FIT FOR FUTURE Platform Opinion

Topic title	Eco-design Directive
	<u>2021 AWP</u>
	<u>Directive 2009/125/EC</u>
	Legal reference
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Opinion reference	2021/SBGR2/10
Policy cycle reference	☑ Contribution to (ongoing) legislative process
	CWP 2021, Annex II, Circular economy package Commission work programme reference
	Sustainable products policy initiative, including a revision of the Eco-design Directive (legislative, incl. impact assessment, Article 114 TFEU, Q4 2021) ¹
	In line with the European Green Deal objectives, EU product policy needs to contribute to keeping climate and environmental impacts linked to resource and energy use, production and use of products within planetary boundaries. This means reducing the overall life-cycle climate and environmental footprint of the products placed on the EU market, achieving longer product lifetimes for example through more durable and reparable products, increasing circular material use rate, reducing waste and achieving higher recycling rates.
	This initiative will aim to provide the basis for ensuring high environmental performance of all products and, to the extent possible and relevant, services on the EU market, by setting out sustainability principles and specific requirements linked to environmental and, where appropriate, social aspects. In coordination and synergy with other Green Deal and CEAP initiatives, it will propose the necessary changes to the EU legal framework to achieve the objectives set out in the Circular Economy Action plan 2020.
	Amongst other things, this will require improved information

Directive 2009/125/EC of the European Parliament and of the Council of 21 October 2009 establishing a framework for the setting of eco-design requirements for energy-related products, OJ L 285, 31.10.2009, p. 10–35;

flows through, inter alia, mobilising the potential of digitalisation of product information, including solutions such as digital passports and tagging. An impact assessment will be performed to assess which combinations of measures will best achieve the objectives. All combinations will include the widening of the scope of the Ecodesign directive to cover a wide range of products, beyond energy related products. This will enable the setting at EU level of appropriate minimum sustainability and/or information requirements for specific groups of products, giving priority to addressing product groups identified in the context of the value chains featuring in the Action Plan, such as electronics, ICT and textiles but also furniture and high impact intermediate products such as steel, cement and chemicals. Contribution to the (ongoing) evaluation process Title of the (ongoing) evaluation Included in Annex VI of the Task force for subsidiarity and proportionality No Other No Have your say: There are almost 200 opinions and suggestions on the revision of the Simplify! Eco-design Directive on Have your say portal. Most views relate to points raised in the Inception Impact Assessment. Several of these points are subject of this opinion. Commission **REFIT Scoreboard: Ecodesign for Sustainable Products** follow up Regulation Have your say portal: Sustainable products initiative Annual Burden Survey: The EU's efforts to simplify legislation

SUGGESTIONS SUMMARY

Increasing complexity and high environmental ambitions are not easy to translate into a light administrative regime. The Fit for Future Platform recognises that to improve sustainability of products, introducing new obligations is necessary.

Nevertheless, the burden on business must be kept to the minimum necessary, which may be achieved in particular through coherence, modernisation and **digitalisation**.

The burden on business may be limited if future product legislation is clear and the legislative framework lean. Therefore, a particular attention should be paid to avoiding duplication of regulations or inconsistencies and keeping the Eco-design legislative framework focused, i.e. concentrated on product design. Other elements of the initiative should rather be included in other relevant pieces of legislation or a new legislation. A full coherence of the Eco-design legislative framework with other legislation and policy commitments must be ensure to enable mutual reinforcement and clarity of legal instruments.

New legislative solutions must be feasible to apply. In particular new rights empowering consumers (users) and other market actors may need alignment of intellectual property rights and competition law regulations as constraints in these areas may compromise effectiveness of the new Eco-design legislation and accompanying rules.

The prosperity of the EU depends largely on level playing field on the market. Therefore, adequate and fair surveillance may help ensure achievement of aims of the new directive without undermining competitive environment.

Since the new rules will probably require profound changes in business models, adequate transition periods must be envisaged to allow companies to adapt at a reasonable cost. All duties should be imposed on those who can best perform them.

