



VCI Position Circular Economy Action Plan

Position of the German chemical industry on “A new Circular Economy Action Plan – For a cleaner and more competitive Europe”

On 11 March 2020, the European Commission presented a new circular economy action plan within the European Green Deal. This is the continuation of the first action plan of 2015, the measures of which have been implemented according to the Commission.

The objectives of the new action plan focus on a cross-sectoral decoupling of economic growth from resource use while ensuring long-term competitiveness. In order to enable the implementation of the “regenerative growth model”, which is pursued specifically for the said purpose, the Commission sets out a number of key tools with which the given aims are to be achieved. A central tool is to be a new **framework for sustainable products** where emphasis is given on reducing material consumption in design and a consistent circular management of products. Such potential savings in primary raw materials are intended to stimulate economic growth and to protect against fluctuating raw material prices, so that **climate neutrality to 2050** can be reached, as aspired in the European Green Deal and laid down in the proposal for a regulation on the European Climate Law. Sustainability should become the norm for products, services and in finance. **Waste prevention, recovery and producer responsibility** are further central aspects of the action plan. Overall, the share of materials with a circular-oriented use is to **double in the next 10 years**. Where the circular economy is concerned, the Commission sees Europe in a global leadership role in the long term.

The action plan comprises seven fields of action from which a total of 35 measures – such as initiatives, legislative measures, reviews and tightening of existing legislation, proposals for legal frameworks, targets, regulatory measures and much more – are derived. These measures are to be implemented within the next three years. Large parts of them directly impact the chemical industry.

In addition to general comments and observations, the seven fields of action under the new action plan are addressed below, following the structure of the Commission Communication.

Core messages from the German chemical industry:

- Sustainability should be examined across the entire life cycle: This means that a holistic approach must be taken. Recyclability of materials cannot be an end in itself. Therefore, one should speak of “Design for Sustainability” instead of “Design for Recycling”.
- Waste, especially plastic waste, is a valuable resource. Beside mechanical recycling methods, there should be an open mind for chemical recycling options – in particular for kinds of waste that cannot be recycled as yet.
- Strengthening the EU internal market for secondary raw materials through market-based rather than regulatory incentives. Prescribing blanket input quotas for recyclates for all plastics is not effective. Furthermore, there should be EU-wide minimum standards for secondary raw materials.
- It is essential to avoid double regulation and inconsistencies with existing legislation, and existing legislation must be applied consistently throughout Europe.
- A diversified raw material base consisting of all available resources must be maintained now and in the future to safeguard raw material supplies and competitiveness.

Comments and observations on the individual chapters:¹

1. Introduction

The German chemical industry welcomes the EU's efforts to strengthen the circular economy through a new action plan. However, the industry understands circular economy in an even broader sense than merely running substances in cycles. The industry's strategy for a circular economy² is an understanding of cycle management that takes into account all contributions to resource preservation. Beside the running of products themselves in cycles (in particular, the strict closure of the carbon cycle), this also includes increasing resource efficiency at all levels of the value chain, prolonging the lifespan of products and using renewable energies. Therefore, a holistic view of substances cycles, which is open to all technologies, is called for.

¹ The chapters correspond to the numbering of the chapters in the EU Commission's action plan. Therefore, some chapter numbers are missing.

² <https://www.vci.de/themen/zirkulaere-wirtschaft/branchenstrategie-zur-zirkulaeren-wirtschaft-der-deutschen-chemischen-industrie.jsp>

The EU Commission's action plan offers companies a wide range of opportunities. However, care must be taken to ensure that companies can keep up with the desired pace of innovation, especially in times of crisis, and are not excessively strained economically. The implementation of the action plan can only succeed if politicians support companies on this path. Additional burdens that impair future investment would be counterproductive.

From the chemical industry's view, making the European raw materials market more independent from the international market and more circular in the use of raw materials should be one of the main efforts of the European Green Deal. After all, even if savings are brought about and a market for secondary raw materials is created, the demand for primary raw materials will not vanish completely and, consequently, Europe will continue dependent on international raw materials. From the chemical industry's perspective, it is thus essential to maintain diversified raw material supplies.

