

Minutes

Building a Circular and Climate Neutral Economy Reaction to the March Circular Economy Package Friday 1 April 2022 10:00 – 11:30am CEST – Online

Context and background

This high-level webinar event gathers reactions from key players to the release of the Circular Economy Package I on 30th March on topics including the Sustainable Products Initiative, Textile Strategy, Right to Repair and Construction.

The event will be hosted by Martin Porter, Executive Chair of CISL Brussels. Speakers will include high-level European policymakers, members of CLG Europe's Materials and Products Taskforce and industry experts. The event will provide a forum to discuss the need for a systematic approach to advancing circular design solutions.

The webinar will discuss the circular economy package as a whole and analyse the approach of the European Commission. This will include views on the different pieces of legislation, including the Sustainable Products Initiative. By bringing together key players, the event provides a unique opportunity to create a dialogue about what stakeholder would like to see from the legislative package. Ultimately, this will have a wider impact on exploring how the EU's Circular Economy Package can help to accelerate the transition to a climate neutral and circular economy.

The event is organised by CLG Europe's *Taskforce on Climate Neutral and Sustainable Materials and Products* ([Materials & Products Taskforce](#)). The Materials & Products Taskforce is convened by CLG Europe, an influential and cross-sectoral group of European businesses collaborating to accelerate economy-wide action for a climate neutral economy. Our aim is to provide a forum to promote positive exchange between progressive European governments and businesses, determined to support the development of a climate neutral and prosperous Europe.

Speakers included:

- **Virginijus Sinkevičius**, European Commissioner for Environment, Oceans and Fisheries (video message)
- **MEP Sirpa Pietikäinen**, European Parliament
- **Kristian Hovgaard Juul-Larsen**, Head of Division for Circular Economy, Danish Ministry for Environment
- **Stéphane Arditi**, Director of Policy Integration and Circular Economy, European Environmental Bureau
- **Ramon Arratia**, Vice President Global Affairs, Ball Corporation
- **Harry Verhaar**, Head of Global Public & Government Affairs, Signify
- **Jostein Søreide**, Head of Climate office, Norsk Hydro

Martin Porter (executive chair of CISL Brussels) welcomed the participants stressed the relevance of circularity of materials and products. He stressed that the conflict in Ukraine has underlined the importance of ensuring we are able to retain materials and their value in the economy.

Tahmid Chowdhury (Industry Programme Manager, CISL Brussels) gave a first overview of the taskforce for climate neutral and circular materials and products. He underlined the complex geopolitical context strengthening the need for a greater circular economy to reduce our requirement for fossil fuel and raw material imports. He briefly presented CISL's initial reactions to the March Circular Economy Package, notably welcoming the introduction of a Digital Products Passports as well as the revision of the construction products regulation and its new product requirements based upon sustainability and circularity principles

In a video message, **Virginijus Sinkevicius** (Commissioner for Environment, Oceans and Fisheries) presented in detail the first Circular Economy Package and described the Eco-design for Sustainable Products Regulation as a game changer by extending the scope to a wide range of EU products enabling a coverage of 65% of total greenhouse gas emissions from product consumption in the EU and 70% of resource depletion. First, he underlined the implementation of rules on the design and impact of products to improve their durability, reusability, upgradability, repairability and recyclability. He further highlighted the creation of a Digital Product Passport, giving easier access to information for actors along the value chain and covering all physical goods put on the EU market except for food and medicine. Second, he focused on the EU strategy for sustainable and circular textiles, stressing that fast fashion will soon be out of fashion, producers will take responsibility along the entire value chain and welcoming innovative recycling and called on all actors to join under the moto 'refashion now.' Finally, he presented the initiative regarding the empowerment of consumers, providing information to consumers at the point of sale about the commercial guarantee of durability as well as information relevant to repair.

Sirpa Pietikäinen (MEP, EPP) welcomed many good elements in the package but also underlined several issues. First, she deplored the lack of binding targets and indicators for overall sustainability stressing the risk of underachievement and bad investments. Second, the European Parliament was asking for a package of sustainable digitalisation. Third, she welcomed the introduction of a digital products passport as well as the long-awaited eco-design directive although she would have hoped for less product categories. Regarding the buildings, she considers the lack of a new directive problematic as the European Parliament is calling for a new directive of sustainable buildings putting together not only the materials but also energy efficiency of buildings, the air quality, the eco-design principles etc.

