uses of chemicals on the GB market, through a simplified approach. Such an approach would maintain the high level of protection to health and the environment currently offered, without imposing unnecessary costs on businesses, which impedes their growth. This approach does not weaken protections for GB consumers because these chemicals are already registered with EU REACH and have been on the market successfully for well over a decade and in many cases for many decades.

7. **Packaging Extended Producer Responsibility (pEPR)**

ASK: Significantly reduce the costs and burdens of packaging EPR by removing national data requirements and ensuring the new industry-led PRO can run the new system in the most cost efficient and least bureaucratic way, while achieving its environmental goals. Fees from pEPR must go towards improving infrastructure.

We are extremely grateful that Defra and PackUK listened to industry concerns and agreed to delay regulatory enforcement of Recyclability Assessment Methodology (RAM) data requirements under UK pEPR until April 2026. This has been essential for our industry, given the huge amount of data and the time involved in pulling all of the data together for the thousands of SKUs and complex packaging involved because of the nature of many cosmetic products. Companies managing large packaging portfolios need this time to carry out the necessary assessments, for the first time, and build confidence in their submissions. Guidance and the ability for industry to engage with PackUK on the accuracy of their classification and calculations has been of great benefit to reduce uncertainties.

CTPA has several other ideas that it would be happy to discuss with the Treasury, to help to ensure that pEPR achieves all of its sustainability and circular economy objectives while avoiding unnecessary costs, bureaucracy and regulatory burdens that hold back business and growth, and add to cost-of-living pressures and inflation.

While the delay in enforcement of reporting Nation Data, as outlined by the four nations, is noted, producers continue to face challenges in collecting accurate nation-specific data. This requirement adds huge administrative burden to an already resource-intensive reporting process and requires detailed data sharing across the supply chain. Nation Data are intended solely to inform recycling targets, and CTPA recommends exploring alternative mechanisms for informing these targets to ensure businesses are not disproportionately impacted by this requirement.

CTPA's Sustainability Strategy, pioneered in 2018, in partnership with Forum for the Future, works with members and other leading stakeholders to effectively create sustainable initiatives that include the drive towards a more circular economy. CTPA advocates for the thoughtful use of resources, reducing or removing unnecessary packaging, and the adoption of reuse and refill models where appropriate.

As an example, currently certain types of cosmetic packaging are not recycled owing to their size or complexity. CTPA is focussed on developing an industry-wide scheme, building on the work that many members have started, to collect and recycle packaging that has been collected through dedicated collection points or Take-back Schemes. CTPA member companies run schemes at their own cost and are willing to share insights into the breadth of these schemes across the UK.

CTPA recognises that with a more industry-wide approach, aligned with pEPR policy, the awareness of such schemes and quantity of packaging recovered can be increased and maximum value added to the material that is recovered. At present, however, there are still uncertainties around the practicalities of take-back schemes and their interaction with pEPR, such as the types of evidence required to substantiate schemes for the purposes of RAM classifications and self-managed consumer waste reporting. CTPA members require further guidance and reassurance that an industry-wide scheme will meet the stringent requirements of pEPR.

The cosmetics industry takes safety and sustainability as critical in its pathway for growth. The need to balance both, however, can sometimes create specific challenges for our industry. For example, packaging substitutions can take months or years to implement at scale due to the need to ensure that products remain safe for the consumer. The introduction of modulated fees aims to incentivise those companies that can change their packaging to more sustainable alternatives; however, the proposed escalating modulation factors over the next three years may create an uneven playing-field for those sectors where this move is not readily available or may take longer. CTPA recommends introducing the modulation system through a more gradual phased approach, with factors of 1.2, 1.3 and 1.4 in the first three years. This would provide businesses with sufficient time to adapt their packaging, after which the pace of escalation could be increased.

CTPA is supporting the application of FDF (Food and Drink Federation), INCPEN (Industry Council for Packaging and the Environment) and BRC (British Retail Consortium) to become the producer-led PRO (Producer Responsibility Organisation) for functions delegated by PackUK. At the time of writing, these delegated functions have not yet been agreed. CTPA would like to encourage Defra and PackUK to follow international or recognised best practices with regards to pEPR schemes and the functions that should be entrusted to producers.

