

Position Paper

European Sustainable Business advocates full application of the Polluter Pays Principle

This is feedback to the [Polluter Pays Principle – fitness check of its application to the environment Open Consultation](#) published by the European Commission on 11.11.2022.

Brussels, 9 December 2022 - The European Sustainable Business Federation – Ecopreneur.eu – **welcomes the Polluter Pays Principle fitness check** as a basis for recommendations in 2024 on how to better implement the principle.

Existing EU regulation is inadequate to realise a circular and sustainable economy. It is clearly unable to solve the huge waste problems for many products and materials in virtually all sectors, ranging from construction and plastics to food, textile and electronics. Sustainability over the whole life cycle needs to be considered. To achieve this, consistent and coherent application of the polluter pays principle in the EU, across policies that affect environmental protection and the improvement of environmental quality, is urgently needed.

For starters, **carbon pricing** needs to reflect the **true cost** of climate impacts. To this end, our Federation strongly advocates the following rules and measures:

- Immediate ending of all EU and member state aid and support schemes for fossil fuels, including cancellation of free CO₂ credits or allowances for specific industries or product groups
- Extension of the EU ETS to all products facing international competition
- Rapid implementation of a Carbon Border Adjustment Mechanism (CBAM) with expansion to all sectors involved
- Additional taxation of greenhouse gas (GHG) emissions at the national level until the EU ETS carbon price has reached its True Cost value.

From a wider perspective, Ecopreneur.eu considers **taxation reform** crucial to foster delivering sustainable products and services based on **True Pricing**. The economic framework should foster delivering circular products and services. Ecopreneur.eu advocates the EU to take the lead in introducing a **tax shift from labour to resources and pollution** by member states, and to further open up the EU VAT Directive to allow member states to differentiate the rates on the basis of circularity and sustainability. To make this possible, Ecopreneur.eu urges the next European Commission to move from consensus to majority voting for deciding on certain tax matters including the Value Added Tax (VAT).

We also advocate EU-wide implementation of **harmonised eco-modulated Extended Producer Responsibility (EPR)** schemes for all waste-intensive product groups, with the fee structure based on the waste hierarchy (e.g., a higher fee for recycling than for reuse) and taking GHG emissions into account.

Finally, Ecopreneur.eu also advocates rapid implementation of **Green and Circular Public Procurement** in all EU member states.

About Ecopreneur.eu

Ecopreneur.eu is the European Sustainable Business Federation of currently seven national associations representing about 3000 sustainable companies - mostly SMEs. A member of the Coordination Group of the European Circular Economy Stakeholder Platform, Ecopreneur.eu is the only cross-sectoral EU business organisation committed to ambitious measures, rules and regulations for a low-carbon circular economy. We advocate a new economic framework in which sustainability is promoted, the environment respected, and ecological principles are followed. Ecopreneur.eu and our members bring concrete experience from pioneering companies into the political debate, show best practice examples and represent the needs of green SMEs in a credible way.

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