Especially given the tight timetable that the Commission sets for itself, it should be borne in mind that some of the planned measures have only just been implemented or corresponding regulations have been amended. Therefore, it is important to assess the impact of recently amended legislation, gather practical experiences and only then discuss a review. This is the only way to ensure the optimal further development of the legal framework while adhering to the "better regulation" principles.

2. A sustainable product policy framework

2.1 DESIGNING SUSTAINABLE PRODUCTS

The chemical industry is widely affected by the Commission's outlined projects. Firstly, through the effects on product design – i.e. the concrete shaping necessary for the manufacture of products and the associated possible restrictions/bans of materials and ingredients (particularly the ban of certain substances which render the reuse or recycling of certain materials insufficiently possible or impossible) Secondly, "chemicals", on which the action plan should focus, are also explicitly mentioned.

In view of the creation of the new framework for sustainable products and the extension of the scope of the Ecodesign Directive to other product groups, it is essential that the Commission avoids double regulation and inconsistencies with existing legislation.

Furthermore, as a matter of principle there must be no sweeping restrictions or bans on substances merely based on their hazard classification. Framework conditions must be shaped in such a way that safety and performance are guaranteed in the end product and, however, also during processing. Existing safety legislation with the REACH/CLP regulations has proven its worth and is sufficient here. An additional inclusion of chemical rules in the new framework for sustainable products is counterproductive.

The real product benefit plays rather a minor role in the criteria stated by the Commission. The focus is primarily on compliance with the EU waste hierarchy (in particular, waste prevention and a high share of recycling/recyclates / recyclability of products). However, a truly sustainable examination of products must give equal consideration to

their performance, e.g. for climate protection, energy transition (Energiewende), fulfilling global sustainability goals (SDGs) etc. For sustainability reasons, a sole focus on the circular economy or recycling is an overly limited approach. Therefore, product design must be viewed holistically, always taking into account product safety and the "design for performance" aspect. This is the only way to achieve a genuine "Design for Sustainability" instead of a merely one-dimensional "Design for Recycling" approach. Products must be innovative, in order to drive forward the circular economy and/or climate protection.

Basically, it is positive that "sustainability principles" should be resorted to in future legislation and legislative proposals for product evaluation. Another positive point is the envisaged "coherence with existing instruments regulating products along various phases of their life cycle". Here, attention must be paid to halting the trend of waste legislation increasingly being used as a substitute for product and chemicals legislation, which causes avoidable conflicts.

The existing draft for the German cycle management act (Kreislaufwirtschaftsgesetz/ KrWG) already introduces a "duty of care" ("Obhutspflicht") for products. Now, this is also put up for discussion at EU level ("ban on the destruction of unsold durable goods"). Therefore, the following comments by the chemical industry on the KrWG apply accordingly.

It is unclear but it can be assumed that the EU duty of care will focus on the destruction of stocks in online trade and thus on the B2C sector, similar to the draft of the new KrWG³ in Germany. However, it remains unclear which products will really be affected. This uncertainty conceals potential burdens for the entire value chain. It should be pointed out that the application of a duty of care for products from the chemical and pharmaceutical industry – as probably for almost all other industrial sectors – cannot work for reasons of quality assurance, product safety and even product liability, and in many areas it should hardly be legally permissible. First of all, products are manufactured to generate income and to provide end consumers with the intended benefit. As manufacturers usually do not know how the customers have handled the products, e.g. prior to possible returns, in general such returns cannot be simply remarketed for safety and quality reasons.

If, irrespective of the above concerns, a duty of care for products is introduced in the EU, exemptions from this duty must be granted where necessary and in close consultation with the industry concerned. In that case, numerous technical and economic aspects would need to be taken into account.

2.2 EMPOWERING CONSUMERS AND PUBLIC BUYERS

As a matter of principle, the chemical industry supports methods that contribute to using the life-cycle thinking, have a balanced cost-benefit ratio and bring relevant results for

³ <https://www.bmu.de/pressemitteilung/novelle-des-kreislaufwirtschaftsgesetzes-legt-grundlagen-fuer-weniger-abfall-und-mehr-recycling/>

environment and consumers. Ultimately, analyses for life-cycle considerations must be workable and affordable also for small and medium-sized enterprises. The labelling of product-specific sustainability characteristics should always be voluntary.

