I

(Resolutions, recommendations and opinions)

OPINIONS

EUROPEAN ECONOMIC AND SOCIAL COMMITTEE

575TH PLENARY SESSION OF THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, 14.12.2022-15.12.2022

Opinion of the European Economic and Social Committee on 'Sustainable recycling, use of secondary raw materials and just transition in the European ferrous and nonferrous metal industry'

(own-initiative opinion)

(2023/C 140/01)

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Outcome of vote	
(for/against/abstentions)	183/0/2

1. **Conclusions and recommendations**

1.1. The EESC notes that the lack of high-quality secondary raw materials and non-competitive prices prevents the greater uptake of secondary raw materials, and calls for appropriate policies and funding opportunities to build brand new recycling facilities and to upgrade existing ones in terms of their technology. The Committee believes that tax facilities and fiscal incentives should be introduced along the recycling value chain and for new circular business models, with a special emphasis on the important role that SMEs and start-ups have in the transition pathway.

1.2. The EESC calls for additional policies that support and finance R & D in the process of replacing critical raw materials, reducing resource consumption, improving product efficiency and enhancing EU monitoring, risk management and governance in the field of CRMs.

1.3. The Committee welcomes the launch of the Global Alliance on Circular Economy and Resource Efficiency ([1]) (GACERE) in February 2021 and believes that membership of this organisation should be extended.

1.4. The EESC considers that targeted policies and public investments should be further developed in all Member States in order to foster sustainable development and the just transition.

1.5. The EESC emphasises that there is an increased need for workers specialised in the recycling, design and manufacture of extended-life products, waste management and advanced sorting. The social partners and industrial civil society organisations have an extremely important role to play in implementing and monitoring the Just Transition Mechanism (JTM) and the Committee calls for more intense dialogue and closer cooperation between European and national public authorities and industrial stakeholders.

1.6. The EESC believes that the relevant criteria in the WasteFD to achieve the ambitious targets of the European Green Deal and Circular Economy Action Plan should be determined and subsequently harmonised within the EU.

1.7. Waste exports should only be allowed when environmental and social standards are fully complied with in the destination country, with reliable and effective audit procedures that include the social partners and relevant NGOs. The Committee calls for strict monitoring of classification issues and the introduction of appropriate and effective safeguard procedures to suspend exports in the event that the required conditions are not met. Furthermore, the EESC calls on the Parliament and Council to apply the same strict criteria regarding environmental commitments on exported waste to both OECD and non-OECD countries.

1.8. The Committee notes the problem of illegal exports of scrap from Europe and the suspicious re-imports of goods manufactured outside the EU and calls for more stringent border controls.

1.9. The EESC considers that speedier procedures for internally shipped waste will lead to better circularity of ferrous and non-ferrous materials, making them more competitive and reducing their greenhouse gas (GHG) emissions.

1.10. As product recyclability design is key to increasing the circularity and availability of high-quality secondary raw materials, the EESC calls for the use of recyclable raw materials and by-products to be recognised under the Ecodesign for Sustainable Products Regulation (ESPR). Extending the lifetime of products will become increasingly important for the competitiveness of European industry.

1.11. The EESC believes that the introduction of minimum environmental sustainability and social requirements in the Construction Products Regulation (CPR), combined with labelling and market incentives, would create a level playing field for sustainable products.

1.12. The participation of industry experts and other relevant stakeholders is essential to ensure that circularity principles are in place at all levels of product design and the Committee believes that R & D investments and public-private partnerships must be strengthened and provided with financial support.

1.13. The EESC believes that Green Public Procurement has a vital role in accelerating circular economy patterns and promoting sustainability, and is convinced that the harmonised EU standardisation of construction products would provide a coherent framework and reduce fragmentation across Member States.

1.14. The EESC welcomes the Commission's intention to promote a number of legislative proposals on improving the repairability and recyclability of products, extending the life cycle of products, introducing energy labelling and providing available repair services for consumers.

1.15. The Committee believes that the recyclability of packaging materials should be considered in extended producer responsibility schemes using eco-modulated fees.

