

Investment 101 for a Plastic Pollution-Free Future

How the EU can fund real solutions

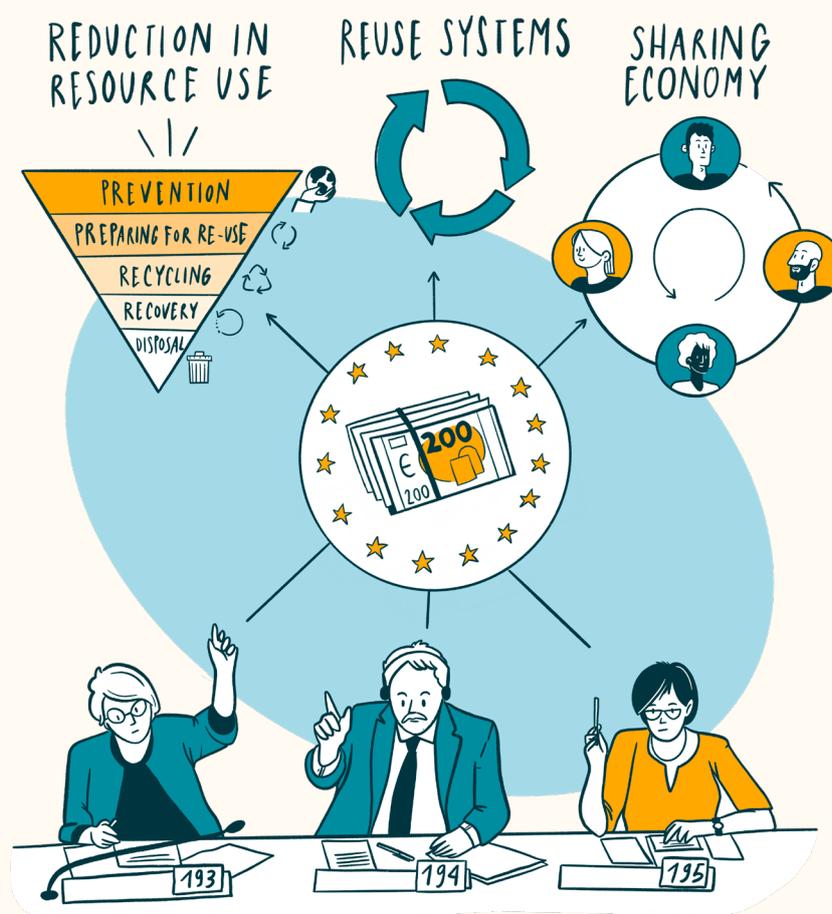


The EU produces about 15% of plastics globally, and generates 26 million tonnes of plastic waste every year. For those living in the European Union (EU), taxes and consumer choices play a role in how EU decision-makers approach the plastic pollution crisis.

Where the EU decides to allocate public investments can either fuel the plastic crisis and perpetuate the problem or contribute to solving it. Though there are private investment initiatives that fund solutions (and false solutions) to plastic pollution, they are not sufficient. Public investments must step-up to enable the systemic change needed to fund real solutions to the plastic pollution crisis. Let's explore how this can work!

Finance tools to curb plastic pollution

EU subsidies and investment must prioritise the health of the environment and future generations to come. In order to effectively combat the effects of plastic pollution and reduce the rate of plastic production, public funding must move from upholding a linear economy and waste management infrastructures towards promoting a reduction in resource use, reuse systems and a sharing economy.



EU SUBSIDIES AND INVESTMENT MUST PRIORITISE THE HEALTH OF THE ENVIRONMENT AND FUTURE GENERATIONS TO COME.

A significant amount of public funding has been used to build incinerators and support petrochemical and plastic production plants.

In 2018, the EU missed an opportunity to implement a comprehensive EU tax on virgin plastic production and instead decided in favour of national contributions based on non-recycled plastic packaging waste, which had no impact in driving down production and consumption or making recycled plastic more competitive. This approach conflicted with the European Green Deal and the Circular Economy Action Plan, which pledged to prevent packaging waste and promote reuse.

Public funding in the EU needs to shift towards actively addressing the plastic crisis by favouring financial mechanisms that focus on reduction rather than unproven techno-fixes like biodegradable plastics, chemical recycling or solutions that displace plastic's impact, such as material substitution. The EU's research and development budget should support research on new models and infrastructures that prevent or limit plastic use in the first place (i.e. reuse systems), rather than on material substitution and end-of-life technologies.



Through legislation, the EU and its Member States can steer finance and investments towards systemic, impactful solutions. For example, Extended Producer Responsibility (EPR) schemes (originally conceived to address the ecological costs of a product's entire life cycle) have so far focused on increasing the collection and recycling of plastic. This has not resulted in a real reduction in consumption and production of plastic. EPR schemes should be implemented in a way that supports reduction, for example, through strong fee modulation and earmarking of EPR revenues to support reuse. The EU taxonomy regulation, a regulatory framework that establishes a classification system for sustainable economic activities, should ensure that only activities for the benefit of Europeans and the environment can be considered sustainable and funded as such.

Current fiscal policies across the EU fall short of addressing the complex socio-economic and environmental challenges we face. They fail to consider the true costs of activities, incentivising pollution, inefficient resource use, and the erosion of natural capital. Public investment should actively support a resilient economic and just transition, prioritising prevention and reuse. Relying solely on private investment will never be adequate to ensure lasting collective benefits; decision-makers must establish clear guidelines to direct them towards activities and initiatives that safeguard collective well-being. In order to achieve that, private investments should be guided by sustainable finance criteria.

While the European Investment Bank recommends loans to companies and municipalities and supports research, development, and innovation activities to address plastic waste pollution, this most often focuses on cleaning up plastic pollution, rather than focusing on preventing it in the first place. **A more systemic and upstream approach is necessary to solve the current plastic crisis.**

What does it mean for Europeans?

Increased inequality and heightened polarisation are already a reality in Europe. To address these challenges, European decision-makers must increase public investment in tangible, future-proof solutions. Ending extractive practices and improving public finance rules are crucial for unlocking investments in a sustainable future. The EU's future public finance should prioritise the benefits and needs of people and the planet over the profits of a few.

Environmental sustainability and fiscal responsibility are intricately linked. A genuine green transition should be sustainable, inclusive, just, and address the diverse needs of Europe's current and future generations.



Resources to go further

[Reset Finance Campaign](#) - Finance Watch (2024)

[The debts we need: Reinforcing Debt Sustainability with Future-Oriented Fiscal Rules](#) by Finance Watch - Finance Watch (2023)

[Let's Reshape EPR: for a game-changing policy tool that supports prevention, reuse, separate collection and high-quality recycling](#) - Recycling Network Benelux & Minderoo Foundation (2023)

[Report on Circular Taxation](#) - European Environmental Bureau (2022)

Support the campaign with #PlasticsAndEU

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