SHORT DESCRIPTION OF THE LEGISLATION ANALYSED

The 'European Green Deal'² is a growth strategy to transform the EU into a fairer and more prosperous society, with a modern, competitive, climate neutral and circular economy. As stated in the Commission's strategic recovery package,³ in response to the dramatic and unprecedented effects of the COVID19 crisis, a collective and cohesive recovery that accelerates the twin green and digital transitions will only strengthen Europe's competitiveness, resilience and position as a global player. It is necessary to invest in protecting and creating jobs and in driving competitive sustainability by building a fairer, greener and more digital Europe. The short-term damage from the crisis must be repaired in a way that also invests in our long-term future. The March 2020 Circular Economy Action Plan (CEAP) provides a future-oriented agenda for achieving a cleaner and more competitive Europe in co-creation with economic actors, citizens and civil society organisations. It contributes to achieving 2030 climate and energy efficiency goals, climate neutrality by 2050 and decoupling economic growth and well-being of EU citizens from environmental and

² COM (2019) 640;

³ COM (2020) 456;

climate impacts while ensuring the long-term competitiveness of the EU and leaving no one behind. It announces a sustainable product policy legislative initiative to make products⁴ fit for a climate neutral, resource efficient and circular economy, reduce waste and ensure that the performance of frontrunners in sustainability progressively becomes the norm.

The initiative will aim to set out the EU policy framework⁵ necessary to achieve this objective. For this, the scope of the Eco-design Directive needs to be widened beyond energy related products, and made applicable to the broadest possible range of products. Through this revision and, where necessary, complementary legislative proposals, the Commission will establish sustainability⁶ principles and other mechanisms to regulate sustainability-related aspects in a wide range of product related instruments, while continuing to respect the EUs commitments in international trade agreements, including in the World Trade Organization context.

This initiative will be developed in close coordination with other initiatives announced in the CEAP, in particular the initiative on <u>empowering consumers for the green transition</u> and the initiative on the substantiation of <u>environmental claims using product and organisational environmental footprint methods</u>. Together these initiatives will seek to establish a coherent policy framework whereby sustainable goods, services and business models become the norm and consumption patterns are more sustainable.

Further sources of information

Have your Say entry page
Legislation framework webpage
Inception Impact Assessment
Public consultation

PROBLEM DESCRIPTION

Existing evidence suggests the following issues:

Without policy intervention, by 2050 the world population is expected to be consuming resources at a rate three times higher than the Earth can replenish. Global consumption of materials such as biomass, fossil fuels, metals and minerals is expected to double by 2060, while annual waste generation is projected to increase by 70% by 2050. Production, consumption and waste linked to products are responsible for pollution and for around 40% of global greenhouse gas emissions. The Sustainable Product Policy Initiative aims at correcting the following market and regulatory failures:

1. Product-related externalities are not fully internalised: the linear production and consumption pattern of 'take-make-use-dispose' does not provide producers with sufficient incentives along the supply chains to make their products more sustainable. The average

⁴ In the context of this initiative, 'products' include goods and services;

⁵ For an overview of the EU product policy framework and its contribution to circular economy, see SWD (2019) 91: Sustainable Products in a Circular Economy;

⁶ Sustainable, in the context of this IIA, means social, economic and environmental sustainability;

lifespan of many products has become shorter over the last decades. Many products break too quickly, many cannot be easily and safely reused, repaired or recycled, and many are made for single use only. Furthermore, there are concerns over the environmental impact and working conditions in which materials are sourced and/or products produced.

- 2. EU initiatives and legislation only partially address sustainability aspects of products, either on a mandatory or voluntary basis. The Eco-design Directive successfully regulates energy efficiency and some circularity features of energy-related products covered by implementing measures. At the same time, instruments such as the EU Ecolabel or the EU green public procurement (GPP) are broader in scope but have reduced impact due to the limitations of voluntary approaches. In fact, there is no comprehensive set of requirements to ensure that all products placed on the EU market become increasingly sustainable.
- 3. The lack of reliable information on sustainability along value chains related to many products placed on the EU market de facto reducing the ability of economic operators upstream in the value chain to offer more sustainable products, and for consumers and procurers to choose products with the lowest environmental footprint.

(Source: Inception Impact Assessment)

The Fit for Future Platform has acknowledged the issues raised in the Inception Impact Assessment and notes the following:

Only a law that it feasible may bring the idea of circular economy closer to realisation. Therefore, the future Eco-design Directive and accompanying legislation must be carefully drafted to focus on achievable ambition, while giving a vision as to future transformative needs to together secure the ambition to make sustainability the norm over time. A successful roll-out will largely depend on a comprehensive perspective and avoidance of a one-dimensional approach to the detriment of other sustainability factors.