([1]) Global Alliance on Circular Economy and Resource Efficiency.

2. **Introductory Comments**

2.1. In its Communication on *Updating the 2020 New Industrial Strategy: Building a stronger Single Market for Europe's recovery* ([2]), the European Commission has emphasised that energy-intensive industries are indispensable for Europe's economy and must be supported in order to create new markets for climate-neutral and circular products, such as steel. It has also stated that the EU transition to climate neutrality could transform the current reliance on fossil fuels into one on raw materials sourced from abroad.

2.2. The COVID-19 pandemic has clearly shown the fragility of European supply chains and the dependence on foreign countries for strategic raw materials. Shortages still persist and the EU seems unable to make the value chains more resilient and better prepared for possible future shocks in the twin transition.

2.3. According to the International Energy Agency, the demand for mineral inputs will increase six-fold by 2050. Since primary raw materials are limited and often unavailable in the EU, focus must be transferred to improving the recycling capacities and capabilities and creating a real market for secondary raw materials.

2.4. While striving to achieve the targets set in the European Green Deal (EGD), the EU, Member States and industrial stakeholders have to ensure that the competitiveness of the industry, its value chains, employees and society as a whole are not under threat. Therefore, the European recycling chain from waste to new end products has to be updated and focused on efficient and sustainable recycling, including by promoting the industrial symbiosis methodology.

3. **Circularity, reuse and recycling, availability of secondary raw materials**

3.1. The EU is pushing to transform the economy into a more sustainable and circular one, with the potential to create an additional 700 000 jobs ([3]). Although the results are reaching their limit for some materials like iron, zinc or platinum, for rare earths like gallium or iridium, the contribution from critical raw materials is rather marginal. It is estimated that every tonne of recycled steel prevents 1,5 tonnes of CO_2 emissions from going into the atmosphere. The EESC notes that it is the lack of high-quality secondary raw materials, general lack of availability, and non-competitive prices that prevent higher uptake of secondary raw materials.

3.2. Russia's invasion of Ukraine has added pressure on the supply of raw materials for the EU industry and supporting recycling will not be enough to meet future raw material demands. The EESC therefore calls for additional urgent measures to support and finance R & D in replacing critical raw materials, reducing resource consumption, improving product efficiency etc. The EESC welcomes the comprehensive approach in the European Critical Raw Materials Act proposal from the EC and believes that it is necessary to improve the EU's monitoring, risk management and governance in the field of CRMs. Furthermore, the Committee believes that the EU's external actions on CRMs should be enhanced through targeted strategic partnerships with third countries, bilateral/regional trade agreements and negotiations, sectoral agreements, development cooperation and multilateral initiatives.

3.3. The EU, as the frontrunner in the fight against climate change, should be able to deal with the waste produced in its territory rather than export it. However, the exports of ferrous metal waste (iron and steel scrap) have increased by 113 % in 2021 compared to 2015 levels, reaching 19,5 million tonnes and accounting for more than half (59 %) of all waste exports from the EU. The EESC notes the problem of illegal exports of scrap from Europe and the suspicious re-imports of goods manufactured outside the EU.

3.4. In the context of rising prices for energy and raw materials, the EESC emphasises that, compared to the extraction process of raw materials, recycling entails significant reduction of energy and GHG emissions. The Committee would like to see the adoption of policies for building new recycling facilities and for technologically upgrading the existing ones, including through the national recovery and resilience plans. The EESC believes that tax and fiscal incentives should be introduced for new circular business models across the value chains, while special emphasis should be placed on the important role that SMEs and start-ups have in the transition pathway.

([2]) EUR-Lex, EC Communication COM/2021/350 final on Updating the 2020 New Industrial Strategy.
([3]) EUR-lex: A new Circular Economy Action Plan For a cleaner and more competitive Europe.

3.5. The Committee salutes the launching of the Global Alliance on Circular Economy and Resource Efficiency in February 2021 as an alliance of governments that will work together to improve circularity and ensure a just transition. The EESC believes that membership of the institution should be extended, as increased global efforts are needed to ensure sustainable management of natural resources.

