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The EU increases disproportionate taxation instead of promoting circularity:

A call for maintaining the current Plastics Own Resource at 0.80 euro/kg and earmarking the revenues to fund plastics circularity

We call on the European Commission and Member States to keep the 0.80 cent/kg and to earmark the proceeds from the "Plastics Own resources", commonly referred to as the *EU plastic tax,* into a Dedicated Fund aimed at building a more circular economy for plastics. Furthermore, the European Commission should present an impact assessment of the effects of the levy, considering the competitiveness issues of the plastics manufacturing value chain.

Recently, the **European Commission** shared a proposal with the Council aimed at increasing **its so-called Own Resources**. The measure foresees indirect taxation for companies with a turnover exceeding €100 million, through the Corporate Resources for Europe initiative, as well as the creation or extension of environmental-based indirect taxes.

More importantly, the Commission's proposal anticipates an increase in **the levy on the Member States from 0.8 €/kg to 1€/kg (+25%) per kilogram of non-recycled plastic packaging waste. In 2023, the levy borne by the Member States generated a revenue from the plastic-based own resource of €7.2 billion.** The levy was introduced to help partially offset the gap in the EU budget created by Brexit. As a result, so far only one Member State (Spain) has imposed on its companies a plastic tax of 0,45 €/kg on non-reusable packaging, calculated on the weight of non-recycled plastic in the packaging.

Additionally, based on the results highlighted in the 2024 report issued by the European Court of Auditors, "*EU revenue based on non-recycled plastic packaging waste*", Member States are not adequately prepared to implement the Own Resource mechanism linked to non-recycled plastic packaging waste. Increasing the fee at this stage may not lead to environmental improvements, but rather discourage investments in the necessary infrastructures and prompt Member States to seek alternative financing solutions that do not necessarily support waste reduction efforts.

The plastics levy is intended to encourage progress towards sustainability in Europe, but its contribution depends on effective implementation and on how potential impacts on competitiveness, material substitution, and enforcement are addressed in order to avoid fraud on products, raw materials, and recyclates imported into the EU. Thus, the levy should not be treated as a convenient revenue stream for alternative priorities of the Commission but as a dedicated tool to accelerate the transition to a more sustainable and resource-efficient Europe. A dedicated fund should be established to support the European plastics circularity transition, financed by the levy. Such an initiative would encourage industry players to invest in sustainable solutions within Europe

As highlighted in several communications to the European Commission, the **European Plastics Industry,** like other manufacturing industries, **is facing severe structural competitiveness issues** due to high energy prices, labour, and environmental compliance costs in comparison to manufacturers operating in Third Countries, leading to a very severe phase of de-industrialisation across the entire Union. The financial difficulties are resulting in an increasing number of closures of plastics resin manufacturing, plastics recycling, and converting plants. On top of existing challenges, **the uncertain trade framework makes it imperative for the EU to safeguard the competitiveness of critical industrial sectors such as plastics and to avoid introducing further burdens that compromise their economic viability and circular transition.**

The plastics value chain is focusing its efforts towards the circular transition, supported by pivotal pieces of legislation such as the Packaging and Packaging Waste Regulation (PPWR), which stipulates mandatory recycled content quotas of between 10% and 35% for all plastic packaging from 2030 onwards. In addition, all packaging must be recyclable. I**n this context, the EU levy and national taxes no longer have a positive steering effect, especially since the revenues feed into the general (EU or Member State) budget and are not used to foster the circular economy.**

Other pivotal pieces of legislation, such as the End-of-Life Vehicles (ELV) Regulation, the Waste Framework Directive (WFD), and the Eco-design for Sustainable Products Regulation (ESPR), all convey a strong message: The plastics industry needs to transition towards circularity, and this transition needs coordinated, long-term financing assistance.

We therefore call on the European Commission to keep the 0.80 cent/kg in the Own Resource package and to earmark the reinvestment of proceeds from the "Plastics Own Resources", commonly referred to as the EU plastic tax, into a Dedicated Fund aimed at building a more circular economy for plastics, especially for those aspects aimed at ensuring not only effective collection and sorting practices, but also fostering the real integration of plastic recyclates in products. In order to ensure the proper application of the fiscal measures and to guarantee that the levy is effectively aimed at fostering circularity in the plastics sector, the European Commission should present an impact assessment of the effects of the levy and reconsider the appropriateness of the highlighted measures in the Own Resource package, also taking into account the requirements enforced by the PPWR.