BUDGET 2026 SUBMISSION FROM
THE COSMETIC, TOILETRY AND PERFUMERY ASSOCIATION (CTPA)
SEPTEMBER 2026

Summary

- **Reduce the cost of regulatory compliance and provide businesses with more breathing space to focus on innovation and growth after several years where the burdens and costs on businesses have been exceptionally high.**
- **Use a significantly simplified approach for the currently-proposed UK REACH ATRm and recognise all registrations of the transitional chemicals that have already been registered under EU REACH.**
- **Have stronger Regulatory Cooperation with the EU on chemicals and REACH under the current TCA and agree a UK/EU regulatory alignment deal on chemicals and cosmetics at the Autumn UK/EU Reset Summit, that would include REACH.**
- **Confirm a Green Recyclability Assessment Methodology (RAM) rating for mono-material tube packaging under Extended Producer Responsibility for Packaging (pEPR).**
- **Ensure all monies received from pEPR go towards improving recycling infrastructure, and must not be diverted elsewhere.**
- **Reduce the volatility of the Packaging Recovery Notes (PRN) market and address the dramatic rise in costs.**
- **Return tax-free shopping to the UK to boost tourism spending in stores and at airports.**

Full Submission to HM Treasury for the Budget 2026, from the Cosmetic, Toiletry and Perfumery Association (CTPA).

Introduction

CTPA (the Cosmetic, Toiletry and Perfumery Association) is the trade association representing the £12 billion UK cosmetics, beauty and personal care industry.

Industry Background

The cosmetics, beauty and personal care sector is an example of a highly innovative, creative, skilled and successful industry of growth, worth over £12 billion[1], in retail sales, in 2025, an increase of 5% on the 2024 value, and with a total of exports to the rest of the world in 2025 of £3.9 billiion[1]. It is an industry grounded in science with a powerful drive for sustainability.

CTPA's membership represents over 85% of the UK market and comprises a mixture of world leading UK and global companies as well as many SMEs. Members are spread across the whole of the UK, including brand owners as well as salons, spas and retailers on the High Street and manufacturing sites and distribution centres. Our industry's products are used and valued by millions of people every day. As well as cosmetic products contributing significantly to our wellbeing, such as skincare, haircare, antiperspirant/deodorants, fragrances and colour cosmetics, our products are also essential for our hygiene and health, including soap, sunscreen and toothpaste.

We are a responsible industry that places consumer safety and environmental sustainability at the heart of our activities.

[1] Circana Worldpanel for CTPA, 2025. By value at retail sales price.

The industry offers employment opportunities for a range of backgrounds, including scientific and technical expertise and highly skilled manufacturing roles. For 2025, the personal care industry was forecast to support employment of £681,000[2] across all impact channels, and it was estimated that the industry would support £9.4 billion in total tax contributions, of which £5.1 billion would be directly attributable to the industry[2].

Essentiality
Research[3] 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 we are seeing growing pressure on healthcare systems and a rise in economic inactivity. Focussing 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.

Challenges
Businesses, however, continue to experience a high burden and cost of regulatory compliance, along with a number of changes in Government direction, which impact their ability to innovate. Business needs breathing space and time to innovate and grow if the UK economy is to grow and afford the public services we all need. Companies also need confidence that there is long-term certainty and streamlined regulatory pathways in order to invest in their manufacturing and exports. CTPA would like to open dialogue between industry and Government on the challenges and barriers businesses are facing, and offer solutions.

CTPA's Specific Recommendations to the Treasury for the 2026 Budget:

Key Objectives:
Increase Growth
Give Businesses Breathing Space
Reduce Regulatory Costs and Burdens

1. **Cost of Regulatory Compliance**

CTPA ASK: Reduce the cost of regulatory compliance and provide businesses with more breathing space to focus on innovation and growth after several years where the burdens and costs on businesses have been exceptionally high.

Rationale and impact
Cosmetic products are strictly regulated and must be safe to use. CTPA strongly supports the UK Cosmetics Regulation and its robust risk approach to safety.