2.3 CIRCULARITY IN PRODUCTION PROCESSES

The Industrial Emissions Directive (IED) mainly regulates the manufacturing process in the life cycle of a product and limits certain emissions from these manufacturing processes primarily by setting ranges of limit values. It also describes what best available techniques are available to minimise emissions and waste. The IED and the BREFs (Best Available Techniques Reference Documents) already consider waste and energy efficiency of manufacturing processes. A circular economy approach is a matter of course in the manufacturing processes of the chemical industry, especially because of the well-established integrated production (Verbundproduktion). This approach is promoted by a sustainable way of thinking that has a firm hold in the industry. Thus, in the chemical industry, the circular economy concept is driven, firstly, by aspects of environmental protection and, secondly, by economic reasons, as it reduces the consumption of expensive raw materials.

The even stronger linkage of circular economy topics with the BREFs, as addressed in the action plan, should be viewed critically, since circular economy topics should be regulated in the relevant legal areas. Here, plant law or immission control law must not create parallel or double regulation. The individual legal areas should be regulated in their respective legal frameworks, i.e. waste law aspects in waste law, substance law aspects in substance law, plant emissions in immission control law, etc.

This is the only way to improve coherence with existing instruments for regulating products at different stages of their life cycle. Therefore, it is also important to ensure that the integrated approach of the IED is maintained and that all new regulations are examined for their benefits in comparison to the cost and effort involved. It may even be that higher emissions can be allowed for coherence with other instruments if this serves to achieve objectives elsewhere, after an assessment of benefits.

The IED goals are enforced through measures that refer directly to the existing manufacturing processes. An indirect ban on substances through excessive emission reduction requirements or technology bans for manufacturing processes must be regulated elsewhere. The fundamental changes in the plants needed for this are already being implemented today through other incentives and cooperation with the "industrial neighbours".

Possible changes in IED or BREFs will be a problem especially for existing plants. If a new technology is prescribed in a BREF, existing plants will have to retrofit. Furthermore, it must be feared that the requirements for the handling of waste as input will increase disproportionately compared to the CO₂ savings. Concretely, this could mean e.g. that solvents will have to be treated generally. However, this only makes sense up to a certain degree of contamination and should always be reflected in terms of cost/benefit. For this

reason, it should not be generalised here. Furthermore, new measures under IED and BREFs must not counteract the transformation of industry.

3. Key product value chains

The chemical and plastics manufacturing industries expressly welcome that the EU Commission is taking up the dialogue with stakeholders, including sectors in central value chains, for the steering and development of measures for a product and industrial strategy. Cooperation between business and public administration is certainly the most effective way to success in terms of a competitive circular economy.

3.3 PACKAGING

One of the essential functions of packaging is that products reach consumers in undamaged condition. In order to preserve the shelf-life, hygiene and quality of products, they must be protected from a wide range of environmental influences. This also makes sense from sustainability aspects, because if a product is damaged, the raw materials and energy used for its production have been spent for nothing. Regarding foodstuffs, for example, this would be a large part of the ecological footprint. In this context, a reduction of packaging waste is basically sensible, but for food packaging this must by no means lead to the premature spoilage of foods so that they are wasted. Furthermore, food safety must remain the top priority in the design of packaging with a view to reuse and recyclability.

Moreover, it would not help if the recently amended EU Packaging Directive, whose national transposition is not yet completed, were to be amended again. The transposition period runs until July 2020 and Germany, like many other Member States, will not be able to meet this deadline due to the effects of the corona pandemic. First of all, the effect of the amended EU Packaging Directive in the EU Member States should be awaited and evaluated after a certain period of gathering practical experience, as the objectives of the recently revised EU Directive will only apply from 2025.

In the event of a possible amendment and the development of new requirements (e.g. a review of the "essential requirements governing the composition and the reusable and recoverable (including recyclable) nature of packaging"), care must be taken to maintain the technology neutrality of European waste legislation, e.g. the term of recycling laid down therein. It must also be ensured that a mechanism is established which is open to possible innovations. For example, chemical recycling methods must continue to be recognised in EU law as equal recycling processes of the third level of the EU waste hierarchy, complementing mechanical recycling methods.

