



Nordic position on the Sustainable Products Initiative and how to ensure greater circularity and sustainability in future product and material cycles

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The circular economy is a global trend, one that is playing a key role in providing solutions to the challenge of global climate change and the scarcity of natural resources. It is also creating economic opportunities that are likely to be substantial. The Nordic countries are already in pole position in sustainable and circular development and in the manufacture of circular materials and products for a global market. The Nordic business community supports the European Commission's Sustainable Products Initiative (SPI), and we look forward to contributing to the Commission's initiatives to strengthen the EU's position as a leader in the circular economy.

Ensuring transparent processes in future product regulations

In the European Commission's SPI, the widening of the Ecodesign Directive beyond energy-related products will play a key role. Developed correctly, the SPI - along with a widening of the Ecodesign Directive - has the potential to increase the pace at which we develop more sustainable products. To make this a success, we want to highlight a number of specific areas:

- Any inclusion of new products in the Ecodesign Directive should be preceded by thorough analysis to ensure that the environmental benefits are clear and evident.
- Any extension to the Ecodesign framework, which has been designed for end-use products, should be done in a way that avoids overlaps, red tape and market confusion. For example, requirements on circularity aspects could be integrated in the existing Declaration of Performance or Declaration of Conformity, thus avoiding any overlap in regulation, as the Construction Product Regulations already offers a reliable framework
- It is crucial that stakeholders continue to be involved in the process through which product requirements are adopted. The 'New Approach' should be applied in upcoming product files, as it successfully engages stakeholders in developing these new requirements. We are concerned by the tendency towards the more frequent reference to adopting Delegated Acts, as was the case in the recently proposed Batteries Regulation.

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Designing a coherent and harmonised framework that enables successful circular and sustainable design

The European Commission is overseeing a wide range of initiatives within the European Green Deal that aim to regulate various aspects of products and materials. In the circular economy, products and materials need to be designed to allow for longer usage and ensure their recyclability. The prerequisites for products to achieve this varies, and therefore a range of measures and a product-by-product approach is needed. Along with increased product regulation, additional methods for verification and an increased market surveillance are also needed. The Nordic business confederations stress the following aspects:

- The importance of ensuring streamlined and coordinated initiatives to avoid contradictory and/or conflicting legislation, regulatory duplication and ambiguity for businesses and the public administration.
- Policymakers need to focus on setting the targets and the framework, protecting technical neutrality, and leaving the solutions of how to achieve this to the industry.
- Promote the market for secondary raw materials by, for example, pointing out the need for a risk-based approach when assessing a material's second-life potential.
- Ensure a well-functioning and harmonised implementation of market surveillance that is better coordinated and strengthened within the EU, to ensure fair competition for European companies.

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Designing a product passport with a clear added value

A digital product passport could prove beneficial, provided that it is developed in such a way that it does not become a bureaucratic or financial burden for manufacturers. It offers the potential to facilitate communication across value chains, to support market surveillance and empower the consumer to make better-informed choices. However, it is vital with a thorough analysis of what information to include, proper technical features, and a sufficient transition time for implementation. The business community supports the idea of introducing a passport for those products produced within, and imported to, the Union. The possibilities of including information in a product passport are potentially endless, and the Nordic business confederations want to stress that:

- The information included must have a clear added value, demonstrate environmental advantages and be justified on a 'need-to-know' basis..
- A technical solution needs to be found that enables reporting only once.
- Company-sensitive information needs to be confidential by default.

Incentivising circular business models

The transition to a circular economy has the potential to generate substantial business opportunities. At the same time, the implementation of circular business models may, however, involve significant transformations and poses new challenges for enterprises. Therefore, a more gradual transformation is often necessary. To ensure efficient implementation of circular business models, the Nordic business confederations want to stress that:

- The choice of suitable business model needs to lie with companies rather than being set by regulators.
- There should be greater use of standardisation in promoting sustainability.
- More R&D is needed, not only in physical material and product features but also in the administrative and financial aspects of these new business models.

Recognising the importance of the service sector in the circular transition

An economy where materials and products are kept in circulation for as long as possible demands an increasing number of services. As we move towards circularity, the role of services grows – both through the servicification of manufacturing industries and separately through increased demand of services in extended value chains. Therefore, the Nordic business confederations want to stress the service sector's important role in achieving the transition to a circular economy.

- Instruments and regulations that enable the growth of the service market are needed. Policy must facilitate the right to perform services across the Union, in a market characterised by free competition.
- A well-functioning service sector in a circular economy requires standardised approaches for certifying quality.

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Support SMEs in the circular transition

The importance of information along the value chain increases with circular products. With the SPI, the European Commission is proposing new provisions that will entail increased reporting requirements for companies. These will particularly be felt among SMEs; therefore it is important that SMEs are properly supported at all stages of the implementation process. In particular, the Nordic business confederations wish to suggest the need to:

- Ensure a clear regulation; one that is easy to follow and comply with.
- Enable training for SMEs.
- Provide easily accessible information and sufficient resources at local authorities or other bodies responsible for the implementation.