4. **Just transition**

4.1. While transforming our economies into green and digital ones, there are also specific socioeconomic difficulties for some regions and sectors, as well as employment and skills challenges for the metal industry. EU companies and workers need enhanced support to cope with the requirements of new business models and be better prepared for future challenges and opportunities. Additionally, the circular transition must prevent any distortion to working conditions. The Committee believes that targeted policies and public investments should be further developed in all Member States to foster sustainable development and the just transition.

4.2. The EESC has supported the adoption of the JTM, as part of the EGD investment plan, and considers it a vital tool to ensure that no one is left behind in the transition to a climate-neutral economy. The adoption of the Just Transition Fund (the first pillar of the JTM) marks a significant step forward.

4.3. The EESC believes that the social partners and civil society and industrial organisations have an extremely important role to play in implementing and monitoring the JTM, and in raising awareness among public authorities on the special needs of citizens and businesses. The Committee would like to see more intensified dialogue and cooperation between European and national public authorities, industrial stakeholders and relevant industrial NGOs.

4.4. Social partners at all levels have a very important role in negotiating just transition strategies within works councils or other relevant social dialogue bodies. They are best placed to map out the creation and disappearance of jobs and analyse and anticipate the future needs for training and up-skilling of the labour force. Presently, the most stringent needs are for workers specialised in recycling, design and manufacturing of extended-life products, waste management and advanced sorting.

5. **Waste, Waste Framework Directive (WasteFD) and Waste Shipment Regulation (WSR)**

5.1. Waste has an important value in terms of the recovery of secondary raw materials, contributing to the EU circular economy and the EGD and reducing the dependence on imported primary raw materials and saving natural resources, while cutting down the energy consumption needed to mine and process primary raw materials in Europe and decreasing CO_2 emissions in the ferrous and non-ferrous industries.

5.2. The forthcoming revision of the EU Waste Framework Directive with the aim of increasing the protection of the environment and public health from the effects of waste management, reducing the volume of waste, increasing reuse and improving separate collection to encourage preparation for re-use and high-quality recycling is important for private households and industry alike.

5.3. The EESC believes that the relevant criteria in the WasteFD to reach the ambitious targets of the EGD and Circular Economy Action Plan should be determined and subsequently harmonised within the EU. The Committee believes that coherence with other legislation, in particular the ESPR and EU Member State legislation, is required to avoid ambiguities, duplications and overlaps.

5.4. Increased volumes of internally shipped waste and speedier procedures will lead to increased domestic recycling of ferrous and non-ferrous materials, making them more competitive and helping them reduce their GHG emissions. Furthermore, the EC has estimated that between 9 000 and 23 000 new jobs will be created in the recycling and reuse sectors.

5.5. The EESC has already concluded that 'exports of high-quality recyclable waste are detrimental to EU sustainability and undermine its global competitiveness by providing valuable resources to external competitors' ([4]). In order to take full advantage of increased volumes of internal waste, the Committee calls for funding opportunities for R & D in discovering cutting-edge technologies for reuse and recycling and for developing state-of-the-art waste treatment and recycling facilities.

5.6. Waste exports from the EU should only be allowed when environmental and social standards are equivalent to those in the EU and are fully respected in the destination country. Scrap leakage has to be prevented by making controls at the EU borders more stringent, while exported waste should be subject to stricter transparency rules and related information on its management and respect of standards should be made publicly available. The EESC welcomes the Commission proposal for third-party audits on external waste facilities and at country level and has already called for 'the social partners and relevant NGOs to be part of the audit procedures' ([5]).

5.7. The Committee believes that particularly strict control of the classification issues should be in place in case exporters of waste attempt to reclassify their current waste export as end-of-waste export. Such a risk could completely undermine the entire reform proposed by the Commission for the export of waste.