Although labelling provisions were temporarily removed from the Regulations, they remain a significant concern for members. Given the sector's extensive labelling obligations, often on very limited packaging space, it is essential that all industries are consulted when changes to labelling are introduced. CTPA strongly encourages Defra and PackUK to work closely with stakeholders to develop practical and proportionate requirements that balance regulatory objectives with industry realities, including investigating digital solutions where appropriate.

The cosmetics industry is interested in the possible advantages of digital labelling as a way to enhance the use of technology, meet the increasing demand for consumer information and enhance consumer safety by communicating more closely with consumers. While cosmetic products have mandatory labelling requirements to ensure that consumers can purchase products with confidence, such as the ingredients list, claims and instructions for safe use and suitable warnings, the industry is concerned with the increasing amount of information which needs to be present on the product packaging. This includes those requirements regarding the disposal and recyclability of packaging linked with environmental legislation. At a time where cosmetic products are trying to reduce the amount of waste through initiatives like smaller product packaging and labels, the pressure to provide more information on pack contrasts significantly.

It will also be vital to ensure that EU-produced packaging can all be used in GB as well as NI and that no company is forced to produce different packaging on a different production line solely for use in GB to avoid unnecessary costs, burdens and loss of competitiveness and investment.

Investment in infrastructure to support the circular economy will help a wide range of sectors of the economy reduce costs while becoming more circular and more sustainable. It is vital that all of the fees from pEPR go towards new and improved infrastructure for recycling, reuse and greater sustainability, and must not be diverted elsewhere.

8. Independent Water Commission (IWC) recommendation on urban wastewater and review of whether there is a need for quaternary treatment

ASK: No new additional EPR burdens on industry.

We were concerned to see that under the recommendation by the Independent Water Commission (IWC) that the UK and Welsh Governments should update and reform the urban wastewater treatment regulations (UWWTR 1994), that an Extended Producer Responsibility (EPR) scheme could be considered for the water sector to possibly address micropollutants. This suggestion has been made with no consultation or discussion with our industry.

We believe there a large number of approaches the UK can take that will be more effective and less damaging than EPR. We would be pleased to discuss further.

CTPA strongly recommends that the Government does **not** take forward any proposals for an unnecessary, unfair and potentially highly damaging EPR for quatenary water treatment. Instead, the following actions should be taken if Government wishes to make progress on reducing specific micropollutants in wastewater, where there is strong scientific evidence of a problem that can be addressed cost effectively in wastewater:

- Significantly reduce Combined Sewer Overflows (CSOs) first. There is no point in spending time and money on quaternary treatment when so much raw sewage is going into UK rivers and seas without ever even reaching water treatment plants.
- Based on sound science, define what the problem of micropollutants in water actually is; what substances, at the end of their life, are found as micropollutants in urban wastewater; and which are causing genuine problems and issues.
- Review how best to reduce or stop these specific micropollutants getting into the water system in the first place. in a sector agnostic and cross economy approach.
- Take any actions in a phased approach, over time, making sure they are cost effective, to reduce or stop these micropollutants getting into the water system in the first place while avoiding regrettable substitutions that merely cost a lot of money while only substituting one problem for another.

- Ensure that if investments are required at any stage in the future, these are fully costed to ensure affordability, value for money and efficiency and are integrated into the regular Water Price Review process scrutinised by Ofwat or its successor.

The cosmetics industry has demonstrated that it is proactive, voluntarily acting on substances of concern. For example, on PFAS - even though alternative ingredients to PFAS are now widely available, meaning that their presence has been increasingly rare in cosmetic products over the last several years, Cosmetics Europe (the European personal care association), supported by CTPA, established a voluntary industry recommendation in 2023 that companies should no longer use intentionally-added PFAS ingredients after 30 December 2025.

9. **Tax Free Shopping**

ASK: CTPA, along with many other industries, is requesting the return of tax-free shopping in the UK to boost tourism spending in stores and at airports.

This will attract shoppers to the UK. It will encourage brands to do business and invest in the UK. It will also help UK companies and retailers at a time when they are still feeling the pressures and impacts of Brexit, the cost-of-living crisis and employer NI increases. Long-term, it will increase sales in the UK and could ultimately benefit the Exchequer through higher business sales, higher employment and higher corporation tax. We urge the Chancellor to commission a review of the impact of tax-free shopping.

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