Federation of Norwegian Industries: Circular Economy Act

About the Federation of Norwegian Industries

The Federation of Norwegian Industries represents industry branches such as oil and gas contractors, onshore petroleum activities, aluminium, biotechnology, cement, chemical industries, electro and energy equipment, furniture, glass and ceramics, machine and hardware industry, maritime industry, aquaculture and aquaculture suppliers, metals, mining, paints and coatings, graphic arts and communication, paper and pulp, pharmaceuticals, plastics, recycling, facility services, textiles and clothing, etc. **We represent around 3.200 companies with approx. 145.000 employees**. We are active members of several European industry federations in Brussels.

Circular Economy Act

The Federation of Norwegian Industries welcomes the upcoming work on a European circular economy act. Industry sectors and companies have set ambitions goals for reducing their climate emissions and environmental footprints. A more circular economy will be key for sustainable growth in Europe, while at the same time **strengthening the competitiveness for the industry**.

The Circular Economy Act should aim at **creating a strong market for recycled materials, promoting circular products, simplifying regulations and removing barriers across Europe**.

Recycling and circular material use

A circular economy is both dependent on recycling operations that produce high-quality recycled materials and increased demand for recyclates. To strengthen the market for recycled materials, **both supply and demand of recycled materials must be boosted at the same time**. To ensure well-functioning recycling markets in Europe, strict requirements for "closed loop recycling" (e.g. discarded batteries to new batteries, end of life vehicles to new vehicles, etc.) should be avoided.

The Circular Economy Act should link ambitious, yet achievable, recycling targets with product requirements for use of recycled materials. In practice, this means better **enforcement of existing requirements for separate collection of recyclable waste**. In addition, **minimum requirements for content of recycled materials should be considered, where appropriate and realistic**. The exact product groups for which such requirements are appropriate must be considered on a case-by-case basis. Standards which are developed under the eco-design regulation must include requirements to document product's recyclability, reusability and content of recycled materials.

Reaching the targets of the European Green Deal will require a significant increase in the use of minerals and metals. Improving Europe’s access to critical minerals and metals will be decisive for securing strategic autonomy and delivering the green transition. **The Circular Economy Act should enable profitable investments in infrastructure for increased recycling of critical raw materials.** Free and fair competition, open waste markets and reduced administrative burdens for waste shipments in Europe will strengthen the financial basis for circular economy investments.

Definitions of waste, criteria for by-products and End of waste

Well-functioning internal markets for secondary raw materials is key for the European circular economy. The Federation of Norwegian Industries believes that **better harmonisation of definitions and simplification of the European regulations are necessary**. There are numerous examples of Members States practising different interpretations for regulations and definitions that are harmonised in Europe. For instance, different interpretations of the European definitions of **by-products and end of waste** are still common, as well as the **level of contaminants allowed for in types of so-called "green listed waste"**. As an example, there are numerous interpretations on the criteria for by-products in the Waste Framework Directive with regard to e.g. when a substance or object is considered to be produced as an integrated part of a

production process. The same applies for when the specific use of a by-product is considered to not have overall adverse environmental or human health impacts. Different practices between Members States stand in the way of well-functioning European markets for secondary materials.

To facilitate circular value chains, it should be considered to adjust the directive's definition of reuse to include the use of materials for other purposes than the ones which they were conceived.

Hence, we recommend that a Circular Economy Act includes an evaluation of the current definitions of waste, by-products and End of Waste in the Waste Framework Directive.

Extended Producer Responsibility (EPR)

Extended Producer Responsibility has been promoted as a policy tool for an increasing number of product types. **However, there is no documentation that the recent multiplication of EPR-schemes creates a more circular economy in Europe**. In line with the principles of proportionality and subsidiarity, **a socio-economic assessment of EPR as a policy tool compared to alternative measures should be carried out, before setting up new schemes**.

Preserving fair competition amongst European recyclers is vital for industry. It is essential to ensure that Producer Responsibility Organisations (PROs) are not market actors and do not offer operational services related to, for example, waste management, consultancy and advisory services, etc. **Therefore, PROs should be prohibited from having an operational role in the same market that they regulate.** Additionally, PROs should be required to be not-for-profit.

Circular Economy Funding

Research and innovation are crucial to develop new competitive solutions for a circular economy. **Risk finance aid may be necessary in all phases of** innovation projects, from the initial research period via piloting and industrial testing to commercialisation of processes/products with limited environmental footprints**.** It is crucial that **financial support to investments reflects both socio-economic additional costs, corporate risk and geo-political risks.** Cooperation in industrial parks and clusters, where energy- and material flows are shared though industrial symbiosis, have been drivers for many innovation projects. Hence, **industrial parks and clusters are important partners to initiate projects that accelerate investments in circular economy infrastructure.**

The creation of **a European Circular Economy Investment Fund** should be considered, in order to stimulate private investments and accelerate the transition to a circular economy in Europe.

Green public procurement

Public procurement is an effective measure to increase the demand for environmentally friendly products, materials and services. Public authorities must lead by example and ensure that their procurements are green. However, circular economy is rarely prioritised in public procurements. There is a need for better legislation and guidance, for instance in methods for awarding circular solutions and how to document circular product properties (content of recycled materials, etc.).

The Norwegian Government has recently revised the procurement legislation, introducing **a requirement for public authorises to put at least 30 % weight on environmental impacts in their procurements.** As an alternative, climate or environmental requirements may be used, provided that this result in an even better environmental performance over the lifetime of the product or service procured. The Federation of Norwegian Industries believes that **similar requirements, should be considered in the EU legislation to promote green procurements**.

Revision of the WEEE directive

We welcome a revision of the WEEE directive. Our input focuses on challenges related to meeting the WEEE collection targets. In Norway, two reports have been carried out in 2018 and 2021 to study trends of sold EE products and WEEE collected. The reports may be provided upon request. **Gaps between EEE put-on-market (or waste generated) and waste collected, can be related to uncertainties or inaccuracies in data and/or complementary flows.** Important sources of errors contributing to discrepancy between amounts POM and WEEE collected were identified as:

- **Potential sources of error related to POM**
  - Errors in registration or calculation of weights
  - Errors in the estimation of the effect of packaging weight
  - Companies have not been registered to the PRO (for instance online sales)
- **Uncertainties in the estimate of products "in stock"**
  - Delayed entry of equipment into the waste stream
  - Export of products for reuse
  - Reuse within takeback systems
- **Uncertainty in the estimates of "complementary flows"**
  - Estimates of B2B collection
  - Estimates of WEEE registered as non-WEEE (e.g., iron and metal)
  - Estimates of WEEE in residual waste
  - Estimated levels of theft and illegal exports
  - Inconsistencies in product group classification