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## The New Circular Economy Action Plan - paving the way to a more Sustainable Europe

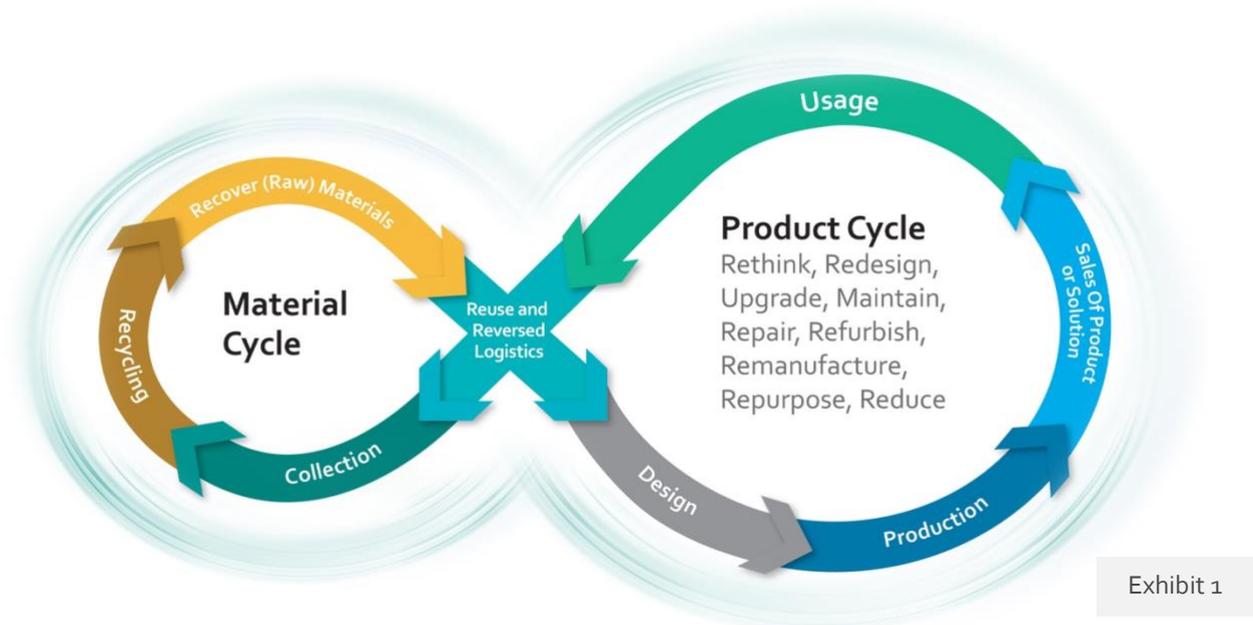
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European Commission President Ursula von der Leyen has made it a core mission of her mandate for the “EU to lead the transition to a healthy planet”. The new [Circular Economy Action Plan](#), adopted by the Commission on 11 March 2020, marks a major step towards that goal. Indeed, the new Circular Economy Action Plan - one of the main blocks of the European Green Deal - will play a crucial role in achieving the Green Deal’s overarching aim of making Europe climate-neutral by 2050 and can help to drive an industrial renaissance for a clean planet for all (see Orgalim’s Green Deal position [here](#)).

Representing Europe’s technology industries, providing innovative solutions which can unlock a greener, healthier and more prosperous future for the EU and its citizens, Orgalim welcomes the new Circular Economy Action Plan for a cleaner and more competitive Europe. Optimising the circular use of resources throughout the economy is a key vector for minimising the environmental impacts of the EU economy. It makes environmental and economic sense and contributes to climate mitigation and renewing EU industrial global leadership. The co-benefits of achieving carbon neutrality in a wider resource efficiency agenda should contribute to meeting this goal in a faster and cost-efficient manner. Coupled with the possibilities of digitalisation and data analysis, a circular economy creates space for new business models and enables the optimisation of energy and resource use throughout the life cycle.