The process of transformation to circular economy, especially in case of industrial products, is largely determined at the design phase. Since the new legislative framework is bound to change almost all environment-sensitive features of a product, the reformed Eco-design Directive should include criteria relating inter alia to longevity, reparability, disassembly, upgradability and recyclability of products.

Increasing complexity of the economy and high environmental ambitions are not easy to reconcile and translate into a light administrative regime. Therefore the Platform is of the opinion that keeping the administrative burden with regard to products already covered by the eco-design legislation at roughly the same level as under the current Eco-design Directive would be a satisfactory outcome. As the expanding of the scope of the Directive to new products will entail new obligations, they should not be more onerous than necessary in view of their purpose.

However, introducing electronically accessible tools may significantly ease procedures and allow cheaper than paperwork preparations of marketing new products and compliance. Options need to be carefully considered to allow extensive use of IT tools, especially where there will be a need for a detailed technical analysis on the part of manufacturers and others involved in supply chain or servicing of products during their lifespan.

Duplication and inconsistencies between regulatory requirements entail additional burden on business and distract from core activities. As the potential for reducing administrative burden is likely limited, a special attention should be **paid to make the new legislation simple, consistent and coherent with other pieces of legislation**. Thus, where possible, a product should be subject to as few pieces of legislation as possible. As the subject matter of the Ecodesign Directive will likely expand, it is desirable to review also other legislation concerning products which are about to fall within scope of new eco-design framework to ensure optimal coherence.

Phase-in of new requirements should allow manufacturers to adapt without excessive costs and within the necessary timeframe to remain competitive in a carbon neutral Europe as envisioned by the Paris Climate Agreement. As a majority of product markets are global, an adequate transition time is also crucial to protect the position of the European manufacturers. In case of the eco-design requirements, the transition periods should be adjusted to particular groups of products. The new Eco-design Directive should consider prospects of industry in the European Union, in particular in manufacturing.

SUGGESTIONS

Suggestion 1: To ensure clarity and simplification of the new legislation, the reformed Eco-design Directive initially should include principles specific to products where changes in design may bring benefits in short time, in particular end-use products. However, an expansion of its scope with sense of proportion should be envisaged too

Description: At the current stage of development, the EU law is ripe enough to establish the overarching sustainability principles for products.

The framework Eco-design Directive may set sustainability principles that can apply to all industrial products placed on the EU market. Such cross-sectoral sustainability criteria would help to facilitate consistency between sectors. The future initiative must first and foremost aim to create sufficient incentives for increasingly sustainable products, while it does not create ineffective regulation and "red tape". New and innovative business models will be best fostered by well-targeted rules, including incentives, and prudent approach so as to avoid legislative barriers.

To ensure clarity and simplification of legislation, which by nature has the potential to relief companies of burden of application, the Eco-design Directive and its implementing measures at first should cover a selected group of products identified by virtue of their relevant environmental impact and potential for reducing their environmental impact through changes in design. However, in line with the principle of proportionality, the extension of the coverage of the directive should be foreseen in order to maximise its environmental benefits.

The Commission should explore that the Eco-design Directive elaborate on those principles, which are particularly relevant to end-use products. Considering the hitherto scope of the Eco-design Directive, the Platform is of the opinion that end-use products should continue to be an area of special interest.

Expected benefits: Clarity and simplification of legislation and its lean character are of key importance as the body of law necessarily expands. Therefore, ensuring the straightforward character of the reformed Eco-design Directive will ease the burden of applying thereof.

Suggestion 2: Simple legislation: The Eco-design Directive should continue to concentrate on key aspects of the environmental performance of end-use products: energy efficiency, resource efficiency, extending their lifespan (including reparability) and recyclability

All requirements should be proportionate to the complexity of a product

Description: The Eco-design Directive itself is essentially an umbrella law under which sectoral regulations (implementing measures) are elaborated, an ecosystem composed of a set of pieces of legislation. This approach is both practical and provides adequate transparency for those interested. Therefore, any revision should take into account aspects related to the clarity and transparency of the legal framework and its architecture. This is why the revision of the legislation should continue **to concentrate on key aspects of the environmental performance of end-use products based on a life-cycle approach** within well-defined policy areas. Apart from the energy efficiency, the Commission should explore options to focus the legislation on extending the products' life and requirements on other environmental aspects, including recyclability. The Platform believes that regulating the elimination of toxic substances may be also considered. A targeted approach to the chemical composition may enhance circularity and recyclability.

