SVENSKT NÄRINGSLIV

The Confederation of Swedish Enterprise's position on the European Commission's proposal to revise the Waste Directive (2008/98/EC)

The Confederation of Swedish Enterprise (hereafter Swedish Enterprise) represents over 60,000 small, medium and large companies. They are organised in 49 industry and employer associations. The associations constitute the members of the Swedish Enterprise. Swedish Enterprise's position has been prepared following consultation with the relevant member industry associations. Further comments and positions may be provided in the future.

General

Swedish Enterprise welcomes the European Commission's proposal for a revision to the Waste Directive and sees this as a significant step towards increased resource efficiency in Europe. It also represents an important part of the implementation of the Green Deal and the Circular Economy Action Plan. As a matter of principle, Swedish Enterprise believes that setting solutions and target levels at EU level is always preferable to specific national solutions, as this increases harmonisation and competition in the internal market on more equal terms. However, in the specific cases of both textile waste and food waste, the individual Member States will, to a certain extent, need to take measures and create national systems to be able to achieve the objectives of the Directive, including a producer responsibility system for textiles. Here, Swedish Enterprise wishes to stress the importance of the legislator in the Member States maintaining a close and continuous dialogue with the relevant sectors of society and industries, not least those companies that will largely be covered by the revisions to the Waste Directive.

Textile waste

Swedish Enterprise is positive overall towards the European Commission's proposal, and welcomes the initiative to create better-harmonised legislation for textiles and textile waste. At present, there is no common system for these types of materials, which means that companies operating in a number of countries are faced with different handling requirements in different Member States. This in turn contributes to increased administration and increased costs. For this reason, Swedish Enterprise sees considerable added value in introducing extended producer responsibility at European level. If designed and implemented in a sensible and balanced manner, this would have an excellent chance of encouraging competition on more equal terms, and thus reinforcing the internal market.

It should be kept in mind that textiles are one of the sectors with the greatest climate impact globally. The sector overall typically has extremely low reuse and recycling rates. Therefore, large-scale initiatives that lead to increased collection and sorting - a prerequisite for increased reuse and recycling - are important and welcome steps for the move to a more circular and sustainable society. At the same

time, there is currently a great deal of innovation and development among the Swedish textile industry, driven not least by young entrepreneurs in small and medium-sized enterprises (SMEs).

New green innovations and technologies have considerable long-term potential for reducing the climate and environmental footprint of the textile sector. This is why it is critically important that any current and future legislation strengthens, rather than limits, the competitiveness of these companies. It should also be a basic condition that any relevant legislation is technology neutral. In the long term, Sweden has excellent opportunities to become a world-leading hub for sustainable and circular textiles. Here, it should be noted that Sweden could already have had a functioning producer responsibility system in place when this issue was investigated (SOU 2020: 72) and submitted in relatively short order. That system could have served as a basis for a harmonised solution within the EU, which is why it is deeply regrettable that both the current and previous governments did not take this issue further.

Below there are a number of specific comments relating to the future design of a producer responsibility systems for textiles, as well as and the work to create more sustainable and circular value chains for textiles.

EU harmonisation and requirements for non-European operators

In order for a producer responsibility system to work well, a fundamental prerequisite is that the same rules and competition conditions apply to both European and non-European companies who place products on the internal market; in other words, a level playing field. At present, private imports of clothing and other textiles represent a considerable proportion of those placed on the market; this is why it is extremely important that e-commerce platforms and companies outside the EU are also covered by the regulatory framework for a future producer responsibility system. As currently written, the proposal would require that the platforms only need to check that the exporting company is listed in the future textile producer register. This is not strong enough; instead, there should be stricter requirements placed on the platforms, in order to obtain assurances that the company has genuinely complied with European regulations and contributed to the producer responsibility system.

To further enhance harmonisation in the internal market, it is important that actors throughout the EU work with common definitions and classifications. Swedish Enterprise therefore views it as positive that the European Commission is proposing that operators should start from the customs numbers that companies already use today. Furthermore, Swedish Enterprise wishes to stress the importance of not adding further customs numbers but rather using those listed in Annex IVc of the Directive.

In addition, the register of textile producers that is to be introduced should be established at EU level. It should be common to the whole European Union and not created within each individual Member State. This will enhance harmonisation of the internal market and help to reduce the administrative burden where a company only needs to register once.

Ecomodulate producer responsibility fees

In the proposal for a revised Waste Directive, in Article 22c (3) it is recommended that the European Commission be given a mandate for developing criteria to differentiate between producer

responsibility fees. These criteria should be based on the Delegated Act for textiles developed within the framework of the forthcoming Ecodesign Regulation (ESPR). Swedish Enterprise welcomes this proposal, as it gives the producer companies an incentive to produce products that are more environmentally sustainable; for example, with an improved service life or using a higher proportion of recyclable materials. It is important to safeguard the principle of favouring those companies that do the right thing in their sustainability work. In developing these criteria, the overall environmental benefit should be a decisive factor. For example, mixed materials can be used for a longer duration in the use of textiles, but may not always be the best approach from a recycling perspective.

Safeguarding a functioning reuse market

In recent years, an increasingly large reuse market for clothing has emerged, driven in no small part by private entrepreneurs and actors in the not-for-profit sector. It is particularly important that the design of any future producer responsibility system for textiles does not disrupt any currently well-functioning reuse flows or complicate the existing reuse business models. As far as possible, clothing should be reused before being recycled, which is why it is essential that techniques for the sorting of the textiles being submitted are developed, both automated and manual.