[2] Value of Beauty Report. (May 2025). Oxford Economics for the British Beauty Council.
[3] Survey conducted for CTPA by Opinium Research on a nationally and politically representative sample of 2000+ UK adults, May 2024.

We would, though, like to work with Government to reduce the burden of regulatory compliance often imposed by the current systems, e.g. major ingredient regulatory changes, pEPR fees, increased environmental reporting, National Insurance increases, employment law reforms, all in the middle of a cost-of-living crisis that has reduced consumer demand. In addition, it must be noted that post-Brexit border procedures continue to incur extra costs for business, such as customs declaration fees for every import to UK, export to Ireland and TSS (Trader Support Service) import to Northern Ireland.

We welcome the Government's Regulation for Growth programme[4], which intends to tackle the complexity and the burden of regulation by committing to cut administrative costs for business by 25%. We would like to ensure that cosmetic products and product safety are more widely included within this activity.

We have a number of proposals which will not only unlock time and investment for innovation, but will also help the industry keep costs down for consumers in a cost-of-living crisis, while of course maintaining high standards of safety and environmental protection.

These include the proposals in this Budget submission on UK REACH ATRm and on pEPR below. They also include transition periods where a cosmetic product or ingredient is phased out with no final deadlines for sell-through where products pose no safety risk. This approach would prevent wastage and the need to destroy products that are perfectly safe and functional at significant financial and environmental cost.

2. Simplify UK REACH

CTPA ASK: Adopt the solutions which have been proposed by the CTPA and the wider UK chemicals industry on the proposed UK REACH (Registration, Evaluation and Authorisation of Chemicals Regulation) legislation for the Alternative Transitional Registration model (ATRm). We are calling for the UK to recognise all registrations of the transitional chemicals that have already been registered under EU REACH and use a significantly simplified approach for the currently-proposed UK REACH ATRm . This approach would further the growth mission of the Government and reduce unnecessary costs and bureaucracy from regulatory compliance in a cost-of-living crisis, while continuing to ensure strong consumer and environmental protection.

Rationale and impact

CTPA, and the wider UK chemicals industries, have extremely serious concerns about Defra's proposals for UK REACH registration of chemicals under the ATRm and the requirement for companies to register up to 22,000 chemical substances in the UK that companies already registered under EU REACH for environmental and human safety. This duplication will provide no additional benefit to health and environmental protection in the UK and the estimated cost to UK industry stands at more than £500 million[5]. This £500m could instead be used to fund research and innovation within the UK chemicals and cosmetics sectors, which are major contributors to the UK economy and have strong UK manufacturing bases.

This current ATRm proposal reduces the UK's competitiveness and risks fewer companies being willing to pay the costs it would impose to access the UK market, leading to a decrease in UK business investment, potential reduction in imports and exports and a loss of some everyday products on the market for UK consumers. As well as the huge costs, there are also fundamental

[4] https://www.gov.uk/government/collections/regulation-for-growth

[5] Alliance of Chemical Associations (ACA), 2026

legal challenges for companies to access the required data, which have not been resolved by Defra. The UK cosmetics and chemicals industries currently need the time and space to innovate, invest and grow, rather than face unnecessary costs and burdens, with no additional benefit to health and environmental protection, especially in a cost-of-living crisis.

The proposed solution
The chemicals industry has put forward a practical solution which fulfils the 'no data, no market' legislative requirement of UK REACH. This solution is the recognition of all EU registrations, fully in line with the overarching UK objective to align more closely with EU regulatory decisions, and Government has already drawn on this approach in other areas of chemicals' regulation. This would be combined with a simplified approach to the ATRm to ensure that UK regulators still have access to information about which substances are placed on the GB market and in which quantities. Should a concern in relation to a specific chemical arise, UK regulators can ask the lead registrant of that chemical for additional information.

This lighter reporting mechanism can ensure that the UK Government receives the information it requires to prioritise assessment of chemicals, and industry can comply in a cost-effective way which supports the UK's competitiveness on a global stage. The transitional chemicals were all fully registered under EU REACH and so there is no benefit from demanding duplicative registrations for the UK only at great cost and expense, particularly when the UK and the EU are forging a closer relationship. This will also protect the resources of the regulators and ensure regulatory resources are available for other emerging priorities.

