

Confederation of Swedish Enterprise's comments on the European Commission's Circular Economy Action Plan

Confederation of Swedish Enterprise welcomes the EU Commission's action plan

More efficient management of our existing resources is essential to ensure we are able to meet future resource needs and achieve set climate and other sustainability goals. Moving from a linear to a more circular economy - where the value of products, materials and resources is maintained for as long as possible - will be an important tool in achieving this. Swedish business community is already at the forefront of this work and wants to take a driving role in its development. Swedish Enterprise seeks to contribute constructively to the work of the European Commission's Circular Economy Action Plan (CEAP).

It is central to the development of the circular economy in Europe that the internal market functions effectively and that the required policy development takes place at EU level. We see many initiatives by the Member States to create national policies and regulations for circular economy; however, in the long run such efforts run the risk of creating barriers to circular flows between countries. Therefore, an ambitious policy at EU level is central to creating the optimum conditions for developing the circular economy within the Union. It is very positive that the EU has a focus on the circular economy, and the fact that there is now a second Action Plan that clearly sets out the European Commission's ambition and objectives in this area. It is also positive that this Action Plan highlights the importance of the circular economy in ensuring the EU's long-term competitiveness.

Central to CEAP syncing with other policy areas within the European Green Deal

The business sector sees considerable opportunities in the circular economy through a switch to circular business models. This includes for example the use of recycled materials, the extension of product life through re-manufacturing, and repair and product as a service. On the other hand, it may require major changes for many companies, meaning a successful conversion plan will be needed. It is encouraging that the Action Plan highlights a number of important links to other EU level policy areas, several of which are part of the European Green Deal. In order to be able to successfully transition from a linear to a circular economy, it is a prerequisite to synchronise work in different policy areas, since this change will have a societal impact. The proposals set out in CEAP need to be developed and be consistent with other policy areas to ensure they are adequately balanced. This includes for example the Industrial Strategy, the Chemicals Strategy, the Zero Pollution Action Plan, the Single Market Action Plan and the Climate Act and the EU's enhanced climate ambitions.

Corporate competitiveness is a prerequisite for the circular economy

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 competitiveness among European companies. However, it is not clear from the plan, or the measures

proposed, as to how these aspects will be addressed when developing the proposals. It is important that both the European Commission and the European Parliament, in their future work, ensure that circular economy policies are specifically designed to avoid creating trade barriers or adversely affecting the competitiveness of European companies. The proposals must be developed in a way that includes a dialogue with representatives from the business community.

Strengthen international cooperation

Developing the circular economy on a large scale requires an international perspective, as nowadays material and product flows are often global. It is therefore a positive move that the European Commission has stated an ambition of strengthening international cooperation on circular economy. If the policies currently being designed by the EU also lead to global standards or agreements, this would help facilitate development of circular business models.

EU harmonisation of rules is a success factor

Harmonised rules are one of the most important factors in promoting circular material and product flows within the EU, for example, in the areas of waste and product regulation. Currently there is both a lack of implementation of Directives in some countries, while over-implementation – so-called ‘gold plating’ - occurs in others. This creates large discrepancies between national regulations, leading to obstacles. Therefore, the Confederation of Swedish Enterprise wants to see a greater focus and more resources dedicated to following up on the implementation and application of Directives in different EU countries, to ensure that circular flows of materials and products are not hindered.

Below, we have set out comments on certain selected areas of the EU Commission Action Plan (with reference to the relevant section of the plan in parentheses).

Designing sustainable products (2.1)

It is promising that the European Commission is proposing a policy framework for sustainable products by for example extending the Ecodesign Directive to a wider range of product groups and by including resource efficiency. *Swedish Enterprise encourages the European Commission to apply the principles of the Eco-design Directive, and in the underlying product regulations, to make measurable demands on products.* The Commission should strive for requirements that will enable the future adaptive and continuous development of resource-efficient design.

The European Commission is considering establishing a set of sustainability principles for use as the base requirements in product legislation. How these are designed will be of great importance for the business sector's work on product development. *It is therefore crucial that these are discussed at an early stage with the business community, in order to formulate these general principles in a way that ensures they produce the desired effect.*

It is also positive that the European Commission is proposing tools for sharing product information digitally, including a product passport. Digital information flows can help companies provide greater transparency and create opportunities for transparent value chains and provide information about products to the consumer. *Swedish Enterprise believes that a*

product passport, properly designed and effectively synchronised with existing systems, could be a good tool for making this work. In a separate document, Swedish Enterprise has summarised a number of important aspects that it believes should be taken into account in the design of a product passport.