Micro-enterprises should not be exempted from the producer responsibility system

In the proposal for a Directive, the European Commission suggests that micro-enterprises should not be covered by the legislation on producer responsibility, despite the fact that almost 90% of the EU textile sector is made up of micro enterprises. Instead, Swedish Enterprise believes that these micro-enterprises should not be exempted from producer responsibility, as the relevant aspect here is the volume of textiles being placed on the market, not the number of employees. Articles 22a and 22c should therefore be amended to reflect this reality. The inclusion of micro-enterprises also closes the opportunity for larger companies to place textiles on the market via micro-enterprises in order to circumvent the rules of the producer responsibility system. At the same time, it is very important to remember that micro-enterprises, along with other SMEs, who in many cases are the ones who will face the greatest challenges in adapting to any new producer responsibility system and new regulations. This will be in terms of increased costs, administrative burden and all the other sustainability legislation adopted in the EU in recent years. It is therefore important that both the Commission and the authorities in the Member States ensure that these enterprises receive sufficient guidance and support to provide them with the conditions that allow them to compete on equal terms.

Allowing certain exemptions for incineration

A fundamental aim of any producer responsibility system for textiles is to increase the reuse and recycling rates. This, in turn, requires that the collection and storage of textiles be focused on maximising material recovery. Although Member States should take the necessary measures to make collection and storage as efficient as possible, there will be occasions where the sorted or stored textiles may become

contaminated, damp or mouldy. In such cases, the textile in question cannot be reused or recycled, so there needs be an exemption that allows for the incineration of this material, pending improved recycling techniques or more-efficient storage sites. There may also be certain types of uniforms or workwear that have been in contact with dangerous or harmful chemicals; these should also be covered by an exemption. However, this exemption should be applied restrictively and not lead to opportunities for companies to destroy their unsold goods and products. Swedish Enterprise broadly supports the prohibition of this in the Ecodesign Regulation (ESPR).

Continued investment in research, innovation and skills

One of the most important aspects of achieving sustainable and circular textile flows is the treatment of sorted and collected textile waste. From 1 January 2025, when separate collection will become a legal requirement in the EU, considerable volumes of collected textile waste will build up at a rapid pace; currently, there is no market for them. This highlights a particularly important aspect of the transition towards a more circular textile industry in the EU, namely that further actions will be required, both upstream and downstream.

Upstream, there is a need to not only change consumer behaviour but also to make the production of textiles more sustainable and circular, which is something to which a properly designed producer responsibility and the new Ecodesign Regulation can contribute. There is also the need to develop an approach to the sorting of textiles that can be reused or recycled, which needs to be undertaken both mechanically and by trained personnel. In both cases, there needs to be increased investments in environmental technology and in expertise and training at both national and European levels.

Downstream, there is a significant need to invest in the capacity to maximise fibre recovery. There are currently a handful of such facilities in Sweden and elsewhere, but they are not on the greater size or scale that will be needed in the long term. Any investments must also be matched by similar extensive measures in research and innovation in this area. Currently, the textile industry consists largely of small or very small companies with limited capital and opportunities to innovate or find their own technical solutions, which is why it is vitally important to increase innovation and research funding from the public sector in both Sweden and the EU. The proposed Directive states, in Article 22a(4)(e), that the producer responsibility fee should also cover research and innovation in areas such as sorting and recycling. This approach may well be a positive one, but it is vital that this provision also allows the contributing companies to take part in various research and innovation initiatives.

Ensure mobility in the internal market

Finally, it is also important to stress the importance of the ability to easily transport textile waste across national borders within the EU. The infrastructure for collection and initial sorting should be designed locally and be as close to the consumer as possible, but it must be possible to undertake further sorting and recycling elsewhere. Large-scale investments by individual Member States in fibre recycling are not necessarily the most cost effective, so it must be possible to send textile waste to those locations with the capacity to deal with it. Here, it is important that the European Commission

works on developing harmonised waste codes. At the same time, it is important to ensure that textile waste that is capable of being reused or recycled is not dumped outside the EU in an environmentally irresponsible manner.

Food waste

The European Commission's proposal requires Member States to take measures to achieve a 10% reduction in food waste in the food industry and a 30% reduction in food retail and consumption by 31 December 2030. Swedish Enterprise supports the Commission's proposed and binding target levels as well as the broader UN Sustainable Development Goal (SDG 12.3) of halving per capita food waste by 2030, which this Directive is aiming to achieve from the EU side.

Swedish Enterprise is in favour of each individual Member State designing national measures to achieve the goals, as conditions and circumstances can differ greatly between countries in the internal market. Sufficient flexibility is therefore absolutely essential. It is crucial that the implementation of the target at national level takes a balanced approach, considers the differing natures of the industries and sectors concerned and takes account of the food waste reduction initiatives that have already been initiated.

In the Commission's proposal, retailers, restaurants and households have been combined into a common target for a 30% reduction. Given that households account for more than two-thirds of food waste in Sweden, Swedish Enterprise considers it a priority for the legislator and national authorities to prioritise reductions from this source. There also needs to be a close and continuous dialogue with the retail and hospitality industry, in order to ensure that the measures are proportionate and do not create unreasonable increased administrative burdens or costs for businesses. There should also be a similar dialogue held with the food industry. It must also be a priority to work on ongoing monitoring and evaluation measures that will identify deficiencies and disproportionately high demands on businesses in one aspect of the food chain.

Stockholm November 1st 2023

Marcus Wangel

Environmental policy expert, Confederation of Swedish Enterprise