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Our ref. 28.02.2024 No 9.2-4.3/21-27/02/1017

**Request for clarification of
eligibility of projects within the
JTF framework**

Your excellency, Commissioner E.Ferreira

I am writing to you in order to clarify an issue that has emerged during the implementation of the EU's just transition fund (JTF) in Ida-Virumaa, Estonia, and has to do with eligibility of projects that deal with chemical recycling of mixed plastic waste.

Background of the issue

Last year, one of the largest companies of the oil shale sector – Viru Keemia Grupp (VKG) – submitted a project for funding via the JTF in Ida-Virumaa. The project aimed to enhance circular economy by deploying chemical recycling technology (pyrolysis) to recycle plastic waste, which was unsuitable for mechanical recycling.

The output of the project was supposed to be pyrolysis oil, which would be then used to produce new plastics. The by-products of the production process included pyrolysis gas, which was produced as an unavoidable and unintentional by-product of the production process and was intended to be used as an energy source for the pyrolysis process, and solid coke. The project would have resulted in over 50 new circular jobs in Ida-Virumaa.

Having carried out multiple consultations and done due diligence on the project (including the analysis of its environmental impacts), we found that, in principle, the project was in line with the philosophy of the JTF. All in all, ca 75% of the input material (by mass) was to be converted into circular economy products. The process also reduced GHG emissions by ca 60% compared to the conventional plastic production process. However, given the project's technical complexity, in October 2023 we submitted an official QA query to the Commission (DG REGIO) in order to clarify the status of pyrolysis gas used within the production cycle and check project's eligibility.

Despite the project's merits, in November 2023 the Commission replied that the project is ineligible for support via the JTF. The Commission's reply was official and is publicly available on the Regio Wiki page (QA00263).

We informed VKG of the Commission's reply and work on the project was paused. Unfortunately, the Commission's reply also made a dent in the reputation of the JTF in Estonia, as a clearly circular project was deemed ineligible for support via the fund.

Recent developments

In the end of December 2023 we learned about a similar project (<https://biobtx.com>) receiving JTF support in another EU member state. In order to clarify, why the type of project that was deemed ineligible for JTF support in case of Estonia was deemed eligible elsewhere, we sent a letter to the Commission (DG REGIO). So far, we have not received a definitive reply.

Recently, we became aware of yet another similar project receiving support via the JTF: <https://packagingeurope.com/news/eu-invests-5-million-into-iteros-mixed-plastic-waste-chemical-recycling-plant/11016.article>

In this context, we have no choice, but to ask for fair treatment between member states and clarity, as far as eligibility of mixed plastic waste pyrolysis projects within the JTF framework.

Our request

We kindly ask you to please clarify the eligibility of mixed plastic waste pyrolysis projects within the JTF framework and let us know, whether we can continue processing VKG's project proposal. The project is a great example of one of the largest companies of the oil shale sector making genuine efforts to reform its business model and we see it as a potential success story for the JTF. If such projects are indeed eligible for JTF support, we would like to know it as soon as possible, so that it can still be sufficiently developed and realized within the JTF's tight deadlines.

Yours sincerely,



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Minister of Finance of Estonia

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