A particular attention should be paid to the relation of the future Eco-design Directive with chemical legislation, as the subject-matter of the Directive should focus on life-cycle of the products covered. Coherence of legislation is a prerequisite to avoid overregulation and keep the law simple. The focus should be kept on the essential elements aimed at reduction of the use of energy and resources, thus helping to reach the climate neutrality. In this context, additional, unjustified strains on the resources of businesses, especially SMEs, must be avoided.

The same is valid for covering issues related to various other important issues, such as ones in the social domain, such as labour relations, employment conditions, services, provision of goods as service, which all would raise concerns linked to the complexity of the legislative eco-system and overlaps with existing legislation. The revision should carefully consider these concerns.

Keeping clear-cut profile of the Eco-design Directive is all the more important because the wider the coverage of the directive, the more difficult it is to cover a very diverse array of products. Simultaneously, it should be ensured that requirements are proportionate to the complexity and environmental impact of a given product.

Expected benefits: Keeping the scope of the Eco-design Directive focused on the end-use products would likely increase the clarity of the legislative framework. If requirements are proportionate to the complexity of a given product, it would be better understood and applied by the manufacturers, especially small and medium sized enterprises.

Suggestion 3: Ensuring overall coherence to be effective and fully implemented

Description: For the new Eco-design Directive (revised) to be effective and fully implemented it must also be coordinated and consistent with other related EU legislation to avoid possible contradicting/overlapping provisions (e.g. article on definitions) including:

- Regulation (EU) 2019/1020 on market surveillance and compliance of products.
- EU legislation on Extended Product Responsibility (EPR) (Waste Electrical Electronic Equipment Directive 2012/12/EU, Batteries Directive 2006/66/EC or future regulation concerning batteries and waste batteries (2020(COM)798)).

Packaging in particular, is an important tool of marketing of products. The Packaging & Packaging Waste Directive (94/62/EC⁷) regulates certain characteristics of packaging. At the same time, there is no doubt that the design of packaging may considerably contribute to the improvement of the sustainability of end-use products as such and reducing environmental impact.

Large proportion of the environmental impact of the packaging is nevertheless chiefly just a result of its marketing function. Bearing in mind natural differences between the packaging of various groups of products, the environmental impact of packaging may be still reduced while keeping associated potential burden in control and without compromising competitiveness of the industry, with proportionate requirements. Depending on future solutions, an adoption of a separate legislative framework on packaging may be an option. The Commission could further explore these avenues.

Expected benefits: Overall coherence is key to reduce burdens accumulated by the beneficiaries of legislation. Reducing negative environmental impact of the packaging of the end-use products may be implemented without introducing disproportionate burdens and undermining the level playing field for the business. The design aspects of packaging will also be in line with the aim to increase the coherence and simplicity of legal framework, as it would allow to codify certain rules in single legislative framework and thus meet the criteria of better regulation policy.

European Parliament and Council Directive 94/62/EC of 20 December 1994 on packaging and packaging waste, OJ L 365, 31.12.1994, p. 10–23;

See: Directive 2007/45/EC Of the European Parliament and of the Council of 5 September 2007 laying down rules on nominal quantities for prepacked products, repealing Council Directives 75/106/EEC and 80/232/EEC, and amending Council Directive 76/211/EEC, OJ L 247, 21.9.2007, p. 17–20;

Suggestion 4: Modern information requirements should be clear, comprehensible and comparable for consumers, in particular:

- > Any potential requirement to supply the information on sustainability in an electronic form must not thwart the access to essential information for consumers, including the provision of information in a traditional way;
- Digital Product Passport should be based on an open network in accordance with the principles of the European Commission's Connecting Europe Facility for the eDelivery network.