The proposed recognition approach would not remove the continuing obligations on manufacturers, importers and downstream users to understand hazards, assess risks and communicate appropriate risk-management measures through the supply chain. These are features in place already by virtue of the substances having been registered under EU REACH. This is all already communicated in substance safety data sheets.

Defra has already been clear that it will align with EU REACH risk management decisions, and only diverge in exceptional circumstances[6]. A core purpose of the REACH registration information is to prioritise substances for regulatory risk management. If Defra will adopt the same risk management measures as EU REACH, additional registration information in GB is not required.

However, should this be required in a specific case for a specific chemical, within the industry's proposal, regulators can retain risk-based powers to request targeted data where needed for prioritisation, compliance and enforcement. This would maintain protection for health and the environment and avoid the cost and additional database duplication by creating a separate UK database of more than 22,000 dossiers.

3. UK/EU Relationship

CTPA ASK: Stronger Regulatory Cooperation with the EU on chemicals and REACH under the current Trade and Cooperation Agreement (TCA), building on the UK/EU technical exchanges that have already taken place on anti-fouling chemicals and expanding these to other areas. Agree a UK/EU regulatory alignment deal on chemicals and cosmetics at the Autumn UK/EU Reset Summit that would include REACH. Any such UK/EU deal would require a transition period of several years and importantly must have a narrow scope, i.e. REACH.

[6] https://www.gov.uk/government/consultations/an-alternative-transitional-registration-model-atrm-for-uk-reach/outcome/summary-of-responses-and-government-response

Rationale and impact
A close relationship, which means regulatory compatibility in chemicals and cosmetics regulations, between the UK and EU is very much welcomed by businesses, because cosmetics companies need to be able to trade with our largest partner with as few barriers as possible. Generally, this means being able to have the same label between the two markets or the same formulation or fewer administrative burdens at the borders. Although we acknowledge that full alignment without a formal agreement in place with the EU (e.g. free market access) does not mean frictionless trade, because there are still customs, regulatory and rules of origin considerations.

Trade with as few barriers as possible is very important because in 2024, EU exports of chemical products to the UK were worth over £44 billion, making the UK the EU's third largest export market for chemicals[7]. The EU is the UK's largest trading partner for chemicals, with 66% of UK chemical imports originating from the EU[8] and UK exporting almost 60% of its chemical products to the EU in 2024. This strong interdependence underscores the need for continued cooperation and alignment in regulatory frameworks to support growth and competitiveness.

A positive outcome for chemicals would be for the UK and the EU to collaborate and share data, scientific evidence, regulatory approaches, new scientific developments and more. This can be achieved, without any additional negotiations with the EU, by implementing the Chemicals Chapter already in the TCA and can be taken forward through the UK/EU TCA Specialised Committee on Technical Barriers to Trade.

In the event that chemicals or cosmetics and personal care products may be amongst the sectors being looked at for a regulatory alignment deal with the EU, similar perhaps to the agrifoods/SPS deal currently being finalised, it would reduce considerably trade frictions and frictions at the UK/EU border as well as encourage long term investments and trade between the UK and EU in chemicals and cosmetic products.

As part of a UK/EU regulatory alignment deal on chemicals and cosmetics, then we would prefer a transition period of several years, to allow time for any GB-only companies and products to make necessary changes.

It would be crucial, if there were to be any UK/EU Regulatory Alignment deal on chemicals and cosmetics, that the scope is narrow and would relate to the regulations which facilitate trade and regulatory cooperation in this area. Such a deal should not include regulations where a flawed approach has been taken in the EU; for example, the EU Urban Waste Water Treatment Directive (UWWTD), which is now facing significant legal challenges. We very much appreciate the UK Government's positive decision not to follow such a proposal, which is totally unjustified on scientific or policy grounds, and will unfairly damage the only two industries in Europe currently affected by the UWWTD, i.e. the pharmaceutical and cosmetics industries. CTPA would be delighted to work with the UK Government on approaches to any scientifically justified issues related to micropollutants in wastewater, that would, for example, take into account that the cosmetics industry has already implemented a voluntary commitment to phase out PFAS from cosmetic products in the UK and the EU.