In this strategic paper Orgalim provides a summary of the key areas for consideration for Europe’s technology industries and Orgalim’s main recommendations on the new Circular Economy Action Plan. Further information can be found in Orgalim’s detailed [Position Paper](#) which provides our detailed views and recommendations on the various initiatives announced in the new Circular Economy Action Plan along the entire life cycle of products, targeting, for example, their design, promoting circular economy processes, fostering sustainable consumption, and aiming to ensure that the resources used are kept in the EU economy for as long as possible.

# 1. Circular Economy and the new Circular Economy Action Plan



The infinity symbol is a challenge for the circular economy. The vision of a world without waste where materials circulate may be ambitious but is a necessity and really worth striving for. The environmental benefits must be at the center in all steps. Europe's technology industries contribute to all parts of the circular economy which is a model of production and use which involves different strategies at the level of the material cycle and product cycle (see exhibit 1) to maintain the value of products and materials for as long as possible. Waste and resource use are minimised and when a product reaches the end of its life, its material is used again and again in our sector or in other sectors to create further value.

The [new Circular Economy Action Plan](#) published in March 2020 announces initiatives for the entire life cycle of products, from design and manufacturing to consumption, repair, reuse, recycling, and bringing resources back into the economy. It introduces legislative and non-legislative measures and targets areas where action at the EU level brings added value. The Action Plan is at the core of the [European Green Deal](#), the EU roadmap towards climate neutrality.

According to the Commission, half of total greenhouse gas emissions come from resource extraction and processing.

The aim of the new Circular Economy Action Plan is to reduce the EU's consumption footprint and double the EU's circular material use rate in the coming decade, while boosting economic growth. This will be done in full cooperation with stakeholders and business. According to the Commission Action Plan, applying ambitious circular economy measures in Europe can increase the EU's GDP by an additional 0.5% by 2030 and create around 700,000 new jobs.

## 2. Orgalim main recommendations for the Circular Economy Action Plan

The European technology industries represented by Orgalim stand ready to continue providing innovative, cutting-edge technology solutions and sustainable products. Continuously improving the performance and overall sustainability of products, striving for excellence and ensuring that consumers and businesses enjoy the benefits of competing, innovative, cutting-edge technology solutions targeted to their needs are the core commitments and competences of the European technology industries.

Hereafter our main recommendations:

1. “The stronger the EU Single Market, the better for the circular economy” should be a guiding principle for future action. To secure the functioning of the Single Market – one of the EU’s success stories and major achievements that has improved prosperity and opportunities for European citizens and businesses – it is crucial to ensure a harmonised approach throughout the EU to the various circular economy measures.
2. Any new circular economy measure, especially in the area of product policy, must be accompanied by robust market surveillance and effective enforcement.
3. We call on the Commission to follow the better regulation principles and to conduct impact assessments for all new announced initiatives to make sure that the proposed measures are proportionate to the intended objectives. Impact assessments must make clear the balance between environmental results and investments, providing a cost-efficiency picture of different measures. After that we recommend starting with the measures with the best cost efficiency rating and highest impact.
4. Standards are essential complementing tools to EU legislation for a circular economy and enhancing the sustainability of products and materials. There must be a balance between environment, safety and quality aspects. In addition, standardisation needs to be market relevant.
5. Europe can only succeed if its efforts and commitments also drive the global transition to a just, climate-neutral, resource-efficient and circular economy. Industry is part of global supply chains – the reason why the requirements must be workable globally.
6. The life cycle approach in Ecodesign is supported by our industries because it is fundamental to define the requirements and should be a guiding principle for authorities.
7. It is important that such complex circular economy challenges are analysed and evaluated at an early stage in dialogue with all actors along the value chains including industry. It is also important that concrete implementation remains open, market driven and globally connectable. Any product requirements must always be product-specific and carefully checked.
8. The circular economy requires a strong multidisciplinary approach as well as (new) inter-sectoral collaboration – between different industries and companies, or between different policy areas, or both – so that new value creation networks can develop.
9. Policy objectives, policy choices and incentives across all policy areas need to be both clear and consistently implemented, including potentially inevitable trade-offs, to create the market for sustainable circular business models and opportunities from a life cycle perspective. It is important to create the market through coherent policy objectives throughout all strands of policies, to use the different legal instruments (eg. REACH, RoHS, Ecodesign) according to their intended goals, and to remove existing conflicts or double regulation between EU waste, product and chemicals policy objectives. Addressing the interface between chemicals, products and waste regulations is absolutely necessary to achieve the ambition of the