In its action plan, the EU Commission announces that it will reduce the complexity of packaging materials, in order to ensure better recyclability. Improving recyclability can be one way to increase the sustainability of products. However, this presupposes that the functionality of the packaging is retained and that other parameters (such as the protection of packaged products and the resources required for packaging production)

are not adversely affected. Therefore, the importance of a holistic assessment of the sustainability of packaging, taking into account the packaged product, is once more emphasised here. Concrete approaches are being developed, for example, by the "Round Table Eco-Design of Plastic Packaging" with an involvement of the entire value chain.

3.4 PLASTICS

The plastics and chemical industries support the commitment to sustainability, the life cycle approach, circular economy and climate protection.

Here, the return of plastic waste into the cycle has an important role. The industry advocates the further development of existing recycling technologies for mechanical recycling methods and the development of new, innovative forms of recycling such as chemical recycling processes.

For the plastics industry to successfully continue its path towards a circular economy, the right regulatory framework conditions must be created. The new action plan plays an important role for this. It is planned to focus on the practical implementation of existing initiatives in the plastics sector. That would ensure the necessary continuity in legislation and planning reliability for investments made.

Should global plastics consumption double in the next 20 years, a diversification of the raw material base (i.e. availability of plastics based on primary, secondary, renewable and other raw materials) would be greatly important for the market supply of plastic raw materials in Germany, as secondary raw materials alone will not be able to satisfy the market sufficiently.

The second part of this chapter makes mandatory – while undifferentiated – requirements for the recycled content in plastics. This is seen in a critical light. For example, such requirements must not be made generally for all plastics but should be carefully weighed in detail from waste stream to waste stream. Unrealistic demands that are directed against the market, against technical feasibility and against quality aspects must be avoided. Instead of legal regulation for the use of recyclates, quality requirements are needed which must be standardised. Here, the main problem is that recycling and recovery targets are being counteracted by the fact that landfill of municipal waste containing plastic is still permitted in some Member States. Due to the recently revised EU Landfill Directive, which allows a maximum of 10% of such waste being landfilled until 2030 or partly even until 2035, all previous efforts to intensify recycling are countered. This applies not only for recycling rates but also for the reuse of recyclates in new products. Targets and measures must be compatible with each other in their underlying principles.

Regarding the use of recyclates, the work of the Circular Plastics Alliance (CPA) should first be awaited. Specifications for a recyclate content are directed against the market, as the focus of product development is not on raw materials but on the quality and performance of the material for its further application. In principle, all types of raw materials – no matter whether primary, secondary, renewable or other – should be freely available for market supplies of materials. Instead of binding use targets, the development of criteria and requirements for the selection of raw materials seems to be more appropriate.

Ideally, this should be a field of activity for standardisation and not be defined at the legal level.

The third part of chapter 3.4 is about “microplastics in the environment”. Clear terminology is essential here. The above subitems expressly do not apply to plastic materials represented by standard and engineering plastics, as plastic granules are not intentionally added particles in products but are intermediates in the value chain, i.e. such granules are processed into semi-finished products such as boards, pipes, films, etc. and are therefore no longer present in particle form. Plastic materials are no tires, textiles etc, either – so that there should always be individual solutions for each material or product regarding the presence of microplastics in the environment. For plastic end-consumer products, as far as they are present in the environment and can thus fragment into microplastics, European waste law must strictly apply. This is because waste must always be recovered or disposed of properly. Infringements should be sanctioned accordingly in enforcement.

Regarding intentionally used microplastics, restrictions of certain specified uses of microplastics are not rejected in principle. However, for the draft restriction⁴ proposed by ECHA to meet the requirements of the REACH Regulation (e.g. clear identification of the substance to be restricted), extensive adjustments must be made.⁵ Adjustments are also necessary, because there is considerable legal uncertainty across industries as to which products are affected by such a restriction.⁶ Furthermore, no sufficient legal basis is seen within the REACH Regulation to allow the introduction of detailed labelling and extensive annual reporting obligations in the context of a restriction.

