

Swedish Forest Industries' (SFIF) position on the framework for Ecodesign for sustainable products (ESPR)

Summary

SFIF welcomes the European Commission's ecodesign requirements for sustainable products as well as the establishment of overarching sustainability requirements. In the framework of the European Green Deal and the Circular Economy Action Plan, it is crucial to ensure that products placed on the European market contribute to reach the climate neutrality by 2050 objective.

The proposal for setting ecodesign requirements for sustainable products is an ambitious legislation. It contains many good parts, however, SFIF would like to highlight a number of changes to overcome some challenges we foresee in the upcoming delegated acts.

1. **Include renewability of raw materials as an additional ecodesign requirement.** It is important to incentivise products made from renewable resources. This would facilitate shifting from today's linear, fossil-based economy to a circular and bio-based one.
2. **Include products' contribution to maintained and increased EU resilience as an ecodesign additional requirement.** EU needs to increase its resilience. Wood-based materials already support European resilience in several ways.
3. **Ecodesign requirements need to be developed based on relevant Union legislation or other instruments.** Requirements for specific products or product groups need to be specific, coherent and cost-efficient. Furthermore, development of requirements needs to take into consideration relevant technical characteristics for that specific product or group of products.
4. **Assure adequate industry representation in the Ecodesign Forum.** The representation needs to cover the full width of relevant value chain, with a majority of stakeholders having knowledge about the actual product or the product group in question.
5. **Ensure the use of self-regulation measures to facilitate the implementation of Ecodesign requirements.** By allowing and applying self-regulation assessment, this will incentivise for more products to be able to fulfil compliance of Ecodesign requirements.

6. **Requirement of recycled content needs to be applied smartly.** If applied on already existing and well-functioning recycling markets, mandatory recycled content risks being counterproductive and can even jeopardize market functionality.

Making sustainable products the norm

Background

The Circular Economy Action Plan (CEAP) was published in March 2020 and one of the objectives is that sustainable products become the norm. The proposal of the framework for Ecodesign for Sustainable Products Regulation (ESPR) is a follow up of the CEAP. The proposal is a broadening of the scope of the current Ecodesign directive concerning requirements and range of products. The main objective is to reduce the negative life cycle environmental impacts on almost all products and improve the function of the Single market. The proposal establishes a framework to set ecodesign requirements for specific product groups to significantly improve their circularity, energy performance and other environmental sustainability aspects, such as:

- product durability, reusability, upgradability and reparability
- presence of substances that inhibit circularity
- energy and resource efficiency
- recycled content
- remanufacturing and recycling
- carbon and environmental footprints

All regulated products are proposed to have a Digital Product Passport according to a set of information requirements. The aim is to make it easier to repair or recycle products and facilitate tracking substances of concern along the supply chain.

The requirements for product groups are proposed to be further developed through delegated acts and an expert group "Ecodesign Forum" will be involved. Furthermore, the ESPR includes measures to prevent the destruction of unsold goods.

Position by SFIF: Main arguments

1. Include renewability of raw materials as an additional ecodesign requirement

In addition to the proposed ecodesign requirements, SFIF encourages to also **include renewability of raw materials**. This would facilitate shifting from today's linear, fossil-based economy to a circular and bio-based one. Development of new products from renewable resources is accelerating, both in our industry but also in other sectors. The main drive behind this is a desire to increase the share of products from responsibly sourced raw materials, thereby achieving more sustainable product alternatives. This trend needs to be encouraged and supported.

It is important, whenever possible, to incentivise products made from renewable – sustainably managed – resources rather than those made from finite resources. Renewable materials from sustainable sources are truly circular as they are replenished and recovered repeatedly. By including considerations about the renewability of the raw materials used to manufacture products among the essential requirements that could be set in the upcoming delegated acts, EU has the opportunity to support the development of the biobased industries and recognize the substitution potential of biobased products.

Renewable wood-based materials with high and increasing recycling rates already today contribute to the green transition and this contribution has the potential to be continually increased by further innovation. Wood-based products constitute important elements of the bioeconomy, which the European Commission has already recognized as a potential catalyst for systemic change and help to achieve the transition¹.

We acknowledge that renewability of raw materials was not included as a principle in the 2020 Circular Economy Action Plan², but since then, it has become more and more evident that Europe's dependency on fossil resources must be reduced if we are to reach climate neutrality no later than 2050.

2. Include products' contribution to maintained and increased EU resilience as an additional ecodesign requirement.

In parallel to reducing the use of fossil resources and to minimize future external disruptions, securing global competitiveness and protect our prosperity, EU needs to increase its resilience. SFIF therefore encourages to also **include products contribution to maintained and increased EU resilience as an additional ecodesign requirement**. Wood-based materials already support European resilience in several ways. It is sourced mainly from European

forests and is recycled within Europe. It is produced across all parts of the continent, creating jobs and tax revenues, and it is sold to a large extent to European consumers, i.e. 72%³ with origin from the Swedish sector.