Commission regarding waste prevention, sustainability of products and a toxic-free environment. Our recommendations are available in our Orgalim [Position Paper](#) "Circular Economy: resolving the interface between EU Waste, Product and Chemical Policy".

- 10.** When developing product and information requirements, it is very important to:
- First undertake an impact assessment.
  - Apply the "SMERC" principle":
    - Specific – requirements must be considered on a product group-specific basis. Even within the same product group and within individual categories of equipment in our sector, the products and their environmental impact differ significantly, especially depending on ambient and operating conditions.
    - Measurability – the parameters must be clear to determine and measurement methods must be accurately defined.
    - Enforceability – it must be possible to verify and enforce requirements through market surveillance.
    - Relevance – new parameters and corresponding requirements must be relevant for the environment, the users and applicable even within the specific life cycle phase(s). There must be evidence of clear and significant potential for improvement.
    - Competitiveness – there must be no significant negative impact on the industry's competitiveness and the competition must be fair.
  - Ensure that the product sustainability requirements will be harmonised at EU level.
  - Product requirements, as for example information requirements, should be technology-neutral and not hinder the development of new innovations, business models and products.
  - Policy makers should focus on products that taken together stand for a great environmental impact so that the effect of legislation is proportionate (Article 15 Ecodesign Directive).
- 11.** Energy efficiency remains a key sustainability principle for energy related products.
- 12.** Resource efficiency requirements under Ecodesign are ambitious but appropriate.
- 13.** For Europe and European technology industries, high quality products are a core competitive argument, which goes hand in hand with sustainability.
- 14.** The responsibility of all actors within the industry (from chemical industry, technology industries and waste management industry) is to minimise the risks and negative impacts of chemicals on the environment.
- 15.** Technology development, a better use of digitalisation, artificial intelligence and other tools, together with research and innovation, are all important parts of policy measures aiming at a circular economy.

### 3. Key messages and recommendations regarding a sustainable PRODUCT policy framework

- The life cycle approach in Ecodesign is supported by our industries because it is fundamental to defining requirements and should be a guiding principle for authorities. The top priority when designing products, and when establishing legal requirements on products, is to take a view from the life cycle perspective. All other aspects and requirements should be seen as complementary and as support for a circular business model.
- We strongly support the Ecodesign instrument, which has delivered for the consumer, industry and the planet. We support the Ecodesign Directive 2009/125/EC since it provides an EU harmonised framework and contributes to EU's wider climate and resource policy agenda. Should the scope of the existing Ecodesign Directive be extended to non-energy related products

- We recommend maintaining the existing framework of the Ecodesign Directive for energy related products to guarantee legal and investment certainty, and confidence and trust in the market in the ongoing implementation.

- Adding new products within the scope of Ecodesign should be proportionate and we defend the method of establishing implementing measures in the existing Ecodesign Directive as stipulated in its Article 15.

- Many companies experiment with new business models based upon "product as a service" (a process of building revenue streams for manufacturers from services). Product as a service can also help to lower the impact on the environment, especially because of digitalisation. However, at the end of the lifecycle the used materials still need to be recycled to achieve a closed loop contributing to the circular economy.

- Measures to ensure further longevity of products are supported provided that the legislation is proportionate and strikes a balance between consumers' rights and the obligations of manufacturers, such as quality, safety, legal liability and intellectual property rights.