The use of biodegradable or compostable plastics requires specific conditions, so that controlled biodegradation or composting can take place. Thus, such biodegradable or compostable products can offer a solution for certain consumer benefits and certain disposal scenarios. However, these products explicitly do not provide a solution for littering or the presence of plastic waste in the (marine) environment.

Compostable materials should be used where their use offers an advantage, e.g. food adhesions that remain in contact with the packaging are metabolised together into biomass during composting and are suitable for land use. This would limit them to applications such as linings for food caddies, coffee capsules, food service items and packaging that contains food residues and cannot yet be recycled in an economically or technically simple way at the time present.

There are other niche applications for biodegradable plastics, where their very special application profile unfolds. For example, at major events where e.g. food leftovers cannot be collected separately from service packaging and the biodegradable tableware is pre-

⁴ <https://echa.europa.eu/de/hot-topics/microplastics>

⁵ <https://www.vci.de/themen/chemikaliensicherheit/reach/vci-position-zum-echa-reach-anhang-xv-beschaenkung-von-microplastic.jsp>

⁶ <https://www.vci.de/themen/chemikaliensicherheit/reach/vci-position-echa-vorschlag-beschaenkung-polymere-als-absichtlich-eingesetztes-mikroplastik.jsp>

composted on site together with the food leftovers in mobile plants and then further treated in industrial fermentation or composting.

However, this requires clear communication and strict control that no other potential waste, such as disposable bottles made of other plastics, is brought to the event. Furthermore, there are isolated areas where the use of biodegradable plastics can be advantageous over conventional ones, such as in viticulture (e.g. pheromone traps), agriculture (e.g. thin mulch films, < 25 µm) and in the medical sector.

The following prerequisites should be met for these individual cases. Firstly, in biowaste collection, uniform test criteria should be applied for all articles irrespective of their material type, e.g. bag types such as paper and other compostable bags. As a result, the compost will only contain certified products that are approved according to a relevant standard (for example, EN 13432 and EN 14995 for industrial compostability, AS 5810 for home and garden composting, EN 17033 for mulch films, EN 14995 for fresh water etc.).

Secondly, with regard to the implementation of the EU Single Use Plastics Directive (SUP Directive), a harmonised concrete shaping and labelling is welcomed.

Rules for measuring the recyclate content should take into account the criteria developed by industry in the context of the CPA work – where corresponding criteria and requirements are to be developed, which can ideally be formulated in standards.

In ongoing activities – e.g. standards which describe, inter alia, definitions of recycling – care must be taken to ensure that these are broadly defined. This is because recycling relies on both mechanical recycling processes and chemical recycling processes. Both approaches can be used to manufacture recyclates as products. Therefore, it is important that these products are no longer subject to waste legislation but are handled like substances or mixtures in the meaning of the chemicals legislation. This also includes the equal promotion of recyclate content verified by mass balancing. A partial substitution of fossil raw materials by waste or bio-based raw materials at highly efficient, integrated chemical sites generally makes it impossible to directly trace carbon originating from alternative sources. For this reason, the alternative raw material is allocated to the end products by calculation, similar to the "green electricity" approach. Therefore, the recognition of externally certified mass balance approaches and the equivalent promotion of mass balance-allocated recyclate content are important prerequisites for a gradual transformation of raw material supplies.

3.6 CONSTRUCTION AND BUILDINGS

Take-back schemes have been established for plastic building products on the basis of voluntary initiatives, for example for profiles, floors, roofing membranes, pipes, etc. The latest Conversio surveys on the material flow picture in Germany⁷ show that there are