Description: Efforts to remodel consumption towards the sustainability and further progress towards the circular economy cannot succeed if requirements concerning design and aftermarket phases of a life cycle of a product are not effectively defined and enforced. New legislation will bring effects only if effective market surveillance is in place across the Union, as it guarantees level playing field for business regardless its nationality.

This is why an access to the mandatory key information from manufacturers and other actors in value chains is crucial. Modern information technology tools provide an excellent opportunity to provide such information. The Fit for Future Platform believes that the Digital Product Passport may streamline the dissemination of such information throughout value chains and to the benefit of customers and environment while keeping the costs of compliance as low as possible.

Meanwhile, the future legislation should empower consumers. The traditional labelling placed on a product, its packaging or leaflet proved to effectively ensure an easy access to main information. Thus, it facilitates informed purchase decisions, including on sustainability. It is equally important that information aimed at consumers is understandable, attractive and allows for effortless comparison of products. Therefore, a traditional label attached to a product or placed on a packing will better serve its purpose then even simplest electronic measure.

The European Commission in its Circular Economy Action Plan (March 2020) has set out an ambitious goal of launching a digital product passport. The aim is to support the circular economy through providing access to data on a product (e.g. a battery, t-shirt, laptop) along its value chain and by introducing mandatory product data sharing between businesses, public authorities and consumers.

The Digital Product Passport inclusion in the Sustainable Products Initiative should be explored, including in the revision of the Eco-design Directive due to its likely potential to reduce burden on companies and uptake of technological progress. A possibility to use existing data should be explored. Data collected through existing reporting systems needs to be fully integrated in order to avoid multiple reporting. When designing information requirements, the international dimension must also be taken into account. Introduction of the Digital Product Passport should not lead to additional burden by overlapping with other similar instruments, such as electronic CE declarations. Having SMEs in mind, the Platform suggests that integration of reporting systems is considered to lighten the administrative burden. In case of small scale production the use of IT should be adjusted to potential of SMEs, so that they are not exposed to unnecessary burdens.

An open digital network infrastructure – not just open standards and protocols – would be needed, and it should be explored how this could be built on the principles of the European Commission's Connecting Europe Facility for the eDelivery network.

Expected benefits: The eDelivery principles –would benefit businesses, e.g. SMEs in sharing and receiving product data in a cost-effective way and by avoiding monopoly effects and vendor lock-in situations in accordance with the EU antitrust policy. The Digital Product Passport will allow lower the cost of information dissemination. However, in case of consumer goods it is the traditional labels that are able to truly empower consumers and allow them to make prudent decisions.

Suggestion 5: Ensuring legal certainty and make legislation easy to apply:

- > Essential and duly justified interests of manufacturers must be safeguarded with regard to measures aimed at expanding the lifespan and recyclability of products;
- > The duty to share proprietary information with other market actors must be accompanied with clear rules in the area of the intellectual property law and the competition law.

Description: The reformed Eco-design Directive, especially efforts to expand the lifespan of products, will heavily rely on dissemination of information about design of products. The increased duties to share information will expose manufacturers to new challenges, likely burdensome. Therefore, safeguarding them from legal uncertainties is critically important for capping burdens and ensuring the execution and enforcement of new legislative framework. Moreover, a transparent and reliable information on a product along the value chain, while protecting intellectual property, is an essential tool to keep administrative and reporting burden low for industry. The duty to report information should be guided by the principle that information may be reported – or given access to – only once, but used several times, thus reducing the burdens.

The success of the planned legislation will depend on effective enforcement and application. If manufacturers feel that their achievements are exposed to unfair and uncertain rules it will be extremely difficult to enforce new requirements without damaging the business environment. Therefore, on the one hand, it is important that new obligations provide clarity and respect to intellectual property and established competition law. Some information may however be subject of compulsory disclosure, if the public interest requires so and the principle of proportionality is respected.

On the other hand, a manufacturer should bear responsibility for providing unreliable or inaccurate information and the revision of the directive should consider these aspects.

Expected benefits: The enhancement of information sharing along the value chain, in particular its transparency, provides an opportunity to seize circular economy potentials and facilitates market surveillance. Yet, securing the protection of information that the manufacturers feel to be essential to their business would limit the overall burden of application of the new laws. Clear rules in the area of intellectual property law and competition law would keep the cost of compliance at a reasonable level and their application could often be simpler than elaborating them through court disputes. Legal certainty is

absolutely necessary to mobilise investment and spur innovation in the European manufacturing sector.

