



Bld. Brand Whitlock 114
B-1200 Brussels
+32 2 738 78 10

Roadmap - New Circular Economy Action Plan

Korrina Hegarty
korrina.hegarty@applia-europe.eu



APPLiA Home Appliance Europe supports the European Commission's work to examine options and actions for a more coherent policy framework of the different strands of work related to circular economy, while preserving the single market, competition and innovation.

We have outlined below some initial general comments on the Roadmap: New Circular Economy Action Plan¹. We look forward to cooperating further with the European Commission as it develops its ideas and activities in this field.

Key Messages

- APPLiA supports initiatives and policy that contribute to a more successful circular economy that brings together all societal actors. APPLiA believes that sharing best practices and using market-based incentives should be prioritised to drive a [circular culture](#)².
- European household manufacturers are increasingly subject to a conflicting regulatory landscape. Policymakers can pursue various routes to move towards a more circular economy but need to consider the consequences of their choices, and the trade-offs these inevitably yield.
- While we agree the EU should set rules for products on the European market to limit their impact on the environment and contribute to circularity, product characteristics should only be regulated by law if:
 - they can be measured accurately and reliably to ensure enforcement;
 - there is actual evidence of a need for regulation with relevant requirements.Market surveillance must have the sufficient means to ensure fair competition and guarantee a high degree of legal certainty and level playing field for all actors.
- APPLiA firmly believes that any product legislation should follow the Better Regulation agenda to ensure coherence and legal certainty. Where necessary, all future legislation should be based on the New Legislative Framework. Any assessment method used as the basis for legislation should correspond to real-life conditions of use.
- In striving for a circular economy, there needs to be a balanced approach - taking into account material efficiency, energy efficiency, citizen welfare, consumer choice and affordability.

¹ https://ec.europa.eu/info/law/better-regulation/initiatives/ares-2019-7907872_en

² <https://www.circularculture.eu>

Specific comments on the Roadmap outline

1. SUSTAINABLE PRODUCTS POLICY SHOULD BE BASED ON ROBUST IMPACT ASSESSMENT AND NOT TRY TO SQUARE THE CIRCLE

The Commission highlights that the majority of products placed on the EU market today rely mainly on unsustainable and sub-optimal use of resources, leading to excessive production of waste, and increasing the environmental footprint of the economy instead of bringing the needed decoupling. They state that these products are often not kept in the economy for long enough, causing loss of economic value and often intensifying the environmental impacts due to their premature replacement - especially true for sectors such as electronic and electric products, some plastic products and textiles. It is therefore foreseen that the action plan will identify actions to address high-impact sectors such as textiles, construction, electronics.

APPLiA would like to highlight that home appliances are electronic and electric products that already have a very long lifetime of more than 10/15 years. Compared with other products in the wider EEE sector this is a quite long usage period. We therefore call for a full, proper impact assessment to make sure that the focus is set to the right products, as has been done in the case of single use plastics.

In line with the Better Regulation agenda, product characteristics should only be regulated by law if there is actual evidence of a need for regulation with relevant requirements that can be measured accurately and reliably.

The home appliance industry is continuously working at innovative solutions to phase out hazardous substances from their products, to facilitate recycling processes and the use of secondary raw materials. But more effort needs to be done to ensure that the growth of the secondary raw materials market and chemicals legislation can work together. Fast-changing chemical regulation does not fit with long lasting goods. Even if industry is continuously trying to phase out hazardous chemicals, the fast pace of chemical regulation updates will always pose the issue of legacy substances.

With regard to the use of secondary raw materials and the creation of a (global) market for secondary raw materials, APPLiA supports the objective of the Commission to develop action on the interface between chemicals, products and waste legislation. Consistency with other EU and national piece of legislation, such as chemicals legislation or safety legislation should be sought to ensure legal certainty and avoid contradictions, overlaps or double regulation.

Chemical requirements for the internal market ensure environmental protection and human well-being and create trust for consumers. A rigid yet risk-based approach towards chemical regulatory tools, e.g. REACH, RoHS and POPs, warrants that products are safe. We note, however, that strict chemical requirements limit or slow down recycling and subsequent uptake of secondary plastics, a goal APPLiA members fully support in line with the stringent recycling quota set by the WEEE Directive (e.g. recovery targets under Article 11). Policymakers need to recognise the trade-off between chemical legislation and circular ambitions. It is impossible to have both a rigorous chemical legislation and 100% circularity.

With regard to the potential carbon border adjustment mechanism, for selected sectors, to reduce the risk of carbon leakage³, we agree with the starting ambition of this proposal, i.e. to secure that EU industry can remain competitive globally, while CO2 emissions are tackled through EU policy, such as the Emissions Trading System (ETS). However, it must be secured that the global competitive situation for the EU manufacturing industry of finished goods is not negatively impacted. To avoid such negative effects a CO2 border tax cannot only be applied to raw materials.

2. ONLY A SOLID STANDARDISATION BASE CAN SECURE REPRODUCIBLE, REPEATABLE, RELIABLE AND ENFORCEABLE PRODUCT REQUIREMENTS

The Commission states that the new CE action plan will include a sustainable products policy, to boost design, production and marketing of sustainable products. The initiative will support design for circularity and provide tools to industry for better managing their supply chain. It will set minimum requirements to prevent environmentally harmful products from being placed in the EU market and identify options to prioritise reuse and repair before recycling. The plan will also include measures to empower consumers to contribute to the circular economy. One of these measures will be to provide them with reliable, verifiable and comparable information on products' sustainability features and tackle false green claims. Reliability of these environmental declarations will be ensured by substantiating them against robust methods.