⁷⁷ C. Lindner, Stoffstrombild Kunststoffe in Deutschland 2017, Conversio Market & Strategy GmbH, Mainaschaff (2018)

quite high recycling rates in these fields. This has been achieved in the durable construction sector mainly through the support by the Federal Environment Agency (Umweltbundesamt/UBA), which has developed guidance on REACH and plastics recycling; see UBA texts 55/2011⁸. This ensures that quality-assured recycling, including end-of-life products containing "legacy additives", can be made possible. Furthergoing requirements are not deemed expedient, especially regarding a defined recyclate content within revisions of waste legislation. Here, too, the chemical industry is in favour of concretely shaping the requirements by means of standards, which are already being developed at CPA and in European standardisation. The most recent example is the EU standard for the controlled loop recycling of window and door profiles from the end consumer sector.⁹ Finally, it is pointed to the need to allow some free scope. For example, research work funded by the German federal research ministry (BMBF) is currently taking place on the chemical recycling of complex thermal insulation composite systems. Here, European activities should not make any pre-determinations but must leave the scope needed for the circular economy in the construction sector too. In addition, safety and functionality must be taken into account; this is welcomed from the VCI's perspective. Against this backdrop, it should be refrained from setting targets for the recycling of construction waste by means of EU legislation. Instead, the EU should promote innovation.

The construction sector and especially construction chemicals are central to achieving the goals of the Green Deal. For example, construction chemical products help to significantly increase the service life of buildings, e.g. by protecting them from water damage. Paints and coatings prevent damage by weathering. Just one example: Corrosion protection paints protect steel structures (such as bridges or supporting structures) from rust corrosion. In this way, they contribute to avoiding unnecessary building rubble.

A comprehensive "Strategy for a Sustainable Built Environment" as a proverbial new edition of the "Construction 2020 Strategy" would make sense. Coordination with all Directorates General is important, while DG GROW should continue to have the main steering and organisational responsibility in order to maintain the character of an industrial strategy for this important and special sector. Stakeholder involvement in the shaping and implementation of the strategy should be maintained and expanded. This enhances the workability of the envisaged measures.

The given goals make the aspired wave of renovation inevitable. A functioning internal market for construction products is a basic prerequisite for bringing about reasonable prices. The Construction Products Regulation and connected harmonised standardisation are elementary cornerstones of this internal market. Also in the future, it should be built on the level of integration achieved. The announced review will take time due to the

⁸ . Jepsen et al., REACH und Kunststoffrecycling – Handreichung für eine sachgerechte Umsetzung der REACH-Anforderungen für Betreiber von Recyclinganlagen, UBA-Texte 55/2011, Dessau (2011)

⁹ prEN 17410, Plastics – Controlled loop recycling of PVC-U profiles from windows and doors, Beuth-Verlag, Berlin, in print

complex distribution of competences and the special nature of construction products as intermediates.

Problems in the interaction between the Commission and the European Committee for Standardization (CEN) in harmonised standardisation need to be solved in a timely manner and within the existing legal framework, so that the internal market can act as a driver of the renovation wave. Environmental product declarations according to EN 15804 are well established in the construction sector and should form the basis for life cycle approaches. Another point that should be mentioned positively in this context is the action plan's emphasis on LEVEL(s) as a life-cycle based assessment system for sustainable buildings.

3.7 FOOD, WATER AND NUTRIENTS

The chemical industry supports all measures against food waste or wastefulness. This must not be counteracted by excessive restrictions which could lead to premature food spoilage, for example, by banning single-use packaging (also see 3.4). Plastic packaging, in particular, offers maximum efficiency in protecting foods as well as safety and hygiene for consumers. Through innovation and further product development, industry has been able to show that even material minimisation has been achieved while maintaining the product protection function. However, the higher goal of the waste hierarchy with regard to waste prevention must not be undermined by a one-sided preference for recycling.

It makes sense that the Commission intends to bring about food waste reduction also under the future EU strategy "From farm to fork"¹⁰. As food packaging makes a decisive contribution to this, the harmonisation of Community legislation on food contact materials should have a central role in the "From farm to fork" strategy too.

Wastewater from the chemical industry is likely to be suitable only to a limited extent for multiple use (agriculture). The multiple use of cooling water is already common practice today.

4. Less waste more value

4.1 ENHANCED WASTE POLICY IN SUPPORT OF WASTE PREVENTION AND CIRCULARITY

The strengthening of the implementation and uniform enforcement of the recently updated waste legislation (EU waste package of 2018) in the Member States, which is primarily addressed here, should be supported. The deadline for transposition into national law is July 2020. Germany, like many other Member States, will not be able to meet this deadline due to the effects of the corona pandemic.