- To realize the large circular economy potential, Green Public Procurement has to drive the circular economy, and to enable economic potentials it is imperative to base procurement on total cost of ownership, including product lifetime and operating costs. In addition, significant efforts should be demonstrated by the industry to include information as far as improvements on life cycle and to the post-consumption phase.
- Differentiating consumer and industrial goods in the context of material efficiency is crucial.
- We support the principle of the proposal to set up minimum requirements for sustainability labels/logos and for information tools for consumers' products on condition that these tools are harmonised at EU level and are the unique basis to be used by national labels/logos in order to prevent hampering the functioning of the EU internal market. As many consumers are overwhelmed by the variety of

environmental and product labels, we believe that they must be product-specific, simple and comprehensible.

## 4. Key messages regarding PRODUCT VALUE CHAINS

- Any Circular Electronics initiative in our sector should take into account the following principles:
- A level playing field in Europe: no special regulations at national level!
- The discussed resource efficiency requirements under Ecodesign are ambitious but appropriate.
- Product requirements (e.g. "right to repair" or availability of spare parts) must always be considered product-specific and carefully checked based on life cycle analysis and market analysis.
- All the concepts of a circular economy are defined and test methods are detailed (Mandate M543). These standards must be the basis for any further regulation and must be adapted and applied in practice to the different product categories when relevant.
- Regarding the collection and treatment of WEEE it is important that all actors are contributing to achieve legislative targets.
- EU RoHS is the global standard to evaluate and restrict the use of hazardous substances in electrical and electronic equipment.
- Maintain RoHS as a separate law and apply a risk-based approach for regulating substances and product groups.
- For batteries, see the Orgalim [Position Paper](#) "Orgalim comments on the development of sustainability requirements for batteries under a New Regulatory Framework for Batteries".
- Regarding buildings, modernising Europe's building stock will be essential for delivering on climate ambitions, considering that the building sector accounts for 40% of the EU's energy consumption and 36% of the EU's CO<sub>2</sub> emissions, while significant energy efficiency potential in this sector remain untapped.
- Regarding energy related infrastructure such as smart grids, e-mobility and renewable energy, a circular economy goes hand in hand with the energy transition. The challenges, benefits and solutions for industry and society depend on transport and infrastructure. A circular economy must be a supportive tool for reaching the climate goals.

## 5. Key messages and recommendations regarding EU WASTE policy

- To secure the functioning of the Single Market – one of the EU's success stories and major achievements – as it is crucial to ensure a harmonised approach to the various product-related, and waste prevention and circularity measures throughout the EU.
- Complement producer responsibility with 'shared responsibility obligations' for all actors in every step of the waste management chain. All actors involved in the collection and treatment of different waste streams, not only producers, need to respect the same obligations to achieve the collection and recycling targets of Extended Producer Responsibility (EPR) related directives. The responsibility of each actor has to be defined clearly and fairly. All actors must contribute to achieving the objectives, and authorities should enforce the different obligations.

- Ensure the coherence of waste related obligations with chemical and product legislation. e.g waste shipment rules should not hamper the circular economy objectives.
- Secondary raw materials should fulfil the same performance criteria as virgin materials and investments should be made in research and technology to enhance the possibilities of secondary raw materials.
- Strictly enforce the already defined legal obligations to reach the objectives (landfill targets, illegal shipment of waste, free-riders,...).
- Promote harmonised EU and international waste treatment standards.
- Support innovation of new waste technologies and encourage the modernisation of waste management infrastructures.



