

## The Deposit Return Scheme for Drinks Containers (Wales) Regulations (2026): WSTA View

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**Note: The WSTA, alongside our members, is reviewing the contents of the Draft Regulations, Explanatory Memorandum, and Regulatory Impact Assessment in full. Our full analysis will be shared in the coming days**

### Primary Issues:

#### **1. Unique Identification:**

[The UK Internal Market act exclusion](#) for the Deposit Return Scheme in Wales included a requirement to extend the *'proposed transitional period for single use glass (where a 0p deposit applies and no labelling requirements or targets apply) to October 2031 – this will provide industry with additional lead-in time to prepare for the introduction of glass in the Welsh DRS'*

Despite the zero-rating of the deposit for glass between 2027 and 2031, it is the WSTA's view that unique identification of products placed on the Welsh market will be required. This will be to ensure differentiation between the requirement for glass containers to pay DRS registration fees in Wales from 2027, and EPR fees in the rest of the UK.

#### **2. Withdrawal from the Welsh Market:**

Following discussions with industry businesses on the costs (and operational challenges) of supplying the Welsh market with a glass-in DRS, the WSTA estimates that up to 97% of SKU (stock-keeping units) could be withdrawn from the Welsh market.

#### **3. Recycling Outcomes:**

Wales has world-leading collection rates for glass existing kerbside collection (exceeding 90%). However, the regulations specify a target collection rate of 80% for glass by 2030. Introducing a glass-in DRS could pose significant costs to business (and potential mass market withdrawal), whilst jeopardising progress on glass recycling. Introducing a glass-in DRS could additionally undermine environmental aims by increasing vehicular emissions and incentivising a shift from sustainable glass to less recyclable packaging formats.

## Regulatory Impact Assessment: Additional Concerns:

- The Regulatory Impact assessment (RIA) states *'there is no fraud risk on glass containers during the transition period'* (p.25). However, this may not be correct. Items in-scope of DRS in Wales (no EPR cost) will be identical to wine and spirit bottles sold across the rest of the UK (subject to EPR at £192 per tonne plus other costs). This incentivises misreporting, undermining the integrity of the UK's Internal Market.
- Re-labelling is not a one-off adjustment (as claimed in point 2.87 of the RIA). It requires year-on-year separation of stock. Therefore, labelling for a unique Welsh scheme is an ongoing cost (not a one-off as claimed by the Welsh Government). The Welsh Government appear to give no calculation for the separation of stock and cost of additional warehousing (across the supply chain, i.e. by producers, wholesalers, and retailers and in shipments). This is significant and is the main reason why, without significant changes to the design of the scheme, we estimate a 97% withdrawal rate for SKUs from the Welsh market.
- We agree with the Welsh Government that glass in a Welsh DRS *'gives rise to potential risks of fraud and supply chain disruption'*. However, the Welsh Government claim a *'phased approach to introducing a monetary deposit and labelling requirements mitigates these risks'* (p.6). This is incorrect, it does not mitigate - it simply delays risk while also creating confusion, and incentive for material substitution and fraud.
- Funding: It's Unclear whether Local Authorities are aware that there is no formula outlined in the regulations or explanatory memorandum to pay them to collect at the kerbside during the transition period 2027-2031. These payments are equivalent to approximately £300 per tonne of glass, for collection, sorting and reprocessing, equating to £2.25 million for 752,000 tonnes of glass recycled annually in Wales.
- Whilst the full WSTA analysis of the Explanatory Memorandum and RIA will follow, there are multiple references to a transition glass re-use as a core feature of DRS in Wales. This is despite the UK Internal Market Act exclusion stating that *'The UK government has been unable to agree a UKIM Act exclusion for this part of the proposal. Any future exclusion request for reuse will be considered by the UK government and devolved governments in the relevant Common Framework as set out in the review of the UKIM Act in 2025'*. Has the Welsh Government reviewed the role of glass re-use in DRS, acknowledging that a glass re-use scheme has not been permitted under UKIMA?

- [The WSTA briefing on glass re-use is available here](#)
- The RIA makes claims as to how a DRS in Wales will reduce costs and emissions. These include re-use, Reverse Vending Machines (RVMs), and digital (QR) labelling (p.25). The WSTA is reviewing claims with members but would dispute that all or most businesses can finance or take advantage of these opportunities before implementation. For example, QR labelling use is not widespread in the supply chain (especially among smaller businesses), and the cost of adopting outside of normal re-labelling cycles is significant.
- The RIA makes numerous comparisons to best practice from international Deposit Return Schemes. [See here WSTA briefing on the need to harmonise DRS scheme](#) - such as the approach taken in the EU and Australia.

#### WSTA Background:

The Wine and Spirit Trade Association (WSTA) represents c.350 businesses, with full market coverage from domestic producers to retailers. WSTA members include multi-national brands, importers, bulk bottlers/packers, logistics firms, warehouseers, and retailers (including major supermarkets, BWS specialists, and DTC retailers). Over 60% of WSTA members are SMEs, and over 40% are micro-businesses. The vast majority of WSTA members are onward suppliers to both the on- and off trade, often via indirect supply chains (such as wholesale).

In 2022, the UK wine and spirit industry contributed c.£76 billion in economic activity. The UK is a global hub for the trade – as the largest exporter of spirits and second largest importer of wine (by volume and value). In 2024, the UK exported the equivalent of 1.5 billion bottles of spirits (70cl) and imported the equivalent of 1.7 billion bottles of wine (75cl).

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