3. Ecodesign requirements need to be developed based on relevant Union legislation or other instruments.

The ecodesign requirements will be compulsory for any product placed on the Single Market, with a few exemptions. When developing requirements for specific products or product groups it is of importance that they are specific, coherent and cost-efficient. Furthermore, **the development of requirements needs to take into consideration relevant technical characteristics for that specific product or group of products**.

In the Commission proposal, one proposed instrument to use to define requirements, is the technical screening criteria adopted in the Framework to facilitate Sustainable Investments⁴. SFIF would strongly advise against this, as these criteria are developed for the top-notch of the available assortment and is voluntary to fulfill. One example is the requirement of "do no significant harm" where the pollution prevention is open for interpretation. The ecodesign requirements, on the other hand, will be compulsory and applied for the broader product assortment and there need to be much more specific and clearer applicable requirements. However, SFIF would support the opposite approach, i.e. that ecodesign requirements are taken into account when developing technical criterias to facilitate sustainable investment.

4. Assure adequate industry representation in the Ecodesign Forum.

SFIF emphasizes that the **Ecodesign Forum should play a significant role in the Commissions continued work on the development of delegated acts**. The Ecodesign Forum will be crucial in developing applicable delegated acts. Therefore, **the composition of the Ecodesign Forum needs to cover the full width of relevant value chain, with a majority of stakeholders having knowledge about the actual product or the product group in question**. Furthermore, SFIF recommends that the industry represented in the Forum covers at least 51% of products placed on the European market, similar to conditions already prevailing in the Product Environment Footprint Category Rules development.

In addition, SFIF urge for more information about the role of the Ecodesign Forum. When developing a

¹ Deploying the bioeconomy in the EU, European Commission (2021)

² Circular Economy Action Plan, European Commission (2020)

³ Swedish forest industry Statistics (2020)

⁴ Regulation (EU) 2020/852, adopted on 18 June 2020

delegated act, it is not clear in which part of the process, the Ecodesign Forum will be given the opportunity to support with its input. Furthermore, when the Forum issues a public consultation on a delegated act, the consultation time needs to be reasonable and realistic. The four-week **consultation time that is applied in the current Ecodesign Directive needs to be extended based on the scope of upcoming delegated acts.**

5. Ensure the use of self-regulation measures to facilitate the implementation of Ecodesign requirements.

SFIF supports the proposal of allowing for industry to submit a self-regulation measure as an alternative to a delegated act. Our industry is continuously developing guidelines⁵ at a European level, together with other organisations along our value chain. Applying self-regulation measures would acknowledge these initiatives and work that are ongoing. The development of delegated acts will continue during a foreseeable time. By allowing and applying self-regulation assessment, this will incentivise for more products to be able to fulfil compliance of Ecodesign requirements.

6. Requirement of recycled content needs to be applied smartly.

According to the proposal, one product aspect to be improved by defining ecodesign requirements is recycled content. This could for instance be achieved by stipulating mandatory recycled content for products or product groups. SFIF would like to take this opportunity to highlight the importance of **applying mandatory recycled content with care.**

We acknowledge that mandatory recycled content can be a useful policy instrument to support and build markets for recycled materials. However, if

applied on already existing and well-functioning recycling markets, mandatory recycled content risks being counterproductive and can even jeopardize market functionality. To exemplify, in the European paper and board recycling system, which has a recycling rate of 84.2%⁶, market players have found their niches. A producer in north Europe will base its products mainly on fresh fibers, due to the closeness to forests. A producer in mid or south Europe, on the other hand, is more likely to base its products on recycled fibers, as availability is higher close to large metropolitan areas. Both types of fibers are needed to satisfy overall customer demands, they constitute two interconnected parts of the same overall industrial ecosystem, and they are complementary. Which type of fiber to use to produce a product depends on several parameters, such as product functionality, customer specifications, geography and availability of recycled material. It is, in other words, not a question of one or the other type of fiber, instead the answer is that both are needed.

If a mandatory recycled content would be imposed on a North European paper or board producer, that producer would have to transport recycled fibers from central Europe, thereby increasing emissions. The producer would most likely also have to change its production process resulting in increased cost. Recycled fibers would be pulled away from markets already using it and these markets would have to import fresh fibers, also that increasing emissions and costs. In the recycling system, fresh and recycled fibers both have important roles to play.

A mandatory recycled content that would be applicable to each product-unit would jeopardize our circularity that has been built up during decades. Instead, in the case of fibre-based products, **mandatory recycled content needs to be applied smartly**, preferably on the overall industry system.

⁵ Cefi, CITPA, ACE, FEFCO (2019). Paper-Based Packaging Recyclability Guidelines. Circularity by Design Guideline for Fibre-based packaging

⁶ Recycling rate of packaging waste by type of packaging, EU27, Eurostat (2018)

THE SWEDISH FOREST INDUSTRY is an essential contributor in the green transition to a more circular and biobased economy. The industry refines wood resources to bio-based products, such as pulp, paper, board, packaging material, sawn timber, refined wood products, biobased electricity and heat and advanced biofuels. The core business is industrial activities based on wood sourced from sustainably managed forests, but among the industry are also some of the largest private forest holdings in Europe. Any forest, climate, environmental, energy and product related European Union policy is of high importance.

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