

Ecopreneur.eu advocates ambitious implementation and complementation of the European Green Deal

Brussels, December 8, 2023 – In view of the 2024 EU elections, Ecopreneur.eu - the European Sustainable Business Federation - calls on policy makers to prioritise the ambitious implementation of the European Green Deal, economic incentives and the creation of 100 Regional Circularity Hubs.

Europe must shift towards circularity to help bring back our economy within planetary boundaries. The European Green Deal underpins this structural change. However, **the Green Deal still needs ambitious implementation, falls short in creating a level playing field, and fails to offer sufficient support measures urgently needed by SMEs to comply.**

Ecopreneur.eu strongly supports the European Green Deal, which covers regulations for sustainable products, the circular economy, emissions, chemicals, reporting, due diligence, finance, plastics, packaging, textiles, waste management, and green claims. Its combined impact is already increasing the sustainability awareness of eco-innovation in a growing number of EU businesses. However, while an important step forward, it is not enough.

1. Firstly, to be effective, the new laws still need **ambitious implementation and enforcement.**
2. Secondly, the Green Deal is **incomplete**: It **falls short in creating a level playing field** for sustainable solutions. The flow of money determines what actually happens, and sustainable products are typically more expensive.
3. Thirdly, most **SMEs lack the knowledge and the funds to implement sustainable business models** and comply with the new regulations.

While SMEs are responsible for 60% of the waste and CO₂ emissions, they have to manage the challenging adoption of sustainable business practices. In times of multiple crises, these companies must not be overburdened by administrative tasks from new regulation but be granted sufficient time and resources to adapt. There can be no transition without SMEs.

To make the next step and complete the Green Deal, Ecopreneur.eu calls for the following three priority measures towards policy makers ahead of the EU elections and beyond:

- ✓ **Ambitious implementation of the European Green Deal** by the European Commission (e.g., of regulations, delegated acts and implementing acts) and Member States (especially of directives). Effective **enforcement** requires the adoption of the Green Claims Directive and sanctioning of false claims. Finally, the scope of the Green Deal should be **extended to the public sector**, to cover, for instance, sustainability reporting by public hospitals on their health services.

- ✓ **Create a level playing field for sustainable business models:** The introduction of economic incentives based on “True Pricing” is critical to end the unfair competition sustainable entrepreneurs experience due to the lack of a level playing field. True Pricing implies that the cost of all sustainable products and services is reduced compared to their conventional counterparts, which rely on virgin raw materials, fossil-fuel energy, and are subject to unfair trade practices. A level playing field can be achieved by a range of measures. For some of these, a European-wide approach is necessary:
 - A fundamental **Tax Shift** from labour to resource use and pollution is needed to increase the spending power of citizens while increasing taxes on fossil fuels and virgin raw materials. Detailed plans to achieve this in a tax-neutral way have been developed by the NGO Ex’Tax.
 - **Increased Carbon Pricing** will be important as to help achieving this, also by extending the Carbon Border Adjustment Mechanism (CBAM) to all sectors subject to unfair international competition.
 - **Extended Producer Responsibility** needs to be developed further and **harmonised** to include **eco-modulation** for all waste-intensive sectors. Eco-modulation means that the fee depends not only on the costs of waste management but also on the environmental impact.
 - The EU VAT Directive must be opened up further to allow Member States to introduce temporary **low VAT rates** for a wider range of sustainable products, including Cradle-to-Cradle products.
 - **Green Public Procurement** (GPP) is heavily under-utilised and key to drive sustainable demand. We call for progressive targets for Member States’ spending and provisions to prevent “greenwashing” of contracts.

In addition, the EU needs to get rid of subsidies and tax exemptions that favour fossil energy and resources. These measures have a huge negative environmental impact and form a disincentive for building a sustainable economy.¹ We therefore urge the EU to research the entire extent of incentives for fossil energy and create a legislative framework to **ban fossil subsidies** in every member state.

- ✓ **Creation of 100 Regional Circularity Hubs** by 2027 with a budget of at least 150 million EUR to boost capacity building for SMEs, including providing them with **free vouchers** they could use for external services. Assistance and financial

¹ In 2009 already, the EU promised to phase out all fossil fuel subsidies in 2020. Meanwhile, the fossil fuel subsidies remain stable at about 52 billion euros for the entire EU in 2021, with no concrete plans on how and when the member states will phase out these subsidies. If tax exemptions and other positive incentives for fossil energy are included, this number will be much bigger. In the Netherlands alone, it counts up to 46 billion euros.

support for Europe's 24 million SMEs to implement sustainable business models are almost lacking. We welcome the current plan for a digital hub based on a few million EUR budget, but the knowledge shared there will not reach the bulk of them. For this, a **regional and in-person approach** is required. In addition, these SMEs will never be able to acquire any of the existing EU subsidies. This is why regional hubs should supply them with easy-to-obtain vouchers to financially support them in the sustainable and digital transition. This is even more urgent since the United States has launched its Inflation Reduction Act, with huge funds for the energy transition that are relatively accessible for companies.

To achieve the ambitious 2030 and 2050 goals outlined in the European Green Deal towards a climate-neutral economy, it is imperative that **urgent and coordinated action** be taken on these three priority measures at the EU, Member States, and regional levels. Ecopreneur.eu and its seven member organisations remain available to work with the newly elected policymakers and stakeholders in the next legislative term as to create a sustainable economy on time by 2030.

ABOUT ECOPRENEUR.EU

Ecopreneur.eu is the European Sustainable Business Federation of currently seven national associations representing about 3500 sustainable companies - mostly SMEs. We show best practice examples, bring concrete experience from our companies into the political debate and represent their needs. Ecopreneur.eu is the *only* cross-sectoral EU business organisation advocating ambitious measures, rules and regulations to create a new framework for a sustainable economy.

Contact information

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