



Brussels, 28 March 2018

To: Mr Günther H. Oettinger, Commissioner for Budget and Human Resources

Ref: EU Plastics Tax

Dear Commissioner Oettinger,

We herewith want to thank you for having invited EuPC on 22nd March 2018 to your round table meeting on a possible EU-wide plastics tax. We regret very much that as representative of 50.000 possibly affected companies and representative of above 1.600.000 people employed in the plastics converting sector with a EU wide turnover of over € 250 billion we were only given 3 minutes to present our case.

Obviously, the huge impact of such an EU-wide tax on our industry has been underestimated and regretfully we learned that potentially the additional EU revenues will not be used to ensure a more circular plastics industry in Europe.

The implementation of a plastics tax would have a large array of devastating effects on *Competitiveness*, the *Voluntary Commitments*, the *Stimulation of Circularity* and the *Principle of Subsidiarity*:

Competitiveness

- A tax on production of polymers will without doubt lead to a transfer of production outside the EU and a further consolidation of an already oligopolistic polymer market in Europe. The majority of the polymer or upstream producers are globally active companies with production facilities all over the world.
- From a converters perspective our industry already today suffers from the highest polymer prices globally and we see over 10 million tonnes of imported and taxed polymers from outside the EU as a clear reference that suppliers are prepared to increase this share if needed shortly. Evidence on pricing and imports is attached to this letter (*Annex 1*).
- Loss of direct supply and close communication between suppliers and converters will be detrimental to innovation (one great strength of our industry); 1,6 million jobs and growth in the EU, while not generating the desired revenues.

All this has been outlined and documented by the empirical industry study of Plastic Converters elaborated in June 2016 (*Annex 2*).





Voluntary Commitments vs. Discrimination

- It is absolutely unclear how the discrimination of a single specific material could contribute to more sustainability and how this could be legally compliant with the principles of free trade and free market
- Instead of a general discrimination, the focus should be directed on voluntary commitments of the industry and pledges from brand owners as it is outlined in the EU Plastic Strategy. Voluntary commitments can work and contribute to circularity and environmental protection as proofed by VinylPlus® since early 2000. The EU should put trust in this and not counteract voluntary action by industry with general taxation.
- Some specific polymer types have nothing to do with the environmental issues such as littering, hence a polymer specific approach should be considered.

Stimulation of Circularity

- The main question remains how circularity could be stimulated. An EU tax on certain products identified as detrimental to circularity and the environment might potentially be a starting point if there are more sustainable solutions available. Here we would like to refer to a most recent study (March 2018) of the Danish Environmental Protection Agency, stating that plastic carrier bags have the lowest environmental impact (*Annex 3*), along the same line of the certified Pro.mo LCA Study on disposable tableware that plastics has the lower impact across its whole life cycle (*Annex 4*)
- However, a much more effective measure might be the creation of a pull effect for circularity by taxation on plastic waste in member states that is not being recycled or reused. If we continue to tolerate plastics being landfilled, how on earth can we expect a change in the behaviour of consumer, who are wasting and littering plastic material. This is the real challenge and therefore the EU should tax plastic waste when it is not being recycled and reused in order to raise the sense of urgency at the widest possible scope.
- Should taxes be raised, must the corresponding amount be reinvested in sustainable measures to fuel circular projects in the plastic industry by better collecting, sorting and recycling and therefore contribute to growth and lower consumption of carbon based raw materials. The EU circular economy would lose momentum if the tax income would be redirected to fund EU projects not linked to the circular economy.
- Actual quality and quantitative issues on recycled plastics materials (rPM) are the most important points to be solved in the next decade in Europe. This will need industrial engagement and time, as the 2017 study on the use of rPM by plastics converters in Europe shows (*Annex 5*).





- A tax on virgin plastics materials will only stimulate the further development of an already very speculative market of secondary materials without a real plastics industrial transformation.

Subsidiarity vs. Creation of a level playing field

- Based on available facts regarding the landfill ban for plastics which still has not been implemented in 16 EU member states, we doubt whether the Commission should leave it up to the member states to implement adequate measures for the promotion of the circular economy.
- A general EU-wide landfill tax to ensure the deviation towards better environmental alternatives such as reuse, recycling and energy recovery would have a much better impact without job losses as a consequence.
- EU environmental regulations are NOT properly implemented in all EU member states.
- EU subsidies should therefore be linked in the future EU budget to proper implementation of EU environmental law at national level.

Yours faithfully,



Annexes

1. *PCE overview of global polymer prices and imports 2018*
2. *EuPC competitiveness study 2016*
3. *Danish Environmental Protection Agency study on carrier bags 2018*
4. *Pro.mo Group Comparative Life Cycle Assessment (LCA) study of tableware for alimentary use 2015, available [here](#)*
5. *PCE study on the use of recycled plastics material (rPM) 2017*