Suggestion 6: Access to information and standardisation as a tool to reduce burden while extending lifespan of products (e.g. quality, durability, reparability and recyclability)

Description: Probably the most important aspect of the future Eco-design Directive is the extension of time of useful life of products and increasing their recyclability.

Appropriate design and ability to repair means that bigger part of a product may be used for a longer time. In certain groups of products, upgradability of products is no less important than reparability itself. Overall environmental performance of a product with a long lifespan may deliver better than products frequently disposed of and replaced with new ones. Besides durability, the key to achieve this aim is reparability. Therefore, the right to repair must not be a sheer declaration, although reparability should be in balance with product safety, intellectual property and legal liability. Therefore, the reformed Eco-design legislation must not remain purely technical regulation, which is read only by professionals. It should empower users, including consumers. This is why the Eco-design Directive revision should carefully consider the interaction and coherence with the EU consumer law.

A very strong impetus for the concepts of reparability and recyclability might come from standardisation. Standard components which do not constitute unique input of a manufacturer should be used as widely as possible. Interchangeability of components may alleviate concerns about supply of spare parts and lead to economies of scale and simplification. These standards should be developed in an SME friendly manner.

Expected benefits: Legal certainly with regard to all aspects of reparability would make the right to repair a part of consumer habits and business models. Standardisation of non-essential parts may greatly open the market of spare parts and lower the cost of repairs and recycling. Especially the standardisation seems to be an especially simple and effective tool, which could considerably lighten the burden for business and possibly open new business opportunities.

Suggestion 7: Software and firmware -dependent products and planned obsolescence: a novel way to adapt to technological progress while considering environmental impact

Description: Extending lifespan of product will bring considerable environmental benefits and even create new jobs. The actual lifespan of many products depends on software, firmware and even security updates. Therefore, it is worthwhile to consider certain requirements, which would facilitate use of a product beyond usual software manufacturers' support. Omission in this respect would seriously limit relevance of the new legislation and its potential for fit for future.

For example, software and firmware inducing phasing-out of products should be prohibited. Exceptions may be accepted only if there is a reliable scientific data that replacement would be more environmentally friendly or otherwise justified due to e.g. efficiency, reliability and functionality. Although the possibility to update should be a rule, a user should always be

properly informed about such an option in advance, preferably before he acquires a product running on a software. Even in such cases appropriate warranty rights must be maintained.

Expected benefits: Therefore software induced obsolescence should be prohibited. Such a prohibition would be a simple measure to improve longevity of products.

Suggestion 8: Appropriate and proportionate transition periods should be envisaged in any new legislation within the framework of the Eco-design Directive

Description: Introducing new requirements should allow manufacturers to adapt without exposing them to excessive costs and within the necessary timeframe to remain competitive in a carbon neutral Europe as envisioned by the Paris Climate Agreement. With any legislation concerning products we must bear in mind that majority of product markets are global. An adequate transition time should be allowed before manufacturers are exposed to new and more demanding laws, for example concerning a duty to provide spare parts or manage unsold durable products. Because of the proposed extension of the scope of the Eco-design Directive, the length of transition periods before any new law is enforced should be aligned to particular groups of products.

Where marketed products and technologies are fast changing, the time for transition may be shorter, unless change requires large capital expenditures. The new directive should consider prospects of industrial potential in the European Union.

Expected benefits: Appropriate and proportionate transition periods in any new legislation within the framework of the Eco-design Directive would allow business, consumers and market surveillance authorities alike to prepare for new requirements. This would help to accommodate models of consumption, which could effectively foster the transition to the circularity.

Suggestion 9: Further measures for SMEs

Description: The extension of the scope of the Eco-design is likely to be particularly challenging for small and medium sized enterprises. For this reason it would be useful that the reformed Eco-design Directive provides specific measures to assist SMEs, such as access to low-cost expertise on Life Cycle Assessments as well as access to software and databases enabling the performance of Life Cycle Assessments. However, proportionality should be kept in mind when planning concrete measures.

Expected benefits: These measures should allow SMEs to apply the revised Eco-design Directive more easily and, therefore, will contribute to the objective of having more sustainable and circular products in the internal market.

• 1 Member State