

Consultation response

Consultation response to the Commission's Inception Impact Assessment on the Sustainable Products Initiative

AmCham EU speaks for American companies **committed to Europe on trade, investment and competitiveness issues**. It aims to ensure a growth-orientated business and investment climate in Europe. AmCham EU facilitates the resolution of transatlantic issues that impact business and plays a role in creating better understanding of EU and US positions on business matters. Aggregate US investment in Europe totalled more than **€3 trillion in 2019**, directly supports more than **4.8 million jobs in Europe**, and generates billions of euros annually in income, trade and research and development.

Introduction

The EU's Green Deal is an opportunity for all actors in society to contribute to the creation of a clean and habitable planet for generations to come. AmCham EU companies are playing an active role in the transition towards a greener economy in Europe. The transition towards a circular economy is fundamental to achieving this goal and creating a more sustainable production and consumption system. AmCham EU supports an EU circular economy that strengthens the Single Market, limits national deviations and does not compromise the safety of products.

AmCham EU welcomes the Commission Sustainable Products Initiative's ambition to make products placed on the EU market more sustainable by reducing their overall life-cycle climate and environmental footprint, increasing their lifespan, reducing waste and improving recycling and circular material use rates.

Key principles for the Sustainable Products Initiative

After having carefully read the Inception Impact Assessment, AmCham EU wishes to make the following recommendations:

Role of investment and infrastructure to deliver a sustainable and circular product policy

In the framework of the currently debated EU recovery plan, Europe has a *once in a generation* opportunity to overhaul the collection, sorting and recycling infrastructure necessary to enable the circular economy.

Over the past 30 years the environmental policy has focused mainly on producer responsibility and product design. This approach has often been successful but is not the tool to solve all the issues holding back the circular economy's full implementation. National and EU recovery plans are a rare opportunity to define what Europe's circularity infrastructure needs are (state of the art recycling plants, efficient transport for reverse logistics etc.) and to finance those projects.

Value Chains' sustainability criteria

We would like to caution against using a one-size-fits-all approach towards the development of overarching products sustainability principles. Instead, we believe that durability, reusability, upgradability, reparability, recyclability and resource efficiency must be addressed from a holistic perspective, taking into consideration the overall lifecycle of the products and the balance and inevitable trade-offs to be found between those different features. We therefore urge the Commission to develop these criteria product-by-product in close consultation with all relevant stakeholders also considering the CO2 footprint of the final product.

Revision of Ecodesign

The design phase is crucial to improving the sustainability of products and we take note of the need to extend the scope of the Ecodesign Directive. We consider that a harmonised and broadened eco-design framework is an important contribution to a level-playing field for the assessment of different products and material applications. As various options are explored, it is important that impact assessments on the potential inclusion of the priority product groups, identified in the value chains featured in the new circular economy action plan,

are thorough, including consultation with representatives from all relevant stakeholder groups across the value chain.

Regarding the Ecodesign Directive criteria, we believe they must first and foremost be based on clearly defined life-cycle assessments that will include all aspects of a product life. Favouring one criterion to the detriment of others would result in fewer environmentally friendly products being available on the market.

Recycled Content incorporation

AmCham EU agrees that increasing the requirements on incorporation of recycled content into new products can considerably favour the uptake of secondary raw materials and the circular economy transition. This incorporation should, nevertheless, remain material neutral; not jeopardize product and consumer safety; nor be detrimental to the product environmental footprint; nor unnecessarily stifle product innovation.

We also believe that it should not take the form of mandatory requirements on minimum recycled content incorporation for all products. Requirements should take into account the readiness of the recycling technologies for a specific value chain; whether these technologies are technically and/or economically feasible; and the availability of secondary raw materials.

The uptake of recycled content might also be successfully fostered through targeted incentives like eco-modulation fees within extended producer responsibility schemes and other fiscal measures.

Incentives to reward sustainability performance

To effectively achieve policy objectives, rules on environmental/sustainability performance of products and services should be accompanied by economic incentives for customers to opt for such products and services. This would create some coherence between the supply and the demand side along environmental goals. Incentives should also be harmonised at the EU level or at least follow some clear EU guidelines to avoid a fragmented market for both industry and consumers.

Incentives should be based on standardised performances (i.e. standardised methodologies for product performance measurement), and – where applicable – on product scores according to the relevant harmonised labels. In addition, where products (and services) have a safety-related application, incentives should consider both the environmental/resource efficiency aspect as well as the safety performance.

Sustainability requirements on public procurement of products

Like the aforementioned need for purchasing incentives, there is room to mobilise public procurement in function of environmental policies (i.e. 'green public procurement/GPP'). We support synchronized EU rules for minimum requirements in GPP based on a sector-by-sector assessment. Like for purchasing incentives, we support the principle that GPP should favour those products which meet highest performance level from an environmental, safety and resource efficiency perspective.

Transparency of information: sustainability labelling and/or disclosure of information to market actors along value chains

AmCham EU believes that communication requirements should be clearly defined as they depend on the concerns they address and the logic they respond to.

Communication and transparency along the value chain, including on the presence of substances that might impact recycling or remanufacturing, is important especially to ensure safe and efficient recycling operations.

Within this framework the potential of the feasibility of digital solutions for tracking & tracing (E-labeling [e.g., QR code], blockchain technology, digital passports etc.) require due consideration.

The development of a policy framework to ensure communication in all supply chains and to waste operators for 'substances that should be communicated through the value chain' should be an inclusive exercise involving a cross-industry alignment effort. It should have a strong focus on feasibility and effective implementation. They should also be proportionate and sector specific; protecting intellectual property and confidential business information.

Chemical content: consistency with the Chemicals Strategy for Sustainability

AmCham EU takes note of the references to addressing the presence of hazardous chemicals in products in the Commission's Inception Impact Assessment for the Sustainable Products Initiative. We also note that the Commission has separately announced initiatives on the 'Safe and Sustainable by Design' issue in the context of its Chemicals Strategy for Sustainability, including the development of specific criteria addressing chemicals. AmCham EU stresses the importance of ensuring a coordinated and consistent approach between these actions and the proposals that are being developed in the context of the Sustainable Products Initiative. Any criteria and requirements for chemicals in products should be based on thorough impact assessments and broad stakeholder consultation and should take into account sustainability benefits over the entire lifecycle of products.

Addressing social aspects throughout the lifecycle of products

AmCham EU acknowledges that the circular economy transition can also represent an opportunity to improve social aspects throughout products' lifecycle. Our members are strongly committed to ensuring fair work and social conditions in their manufacturing plants, in line with local regulations and in best practices along their supply chains.

Conclusions

We understand that at the heart of the Circular Economy Action Plan, the European Commission aims to develop a product policy framework based on sustainability. While AmCham members fully support and embrace the circular economy transition and are actively committed to closing the carbon loop, we wish to underline the need to maintain the main principles of a legislative framework that is already delivering excellent results. We therefore call on the European Commission to ensure the coherence of any new legislative initiative with existing regulations addressing products in different life phases.