APPLiA believes that all regulatory activities must be based on a clear impact assessment and follow the Better Regulation agenda to ensure coherence and legal certainty. There must be careful calibration between the merits of regulation and market-based approaches and, where necessary, for all future legislation to be based on the New Legislative Framework. Standardisation is a prerequisite to any policy discussion on material/energy efficiency aspects of products. Only a solid standardisation base can secure reproducible, repeatable, reliable and enforceable product requirements. But depending on the nature of requirement it has its limitations.

APPLiA supports the further development product specific standardisation requests to CEN and CENELEC to produce reliable test methods and material efficiency (such as durability, reparability, reusability..).

3. HARMONISATION OF EU WASTE LEGISLATION

Regarding waste management, the Commission highlights in the Roadmap that an explicit mandate in the new EU waste legislation requires a review of existing law as well as considering additional measures for new waste streams. The action plan is also planned to help reduce waste generation and support the modernisation of certain waste laws so that they further contribute to the circular economy. The action plan will also address the need to increase the amount of waste treated domestically, developing high quality recycling installations, and tackling the export of waste. The revision of the waste shipment regulation will be a key element.

³ COM(2019) 640 final - The European Green Deal page 5

In this regard, APPLiA strongly supports actions on further harmonisation towards a single market for waste. APPLiA recognises the ambitions of this revised EU waste acquis to make it fit for the circular economy by improving the functioning of waste markets but the new waste rules must ensure consistency between the different pieces of waste legislation and be implementable and enforceable.

Today, around $\frac{2}{3}$ of precious resources from e-waste remains undocumented, which means it is not known if they actually come back to material loops as secondary raw materials. Closing the gaps in raw materials' data information and collection is the first and fundamental step to improve knowledge on the quality and quantity of recovered secondary raw materials from WEEE.

Waste legislation should target all actors dealing with waste and give them the same obligations as producers under the extended producer responsibility principle. As waste is and will ever more become a resource, markets will be developed in which a level playing field needs to be ensured (which is currently not the case).

Achieving the overall aims of the WEEE Directive will only be possible when all quantities of WEEE are accounted for and proper disposal by the consumer is tackled. In general, there are sufficient policy instruments covering end-of-life handling but consistent implementation efforts by all actors in the waste chain, especially the market surveillance authorities, are needed to maximise recovery and combat illegal disposal and export of WEEE. APPLiA supports actions on further harmonisation towards a single market for waste and EU wide implementation of recycling standards.

4. EU MARKET FOR SECONDARY RAW MATERIALS

The Commission highlights that the EU market for secondary raw materials remains to be further developed, even if many businesses and public buyers are ready to switch to recycled materials. Certain recycled materials are often less competitive due to their price, as well as to concerns on their safety, quality, and performance. Insufficient information regarding the presence or not of substances of concern in products and waste often hampers their recycling and uptake. The new action plan will also foster a well-functioning and integrated internal market for secondary raw materials to ensure that they are safe, competitively priced and reliable.

Home appliance manufacturers use recycled materials in the production of new large and small appliances. This use has increased steadily as the quality and quantity of recycled materials available has increased. For companies using recycled materials in their products, a key concern is understandably that materials meet the right technical criteria in terms of performance, robustness and safety, next to their availability in sufficient quantities at a competitive price.

There are a number of challenges to be overcome for recycled materials, particularly plastics, to be even more widely used. Even though recyclers have made technical progress in the past few years, it is still not easy to source sufficient supply of high-quality post-consumer recycled plastics that meet the same level as virgin plastics. In consequence, using recycled plastic can have adverse impacts on a product's quality.

APPLiA is an active member of the [Circular Plastics Alliance](https://ec.europa.eu/growth/industry/policy/circular-plastics-alliance_en)⁴. The commitments of the Circular Plastics Alliance should drive the competitive European Market for secondary raw materials. There is already a very healthy market in Europe for

⁴ https://ec.europa.eu/growth/industry/policy/circular-plastics-alliance_en

recycled plastic materials which is growing steadily year after year. Commitments and future actions of the Circular Plastics Alliance should support existing market forces that are already driving growth in the supply and use of recycled plastics. Innovation platforms across the plastics value chain to work on research and development to address the technical and economic barriers will facilitate the increased uptake of recycled plastics material in products towards the 10 million tonnes target.

Making the EU Plastics Strategy a reality will require action from all players in the plastic value chain, from plastic producers and designers, through brands and retailers, to recyclers. Civil society, the scientific community, businesses and local authorities will have a decisive role to play in making a difference, working together with regional and national governments to bring about positive change.

APPLiA Home Appliance Europe represents the home appliance industry in Europe. Our manufacturers offer better lifestyles to Europeans, investing over EUR 1.4 billion in R&D and creating nearly 1 million jobs in Europe. The growth of our industry is directly linked to our freedom to innovate for our consumers. We improve lifestyles by providing the choice of a wide range of products designed for well-being, convenience, performance, sustainability, energy efficiency, design, robustness, after-sales service, and affordability. APPLiA supports initiatives and policy that contribute to a more successful circular economy that brings together all societal actors. APPLiA believes that sharing best practices and using market-based incentives should be prioritised to drive a circular culture.

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