¹⁰https://www.eupia.org/fileadmin/user_upload/PIJITF_Joint_feed-back_on_EU_roadmap_Farm_to_Fork_Strategy_01.pdf

4.2 ENHANCING CIRCULARITY IN A TOXIC-FREE ENVIRONMENT

The existing EU chemicals policy and legislation, in particular REACH, promotes the 'safe use of chemicals', as risk assessments are carried out and only safe uses are allowed under REACH. It is inappropriate to call for a blanket substitution of all hazardous substances/chemicals in the action plan, because also hazardous substances can be used safely. For this purpose, use conditions and risk management measures are defined under REACH so that, if necessary, exposure is reduced to such an extent that safe use is possible.

The substitution goal under REACH is about the gradual replacement of substances of very high concern (SVHCs) by suitable alternative substances and technologies. This focus should be maintained in a circular economy.

It is important that the legislator examines the effects of requirements for a "tracking" of substances, in order to keep the cost and effort reasonable and to focus on those substances that are really relevant here. This was not done when establishing the SCIP database under the waste legislation (Art. 9 of the Waste Framework Directive).

While information on SVHCs in articles is communicated already now along the supply chains according to REACH Article 33 and will in future be generally accessible also to recyclers through the SCIP database, an extension to all substances in Annex VI of the CLP Regulation is too far-reaching. Information obligations or tracking should be focused on and limited to relevant substances. With regard to the EU Commission's intention to include substances of CLP Annex VI with a classification due to a chronic effect, it remains unclear which concrete classifications according to CLP classification criteria the Commission wants to see taken into account here as chronic effects. From the VCI's viewpoint, relevant substances with serious effects on human health or the environment under REACH can first be identified as candidate substances for the authorisation procedure and then included in Annex XIV. Therefore, the VCI rejects a definition of "other relevant substances" that goes beyond the substances on the candidate list for the REACH authorisation procedure without concrete specific justification and examination of alternative approaches.

4.3 CREATING A WELL-FUNCTIONING EU MARKET FOR SECONDARY RAW MATERIALS

In order to create an EU market for secondary raw materials, it is essential to ensure better enforcement of existing waste legislation and to carry out a critical review of the existing legal framework – for identifying provisions that hamper progress in the circular economy.

The introduction of technology-open EU-wide definitions of recyclability and minimum quality standards for recyclates, while distinguishing between different materials and uses, is crucial, especially for non-food applications. Furthermore, collection and recycling systems must be established and function effectively in Europe to promote the use

of existing recycling capacities. This can also further stimulate private infrastructure investment.

REACH (Article 69(2)) already provides for substances included in REACH Annex XIV (list of substances subject to authorisation; scope: substances on their own and in mixtures) that the European Chemicals Agency (ECHA) examines whether a restriction is necessary for their use in articles. The chemical industry expressly supports this examination and the adoption of suitable restrictions, if necessary. This is an important contribution to achieving the same competitive conditions / a level playing field vis-à-vis products imported into the EU.

We are critical of a possible introduction of additional material-specific criteria for by-products or end-of-waste (especially for plastics). The basic, generally applicable rules in this regard are already laid down in the amended EU Waste Framework Directive of 2018 (Articles 5 and 6).

According to current appraisals, the above-mentioned rules already offer sufficient stipulations but leave enough degrees of freedom to find sustainable and sensible solutions in this field.

Thus, the following applies especially regarding the ongoing discussion about end-of-waste:

We need to arrive at one EU-uniform, straightforward and thus in practice workable legal understanding on reaching the end-of-waste, especially plastic waste – without, losing the existing degrees of freedom in this field. The secondary raw materials / recyclates obtained by recycling must be easily transportable across national borders, in order to enable a European / global circular economy. In the meaning of a circular economy, secondary raw materials / recyclates must find their way back to production as inputs in a practicable manner.