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[7] Eurostat, September 2025, accessed 03.10.25 https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Trade_and_production_of_chemicals_and_related_products#Source_data_for_tables_and_graphs
[8] Cefic, Landscape of the European Chemical Industry, accessed 03.10.25 https://cefic.org/landscape-of-the-industry/united-kingdom/

4. **Packaging Extended Producer Responsibility (pEPR) – Mono-material Tubes**

CTPA ASK: A swift resolution of the issues of tubes, which is currently unfairly disadvantaging companies which have done the right thing and adhered to the ethos of pEPR. Mono-material tubes should be able to secure a Green Recyclability Assessment Methodology (RAM) rating.

Rationale and impact
An urgent issue of concern related to packaging Extended Producer Responsibility (pEPR) is regarding packaging in the form of tubes. CTPA had previously understood from the Scheme Administrator, PackUK, that once Simpler Recycling was implemented and local authorities in England collected HDPE, PP and PET tubes, these formats could achieve a Green rating under the Recyclability Assessment Methodology (RAM), provided no other factors, such as size, affected the assessment.

Recent discussions with PackUK, however, suggested that due to challenges in the implementation of Simpler Recycling, tubes would not qualify for a Green rating because there is insufficient evidence that they are currently collected and recycled at scale.

CTPA strongly believes producers should not be penalised for local authorities' failure to meet regulatory deadlines. Many producers have already invested significant resources and time in R&D to transition proactively to recyclable tubes to improve recyclability and sustainability, yet they remain at a disadvantage under the current approach.

The rationale behind pEPR is to incentivise companies in the move to recyclable materials and more sustainable packaging. The change to mono-material tubes is an example of the correct implementation of this principle. Actions like this by companies are precisely what pEPR was designed to achieve.

It is vitally important that this positive effort and investment is recognised and rewarded by awarding a Green rating to new mono-material tubes, or risk undermining the whole objective of pEPR and lose the confidence and trust from businesses that are so vital for pEPR to succeed.

Therefore, CTPA is requesting that the positive action on tubes being taken by companies is recognised in RAM 2027 with a Green rating for mono-material tubes.

Regarding pEPR, it is important to stress that the frequent changes to methodology and guidance are deeply unhelpful, negatively impacting business confidence and cashflow.

5. **pEPR – Recycling Infrastructure**

CTPA ASK: Monies received from pEPR MUST go towards improving recycling infrastructure, and must not be diverted elsewhere.

Rationale and impact
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 therefore crucial 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. A harmonised infrastructure for recycling across the UK will not only improve the quantity and quality of materials collected and recycled in the UK but will also help ensure the value of materials is maximised and so support the transition to the circular economy, enabling industry innovation to be delivered to consumers.

6. Packaging Recovery Notes (PRNs)

CTPA ASK: Reduce the volatility of the PRN market and address the dramatic rise in costs.

Rationale and impact

Businesses are seeing a worrying trend in the continued and dramatic rise in the cost of Packaging Recovery Notes (PRNs), which is resulting in a significant impact on the cost of compliance.

The volatility of the PRN market continues to create uncertainty for obligated businesses, and the high increase over a small amount of time has meant that companies might have to divert funds otherwise reserved for innovation. In addition, rising PRN costs can have a significant financial impact on businesses that may be compounded by the introduction of wider packaging policy reforms including pEPR.

CTPA recently contributed to a UK Government consultation of reforms to the PRN system, and is currently assessing potential implications for businesses.

CTPA has asked for a review of the framework in the past, and we request that duplication be ceased, whether through the incorporation of PRN into EPR or by limiting PRNs to commercial waste.

7. Return of tax-free shopping in the UK

CTPA ASK: CTPA is requesting the return of tax-free shopping in the UK to boost tourism spending in stores and at airports.

Rationale and impact

Returning tax-free shopping in the UK 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, recent Government policies (such as the rise in NICs) and the cost-of-living crisis.

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.

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