

Position Paper

Ecodesign for Sustainable Products Regulation

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The steel industry welcomes the release of the recently proposed Ecodesign for Sustainable Products Regulation (ESPR) by the European Commission. The European Union needs strong legislation to achieve its ambitious objectives set in the Green Deal and Circular Economy Action Plan, which can improve its competitiveness on global markets and set an example to other economies. The success of this general framework legislation relies on numerous related delegated and implementing acts to be released, the revision of already existing ones and their mutual coherence. It will extend the scope to a wider range of products to strengthen the circularity criteria, to introduce new information requirements for products and to provide more sustainable information alongside sustainable products for customers on the European market. Living up to this ambition will require a sustained, coherent and forward-looking thrust from the European Commission. The European steel industry is ready to assist in that challenge.

Harmonisation

- In general, the ESPR represents an opportunity for EU producers - and especially for the steel sector -, to differentiate against less well performing products and create a level playing field. The concretisation of this opportunity will heavily rely on specific requirements but also on coherence, harmonisation and overall consistency between already existing and future delegated legislation as well as ESPR's overarching goals, notably for steel products as they are part of various products groups.
- Delegated acts procedures - whilst within the remit and initiative of the European Commission - benefit from the participation of industry experts as well as Member States representatives and other relevant interested parties in the whole value chain to contribute to ESPR. Therefore, it would be beneficial for reaching sustainable goals on both producers' and customers' side.
- Without prejudice to the ESPR's overarching goal, an obligation to provide relevant input information, - for example on the impact on environment, including more consistent and life-cycle based assessment methods -, should be in place. Therefore, a more supportive approach to the transition of concerned economic operators towards sustainable products is needed, whilst keeping a greater focus on those sustainable products already

available on the market. This approach would be the key to balancing compliance with the ESPR and optimising the attainment of ESPR's end outcome.

- The steel sector understands that all proposed actions by the Commission will imply additional administrative burden while utilising already available information. In light of the many proposed requirements and obligations so far, we expect a significant increase in workload and related costs. Therefore, it is also absolutely essential to prevent double work or double regulation.

Requirements

- It is essential that ecodesign requirements, including performance requirements and thus possible mandatory threshold levels for both products and intermediate products, are considered relevant and appropriate, so they can promote their particular properties and contribution to the circular economy. This should be the case notably in the domains where industry is already prepared now, or will be prepared in the near future, to provide sustainable products. Whilst the use of secondary materials (scrap) should be recognised under the ESPR, it is equally important to also foster the appropriate recovery of scrap and secondary raw materials, as their additional availability (in volume and quality) is key to increasing recycled content and reducing emissions.
- The proposed requirements shall not have significant negative impact on customers in terms of affordability nor shall have disproportionate negative impact on the competitiveness of economic actors. Specific trade-offs may undermine the whole effort towards more sustainable products. Consequently, "making sustainable products the norm" as a viable end outcome calls, inter alia, for identification and prioritisation of products that are readily sustainable in the short/medium term.
- The roles of the Ecodesign Forum and self-regulation measures need more clarity on how they can interact together in order to maintain both the necessary level playing field and ambition to contribute to a functional EU market. Developing self-regulation measures by industry is welcomed. However, the requirements outlined in article 18 and annex VII need to be achievable for a reasonable number of market participants. The requested threshold of 80% of market participants is considered too high with respect to globally traded goods and import related markets. Overall, the regulation measures shall contribute to this ambition in terms of saving time and related costs. An efficient cooperation with the Commission is essential in this procedure.

- While defining the minimum performance requirements, it is important to apply a feasibility-based approach, as some improvements are relying on key resources and/or available technologies.
- The potential of setting minimum requirements for Green Public Procurement can help to create lead markets for higher performance products.

Digital product passport

- The digital product passport tool, if properly developed, can be an important source of information on products' sustainability for customers to make their choices while considering their own preferences. It is important to provide relevant information based on a "need to know" basis whilst protecting intellectual properties rights, preventing any misuse of data and avoiding greenwashing. A robust, reliable, comprehensive and up-to-date database that is easy to access and user-friendly is essential to provide such an information on both traditional and online market. When considering additional product passports, clear rules and interoperability should be assured. It is important to avoid double regulation. Existing legislation should therefore be reviewed in parallel in order to identify any double or less useful requirements such as the SCIP database and to abrogate them as soon as possible.

Substances of concern

- Tracking the presence of substances of concern throughout the life cycle of some materials and products will be challenging as long as reusing, repairing, refurbishing and recycling is considered. More information on this process is needed also in connection with the new digital product passport.
- We strongly believe that risk assessment and risk management are fundamental principles of chemical legislation as well as tools which have been in place for years and have proven to work very well. Furthermore, focusing on risk helps to prioritise important hazard and to achieve the safe use of chemicals. Any change to this would be undesirable as it would undermine this underlying principle.
- Duplication of requirements and additional offers in highly demanding and expensive activities should be avoided.

In conclusion, the European Commission proposal is an important but also challenging starting point towards the transition to the circular economy, which is a key contributor for achieving climate neutrality targets. However, its effectiveness will greatly rely on the new requirements with appropriate relevance for products levels in delegated acts and overall coherence of related legislation. Driving the transition to more sustainable products requires also the creation of lead markets, as well as incentivising them to keep the pace and motivate others, whilst harnessing the current potential from industry. The steel sector is looking forward to cooperating with the European Parliament and the European Council for enhancing the current text.