4.4 ADDRESSING WASTE EXPORTS FROM THE EU

In the future, waste will become increasingly important as a source of raw materials. To continue to have access to these raw materials in the time to come and in view of further developing recovery technologies, the planned amendments to the EU Waste Shipment Regulation must take into account and promote the orderly European, but also global recovery of waste on the basis of the already high EU standards. Existing rules at EU level want to achieve this. However, existing law must be enforced consistently. It is deplorable that this is only partly the case.

Therefore, illegal waste shipments must be stopped effectively. For this purpose, existing waste legislation should be enforced with greater consequence. Against this backdrop, the proposals in 4.4. are supported in principle. Furthermore, enforcement needs to be strengthened to enable more effective implementation and putting into practice.

When amending the EU Waste Shipment Regulation, care must also be taken to ensure that appropriate rules are supported for the import of secondary raw materials from regions without recycling systems. Such waste imports should have the purpose of feeding

into the EU circular economy and being used as valuable raw materials for European products. This would somewhat ease the shortage of high-quality raw materials in Europe and the problem of plastic waste in the environment. Ensuring continuous imports is of decisive importance for companies to guarantee the availability of secondary raw materials.

On the example of plastics: Industry is committed to an open internal market for plastic waste, promoting a harmonised approach to the shipment of such waste for use in recycling plants inside Europe and possibly also for import into Europe.

6. Cross-cutting actions

6.1 CIRCULARITY AS A PREREQUISITE FOR CLIMATE NEUTRALITY

The proposed system of a set of rules for the certification of CO₂ removals makes sense and does not interfere with the efforts to have CCU products recognized in the EU ETS. Quite the contrary, such a certificate could easily be accepted in the EU ETS to ease the strain of the EU ETS price signal.

6.2 GETTING THE ECONOMICS RIGHT

The chemical industry speaks explicitly against a new own resource for the EU budget based on the amount of non-recycled plastic packaging waste. This charge is not earmarked for any specific purpose, such as the expansion of infrastructure for the collection and recycling of plastic packaging waste in those Member States that have not yet sufficient infrastructures in place. Moreover, there is no impact assessment of the proposed measure. In particular, the charge is unsuitable to unfold an ecological steering effect and to drive forward the further development of the circular economy with plastics. Rather, an end to landfilling of municipal waste containing plastics in Europe should be demanded as soon as possible (see above). Most importantly, such a charge – to be imposed solely on non-recycled plastic packaging waste – would discriminate against plastic as a material compared to other packaging materials. This is extremely counter-productive, particularly in view of the special advantages of plastic packaging (e.g. preventing food losses along the supply chains by protecting against premature spoilage of food and in terms of climate protection).

7. Leading efforts at global level

Insofar as the European Union is striving for a leading role at international level with regard to plastics, e.g. to develop a global plastics convention, this should be achieved in dialogue together with industry, including the relevant value chains. The plastics industry is already globally positioned in this respect, for example in the World Plastics Council (WPC) and the Global Plastics Alliance (GPA). The industry is available for this task with its expertise and networks. Against this backdrop, plastics manufacturers have supported the work of the German federal government during its G7 and G20 presidencies and, furthermore, in the concretization of the G20 Global Network of the Committed (GNC).

A solid fact base for a global picture of the plastics material flow was established for the first time at the end of 2019. This provides a starting point for statements on ordered and disordered plastic wastes and on measures to be possibly derived on this basis, where necessary.¹¹

Furthermore, the global "Alliance to End Plastics Waste"¹² (an initiative of business players across all value chains) has voluntarily committed itself to achieving orderly disposal in countries with a need to catch up, especially in Asia and Africa – for example, by way of concrete projects, education and the development of infrastructures for recovery and recycling.

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The VCI is registered in the “public list on the registration of associations and their representatives” of German Parliament (Deutscher Bundestag).

The VCI represents the politico-economic interests of around 1,700 German chemical companies and German subsidiaries of foreign businesses. For this purpose, the VCI is in contact with politicians, public authorities, other industries, science and media. In 2019 the German chemical industry realised sales of over 198 billion euros and employed around 464,000 staff.

¹¹ C. Lindner, Global Plastics Flow 2018, Conversio Market & Strategy GmbH, Mainaschaff (2019)

¹² <https://endplasticwaste.org>