

Inception Impact Assessment for Sustainable Product Initiative

We thank the European Commission for the opportunity to provide comments to the Inception Impact Assessment (IIA) on the Sustainable Product Initiative (SPI).

The Confederation of Swedish Enterprise welcomes the European Commission's action plan on circular economy and the SPI. This has the potential to facilitate a functioning market for secondary raw materials and circular products in Europe. The Swedish business community is already at the forefront of this shift from a linear to a circular economy, and wishes to take a driving role in its future development. Swedish Enterprise seeks to contribute constructively to the work with the European Commission's Circular Economy Action Plan (CEAP).

We fully acknowledge the importance of sustainability in its broader sense, as defined in the IIA. It defines it as meaning social, economic and environmental sustainability. In our comments below, please bear in mind that we have chosen to focus only on environmental and economic sustainability, and have not taken the social dimension of product policy into account at this stage. We welcome future dialogue on the topic and recommend aligning the policy discussion with the ongoing SCG consultation, and the anticipated developments on due diligence.

To ensure the successful transition to a circular economy, it is crucial that development goes hand-in-hand with successful and profitable circular business models and strong, competitive European companies. The Confederation believes that the SPI can make a substantial contribution to the evolution of the circular economy in Europe. At the same time, we want to highlight the importance of conducting ambitious impact assessments for the coming new policy suggestions, and thereby ensuring that this new policy will strengthen European competitiveness on the global market. Any new circular economy measures, particularly in the area of product policy, must be accompanied by robust market surveillance and effective enforcement, including products from 3rd country sellers to European consumers, i.e. direct imports.

The Confederation wishes to make the following input and proposals to the IIA:

Widening of the scope of the Ecodesign directive

The Confederation of Swedish Enterprise supports the proposed initiative of extending the Ecodesign Directive to a wider range of product groups and having it include resource efficiency. The Confederation encourages the European Commission to apply the principles of the Ecodesign Directive, and in the underlying product regulations, to make quantifiable demands on products. We want to particularly underline the importance of a holistic view, which includes evaluation of the entire lifecycle of products - including the usage phase - to ensure that the requirements will deliver more sustainable products. The Commission should strive for requirements that will enable resource-efficient design capable of continuous development and future adaptation.

Swedish Enterprise wishes to highlight the importance of, when broadening the scope of the Directive, that this needs to be coherent with existing EU legislation and should not call into question the legal certainty for those product categories where implementation measures exist already.

As part of including resource-efficient measures in the Directive, it will also be important to clarify the exact definitions for circular criteria when defining product standards. For example, definitions such as durability, reusability, reparability, upgradability, recyclability, re-manufacturing and resource and efficiency should be defined based on product categories. This should be in addition to the existing definitions and standards for energy-related products, in order to take into account the purpose, use and lifespan of products. Circular design principles and requirements should be established, based on the life cycle analysis of the product category, to ensure that sub optimization will not be the case. This will make it possible to have quantifiable demands on products, as well as allowing companies and designers to ensure that their products are as sustainable as possible, both during its lifespan and at end-of-life. The setting of the circular criteria should be undertaken by involving business stakeholders, as it is the businesses that will need to secure the development of safe and well-functioning products. It is also important to consider the ongoing ISO standardisation on the circular economy, where definitions are being set on a general - not product-specific - level. The Confederation also wants to highlight the wider importance of standards as a complementing tool to EU legislation for a Circular economy.

Establishing overarching product sustainability principles ‘

The design of the sustainability principles will be of huge significance to the business sector's work on product development. It is therefore crucial that these are discussed with the business community at an early stage; this way, these general principles can be formulated in such a way that ensures they deliver the desired impact, has room for innovation and that the principles are cost efficient to apply. The Confederation expects the European Commission to define those principles by product category; this should be the only way forward.

Producers responsible for providing more circular products and services

Many businesses throughout Europe are already developing and implementing new circular business models in order to provide more circular products and services. This development goes hand-in-hand with customer demand, which is why consumer information - and the consumer's willingness to buy circular solutions – will be essential.

Companies will have a responsibility to produce environmentally sustainable products, and consumers will have the opportunity to support products with a longer life span by choosing to buy, rent or share high-quality, circular products. However, if these long-life products are to be sought out and chosen, they must be priced at a level that the consumer is willing to pay. With increasing product requirements, prices may rise, and it is important to consider the consequences of this for consumers facing different economic conditions.

It is important to avoid overlapping regulations. Policy objectives, policy choices and incentives across all policy areas need to be clear and consistently implemented to help develop and establish successful circular business models. The Confederation wants to stress the importance of addressing the interface between chemicals, products and waste regulations if the Commission seeks to achieve its ambitions for the circular economy.

When seeking to develop and implement circular business models, businesses regularly encounter a number of obstacles arising from existing legislation being insufficiently adapted to circular flows. Such obstacles are found in, for example, waste legislation or in non-environmental regulations at EU level such as intellectual property rights and product liability. Another problem to be addressed is the fact that different legislations use differing definitions of what constitutes ‘placing on the market’. This makes it complicated and unpredictable for those companies that want to sell, for example, refurbished products. The Confederation calls upon the Commission - together with the relevant business sectors - to identify and deal with those uncertainties and obstacles for offering more circular products that are currently found in existing regulations.