## 6. Key messages and recommendations regarding EU CHEMICALS policy

- Striving for circularity in the sustainable use of chemicals is challenging for our industries that cannot achieve this goal alone. The industry needs to cooperate with all actors in the value chain. This is the common goal for both society and industry. The responsibility of all actors within the industry (from chemical industry, technology industries and waste management industry) is to minimise the risks and negative impacts of chemicals on the environment.
- Industry needs to be able to continue to produce products using chemicals in a level playing field with non-EU countries. Therefore, a REACH Restriction rather than Authorisation is the preferred instrument to regulate chemicals. Restriction at least sets equal conditions for the chemicals content of EU-manufactured and imported products alike.
- New legislation must always follow the EU Better Regulation principles and be based on an impact assessment to avoid situations like the recent ECHA SCIP database about substances of very high concern in products.
- Policy making and decisions regarding chemicals should be risk based not hazard based.
- Addressing the interface between chemical, products and waste legislation is a key action to enhance chemicals policy and increase remanufacturing, refurbishment and the incorporation of recycled materials in new products.
- Industry needs sufficient time to adapt their products and manufacturing processes, especially when SVHC's are affected by REACH and waste management legislation.
- We need to make a distinction between legacy issues (e.g. DDT, PFAS, Cadmium in plastics, etc) and our present knowledge about chemicals. In many products there is no alternative chemical available today or such an alternative chemical may have other disadvantages or face the risk being nominated as an SVHC themselves.

- We support the “repair as produced” principle.
- The EU and national authorities need to financially support the industry in finding alternative chemicals that can substitute ‘problematic’ chemicals and be involved in the substitution process.

## 7. Key messages and recommendations on making circularity work for PEOPLE, REGIONS AND CITIES

- A circular economy supports the transformation towards new jobs and business models for European citizens and opportunities for social integration and cohesion.
- Industry already provides technological solutions. In the future, there will be a high demand for the skilled workers, training programs (and funding) needed in order to trigger adaption for new jobs.
- We call on European cities to develop new projects together with the European technology industries and suppliers of technology (for example in building technology, mobility, energy infrastructure etc.), to deliver the UN’s Agenda 2030 and its Sustainable Development Goals to improve citizens’ wellbeing – for example by improving air quality and promoting healthier lifestyles. Cities should test and implement new models and technologies via innovation procurement.



## 8. Key messages and recommendations on CROSSCUTTING ACTIONS

- In order to achieve climate neutrality, it is important to strengthen the synergies between circularity and the reduction of greenhouse gas emissions. A circular economy supports Europe’s climate ambition and resource efficiency as a driver of climate change mitigation and adaptation.
- Studies show that the circular economy for example can be as much as half of the solution to achieve net-zero in some of the hardest to abate sectors in the economy.
- Our industries consider the EU taxonomy / sustainable finance as important to define a common language for sustainable investments and economic activities and to avoid greenwashing. All technologies that can contribute to reducing emissions must continue to have access to sustainable financing.
- Regarding research, we fully support the important Horizon Europe program and we very much welcome the EU funding program helping substitution and elimination of hazardous substances.
- We very much support digitalisation as an enabling technology for a circular economy, and the transition to a data-driven economy will be crucial for our sector’s sustainability, growth and competitiveness.

## 9. Key messages and recommendations on leading efforts at GLOBAL LEVEL

- Europe can only succeed if its efforts and commitments also drive the global transition to a just, climate-neutral, resource-efficient and circular economy.
- Industry is part of global supply chains. This is the reason why the requirements must be workable in a global supply chain.
- Our industries support the concept that Free Trade Agreements reflect the objectives of the circular economy. However, the main aim of Free Trade Agreements is to open up trade opportunities for our companies.

## 10. Key messages and recommendations on MONITORING PROGRESS

- The Monitoring Framework for the Circular Economy is a crucial step to track the progress made.
- The Commission and the Member States should play an active role.
- We recommend policymakers to develop a common terminology and clear goals that can provide guidance as to whether the EU is on the right track with respect to the deliveries of circular economy measures within the EU. A few clear, transparent and measurable key figures and sub-goals are needed for this work, provided by the Commission.

In our detailed [Position Paper](#), Orgalim is providing its detailed views and recommendations on the various initiatives announced in the new Circular Economy Action Plan.

Orgalim represents Europe's technology industries, comprised of 770,000 innovative companies spanning the mechanical engineering, electrical engineering, electronics, ICT and metal technology branches. Together they represent the EU's largest manufacturing sector, generating annual turnover of over €2,100 billion, manufacturing one-third of all European exports and providing 11.5 million direct jobs. Orgalim is registered under the European Union Transparency Register – ID number: 20210641335-88.