Kristian Hovgaard Juul-Larsen (Head of Division for Circular Economy, Ministry for Environment, Denmark) found the package promising and supports the proposal's aim to make sustainable products the new norm, in line with the Danish Government's goals. He noted that products should either be regulated as part of the eco design directive or sectoral regulation under the scope of the sustainable principles. He then focused on several aspects of the package. First, he supports the expansion of the directive's scope to cover all products with only few exceptions. Second, he is pleased with the increased emphasis on sustainability requirements and the next step will be to ensure that the European Commission is obliged to exploit these sustainability criteria. Third, he described the digital product passport as a key and long-awaited element and stressed the importance for Denmark that the passport fulfils its purpose. Regarding preventing the destruction of unsold goods, he underlined the Danish government's efforts in reducing waste. Finally, he noted that more than 10% of potential savings are not achieved due to a lack of implementation and with the expansion of the scope and the requirements in the new package, he is expecting additional resources to ensure proper enforcement.

Questions & Answers

→ Question of targets means setting targets but also how to measure the extent to which reusability and recyclability is achieved in practice.

Kristian Hovgaard Juul-Larsen stressed the difficulty regarding the issue of data although it is not possible to wait until the perfect solution is found.

Sirpa Pietikäinen focused on the need to start with the already existing data as it will take at least a decade to have a functioning system.

Session 2: Reactions from Businesses and NGOs

Harry Verhaar (Head of Global Public and Government Affairs, Signify) welcomed the package and highlighted the success of the eco-design directive as when it was implemented, lighting was 19% of global electricity, was down to 12% last year and is foreseen to be down to 8% of global electricity by 2030. He mentioned that the package should not address the installed base as all appliances need to be replaced by a sustainable solution. Hence, he stressed the importance of increasing demand for more sustainable and circular solutions and the need for the package to stimulate innovation.

Ramon Arratia (Vice President of Global Public Affairs, Ball Corporation) welcomed the right sectoral approach taken by the package although he highlighted the room for more ambition. He underlined that benefits will be reached only if there is a high-level of ambition because gains are exponential. He further described recycled content as the right approach notably when combined with a sectoral approach. Additionally, he stressed the need to regulate the full circle as well as the possibility to go beyond the DPP with every product and packaging having its own code thus allowing consumers to make informed choice, providing them with individualised recycling information and providing companies with valid recycling performances thus reminding the importance of transparency on all metrics across the circular chain. Finally, he noted the importance of keeping the product loop by allowing

Jostein Søreide (Head of Climate Office, Norsk Hydro) welcomed the package which is in line with the needs of the aluminium industry as the current situation shows the need to keep resources in a loop as circularity is key need to ensure a green transition. He further welcomed the will to empower consumers to make informed choices as the aluminium industry is leading in that regard and stressed the importance of a sectoral approach. However, he highlighted the issue of recycled content as an indicator as there are actors claiming that their products have a high recycled content although it is recycled processed scrap which in the aluminium industry is close to 100% recycled already. Hence, recycled content is a good indicator but should be transparent regarding the content itself.

Questions & Answers

Is it possible to achieve much greater circularity by 2050 or do we need to do more?

Jostein Sørreide held that from an aluminium perspective, there is a high recycled rate although there is potential to recycle more. He further noted the expected increased demand for aluminium meaning that Europe will not be able to cover everything regarding consumers' scrap.

Stéphane Arditi (Director for Policy Integration and Circular Economy, European Environmental Bureau) first stressed the positive aspects of the package as well as the importance to set targets on material food print production to guide all sectors towards increased circularity. He nonetheless considers the issue of unsold returned good to be a missed opportunity as the European Commission may consider the setting of a ban in a delegated act rather than saying things by defaults and include exemptions in delegated acts rather than the reverse. He also stressed the need for clearer timelines as there is no timeline apart from the textile strategy. Part of the issue would be to accept boosting resources and for example substituting resources which are now allocated to new gas infrastructure which is not a priority for Europe. He further underlined another missed opportunity with the lack of link with due diligence as social aspects as well as due diligence will not be covered in the package unlike for batteries.