While many products are already suitable for repair, it is possible to use design to further increase repairability. Generally, product development and design need a future adaptive focus that also enables repair, but it is important to recognise that different products will face different challenges. When formulating the measures needed to improve the repairability of products, the entire chain - from production, use and repair - must be reviewed. This way, potential obstacles and gaps in the regulations can be identified, in order to establish a fully functioning process with the relevant responsibilities clearly divided among the various actors involved.

Mandatory environmental labelling and digital product passports

Mandatory environmental labelling

Today, there is an abundance of environmental information available to consumers. This is delivered through a variety of labels and other tools throughout the EU – differing between Member States - making it difficult for customers - private, public and business - to choose the appropriate products based on their likely environmental impact. At the same time, this lack of harmonisation of labelling also impedes the internal market. The various national systems that exist within the EU result in companies having to register for a large number of systems in a wide range of European countries. This is an administratively burdensome and costly approach; particularly given the limited environmental benefit it delivers. Therefore, we urge the European Commission to use life cycle approaches to achieve the most uniform and relevant criteria within the EU, setting minimum quantifiable requirements in order to avoid greenwashing and to provide genuinely useful guidance to consumers on environmental information. A life cycle approach is a good basis for product information, as long as the tools provided are easy to use, reliable and comparable.

Product passports

The Confederation of Swedish Enterprise is positive to the European Commission proposing tools for sharing product information digitally, including a product passport. Digital information flows can help companies provide greater transparency and can create opportunities for transparent value chains and provide information on products for the consumer. The Confederation believes that a product passport, properly designed, harmonised and synchronised effectively with existing systems, could offer a good tool for making this a reality.

We have the following comments on the development of a product passport:

- The passports need to be differentiated according to product type, focusing on the essential and relevant information for each specific type.
- Clear responsibilities are needed for reporting, accessing and sharing information.
- Information should be limited to what is relevant and necessary for the purpose, i.e. what is requested by the customer and how that information can be made available, based on information needed in B2B.
- When developing the passport, there should be ongoing testing to ensure the functioning of digital information transmission between actors in the value chain, together with the analysis of the costs for market actors.
- Information security needs to be prioritised and strengthened as a part of the digital passport development process. In addition, the content in public databases must be protected against distortion. Existing systems for information sharing across value chains should retain continued relevance and be synchronised with the product passport.
- In order for the passport to function for products with global value chains, international standards for reporting and sharing information will be required.
- Effective supervision, monitoring and control will be important.
- Including business sectors during the product passport development process will be vital.

The Confederation has produced a dedicated paper on the development of a product passport. This can be found at:

https://www.svensktnaringsliv.se/english/positionpapers/confederation-of-swedish-enterprise-comments-and-inputs-on-the-is_1143628.html

Making content available is a positive move. However, when developing a policy framework to ensure communication over the complete value chain it will need to be developed through a cross-industry dialogue with a strong focus on feasibility and effective implementation.

Establishing EU rules for setting mandatory minimum environmental requirements on public procurement of products

Green public procurement (GPP) can be a powerful driver for the transition to a carbon-neutral and circular economy in Europe, particularly if there are measures at EU level to facilitate the market for GPP across and between EU Member States. The Confederation of Swedish Enterprise believes that one way to achieve this will be by establishing mandatory, EU-wide criteria for circular materials and products. It is positive that the Commission is now planning to develop such criteria. If introduced, these should be consistent with the principles and guidelines of the Public Procurement Directive and be based on clear definitions and be backed by scientific evidence, sound life cycle assessments and methodologies co-developed with relevant stakeholders. The criteria also need to be material and product specific. It is also important that tenderers are allowed to demonstrate compliance with the procurement requirements through a variety of labels and other documentation. It should also be the case that public procurement makes greater use of functional criteria when defining a tender to facilitate a product as a service solution.

Measures on production processes

It is positive that the European Commission is planning measures for increasing recycling and promoting the market for recycled and recyclable materials. In this context, the Confederation of Swedish Enterprise wishes to clearly highlight the need for further revisions to the Waste Directive, for development of End-of-Waste criteria and criteria for by-products and the proposal to review the Waste Shipment Regulation. This will help facilitate the circular trade in the EU. It is also positive that the Commission has stressed that it wishes to increase the importance of, and to develop, standards within the EU. This will contribute to facilitating the market for those recycled materials that are not already covered by relevant standards.

Chemicals, and content of recycled materials, is an important issue that must be handled in a considered and balanced way. It is important not to create obstacles to already well-functioning recycling and the recycling of materials under development. To completely phase out the use of certain substances can, during a transition period, be difficult if recycling is to continue and increase. This is because some substances are naturally occurring in different materials, while others cannot be phased out because they contribute an essential quality to a certain material and there are no available alternatives. A risk-based approach, which evaluates the exposure and risk to health and the environment of a residual substance in recycled material within a specific application, is required.

The market for certain recycled materials needs to be promoted and it is positive that the European Commission has highlighted this as a priority area. However, the Confederation wishes to emphasise that, in the process of promoting this market, different measures are needed for different materials in order to reflect differences in conditions.

We suggest that chemicals, and the presence of those in products, are regulated via existing chemical legislation. Where the relevant aspects are currently missing in the legislation, we suggest those should be added during upcoming revisions. The objective would be to ensure a coordinated and consistent approach between the various strategies and initiatives. There are already several legislative acts covering chemicals in products, and a new Chemical Strategy with a specific section that addresses “Safe and Sustainable by Design’.

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Jenny Svärd, Director of environmental policy
Jenny.svard@svensktnaringsliv.se