Empowering consumers and public buyers (2.2)

The consumer has an important role to play in the circular economy. This covers every aspect, from product selection and recycling of used products to seeking the opportunity to repair, maintain and reuse products. In order to empower consumers to be able to make resource-efficient choices, they need access to the right information. In addition, resource-efficient products must be competitively priced.

Today, there is an abundance of environmental information to consumers, delivered through a variety of different labels and other tools, making it difficult for customers - private, public and business - to choose the appropriate products. At the same time, this lack of harmonisation also impedes the internal market. All the different national systems that exist within the EU result in companies having to register for a large number of systems in a variety of European countries. This is an administratively burdensome and costly approach, particularly given the limited environmental benefit. The EU already has access to the PEF (Product Environmental Footprint) method, the EU Ecolabel and the upcoming Product Passport. *We urge the European Commission to use these approaches to achieve the most uniform and relevant criteria within the Union, to set minimum requirements in order to avoid greenwashing and to provide guidance to consumers on environmental information.*

Circularity in production processes (2.3)

The European Commission has announced that the IED (Industrial Emissions Directive) should be revised to include several parameters such as the circular economy. The IED already contributes directly or indirectly to circular economies, by including writings about waste minimisation and setting requirements in the process-specific documents (BREFs); i.e. the conditions are already in place even if the words 'circular economy' are not mentioned. *Swedish Enterprise does not consider that the inclusion of the circular economy in the IED is the best way to promote circular flows; it would be better done mainly through industrial symbiosis and other policies, such as several of the measures mentioned under "Less waste, more value". These would have a much greater impact, and we therefore urge the Commission to pursue these proposals instead.*

Less waste, more value (4)

No matter how durable and timeless products are, eventually they come to a stage in their life cycle where they need to be phased out, which is why recycling processes remain central. In the CEAP, the European Commission proposes a number of measures that Swedish Enterprise sees as likely to help increase recycling and promote the market for recycled materials. *In particular, the Swedish Enterprise wishes to highlight the proposals for further revision of the Waste Directive, development of End-of-Waste criteria and criteria for by-products and the proposal to review the Waste Shipment Regulation and facilitate the circular trade in the EU.*

It is also positive that the European Commission has emphasised that it wants to increase the importance of, and develop standards within, the EU that are capable of facilitating the market for recycled materials.

Chemicals and content of recycled materials is an important issue that must be handled in a considered and balanced way, in order not to create obstacles to recycling. Making content information available is positive, but completely phasing out the use of certain substances during a transition period can be difficult if recycling is to continue and increase in the near future. Some substances are naturally occurring in different materials and others cannot be phased out because they contribute an essential quality to a certain material and there are no alternatives. A risk-based approach is needed to evaluate the exposure and risk to health and the environment of a residual substance in recycled material in a given application. ***Swedish Enterprise calls on the European Commission to develop clear approaches and methods for dealing with this issue. The legislation in the chemicals, product, waste areas must be synchronised.***

The market for recycled materials needs to be promoted and it is positive that the European Commission is highlighting this as a priority area. ***However, the Confederation of Swedish Enterprise wants to emphasise that in the process of promoting this market, different measures are needed for different materials in order to reflect differences in conditions.*** Targets or requirements for the proportion of recycled raw material can act as a stimulus for some materials (e.g. plastics) while for others they may disrupt an already well-functioning market (e.g. steel and paper / board).

The Confederation of Swedish Enterprise has produced a report on circular economy. This highlights a number of important factors for the business sector's work in transitioning to a circular economy. The report, called "Circular Economy for a Competitive and Sustainable Business in Sweden", is available on the Swedish Enterprise website. The report also includes a number of appendices from different business sectors.

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Jenny Svärd
E-mail: jenny.svard@svensktnaringsliv.se
T: +46 8 553 431 36 M: +46 72 451 59 52
www.swedishenterprise.se

On 11 March 2020, the European Commission presented its Circular Economy Action Plan. The action plan contains a total of 35 proposals. The action plan is an overall strategy, making it difficult to evaluate, at this stage, which concrete proposals will finally be presented. In this document, we highlight comments and positions based on the currently available information. Swedish Enterprise will follow work on the plan and will produce more specific comments and comments as more information becomes available.