5.8. *Ex-ante* monitoring or effective *ex-post* check-up of local waste processing conditions and regulations should be prioritised and performed. The EESC calls for the introduction of appropriate and effective safeguard procedures to suspend exports in case required conditions are not met.

5.9. The EESC calls for a shortened transition period of the application of the revised WSR of two years. The proposed 30-day time limit for the competent transit authorities to raise valid objections for a planned shipment for recovery should be reduced to 10 days to ensure operability and avoid unnecessary delays. Furthermore, the EESC demands a clear restriction on these authorities to prevent them from objecting to the same shipment more than once.

5.10. To ensure environmental integrity, the EESC calls on the Parliament and Council to apply the same strict criteria regarding environmental commitments on exported waste to both OECD and non-OECD countries.

5.11. Shortcomings in existing enforcement procedures in the WSR have led to increased shipments of illicit waste by organised criminal groups, estimated at 30 % of all waste shipments in Europe ([6]). The EESC supports the enforcement of the inspection and investigation procedures and calls for full cooperation between Member States and the EU, in line with the new EU Strategy to tackle Organised Crime 2021-2025 ([7]).

5.12. Industrial stakeholders and NGOs play an important role in tackling illegal waste shipments. Non-confidential data should be made available to all interested parties, as increased transparency will help reduce illegal waste shipments.

6. **Ecodesign**

6.1. The EESC believes that strengthening legislation on ecodesign for sustainable products is needed to achieve the EU's ambitious objectives set in the EGD and Circular Economy Action Plan. The ESPR represents an opportunity for EU producers to differentiate their products from those that perform less well by using a common assessment method. Participation of industry experts and other relevant stakeholders of the value chain is essential to ensure that circularity applies at all levels of product design in order to include waste prevention and minimum recycled content requirements.

([4]) Opinion of the European Economic and Social Committee on Proposal for a Regulation of the European Parliament and of the Council on shipments of waste and amending Regulations (EU) No 1257/2013 and (EU) 2020/1056 (COM(2021) 709 final — 2021/0367 (COD)) (OJ C 275, 18.7.2022, p. 95).

([5]) Opinion of the European Economic and Social Committee on Proposal for a Regulation of the European Parliament and of the Council on shipments of waste and amending Regulations (EU) No 1257/2013 and (EU) 2020/1056 (COM(2021) 709 final — 2021/0367 (COD)) (OJ C 275, 18.7.2022, p. 95).

([6]) Questions and Answers on new EU rules on waste shipments.

([7]) EU Strategy to tackle Organised Crime 2021-2025.

6.2. The EESC calls for the social aspects to be included in the definition of sustainability, and not just environmental requirements, as is the case now. The social aspects should comply with international labour standards, such as respect for social dialogue and collective bargaining.

6.3. The use of secondary raw materials and by-products should be recognised under the ESPR, as they can contribute significantly to reaching the EU climate change policy targets. Equally, the design for recyclability of products, and their constituent materials, is key to increasing circularity and availability of high quality secondary raw materials.

6.4. The digital product passport is an important tool to provide relevant information on the sustainability of products to customers and in protecting intellectual property rights of producers, preventing misuse of data and avoiding greenwashing. A robust, reliable and comprehensive database is essential to provide such information on both the traditional and online market.

6.5. Furthermore, extending the lifetime of products will become increasingly important for the competitiveness of European industry, especially since the EU is often dependent on third countries. The EESC believes that R & D investments and public-private partnerships must be strengthened and provided with financial support.

7. **Construction Products Regulation (CPR)**

7.1. In conjunction with the ESPR proposal, the revision of the CPR provides an opportunity to align products' sustainability with the same level of ambition across different market sectors in construction. Whilst the CPR proposal recognised the importance of using recycled materials, the use of by-products can equally help reduce reliance on primary natural resources and therefore needs to be considered in product performance criteria.

7.2. The EESC believes that the introduction of minimum environmental sustainability and social requirements, combined with labelling and market incentives, would create a level playing field for sustainable products and ensure that they are properly recognised.

7.3. Green Public Procurement (GPP) criteria should utilise performance thresholds established under the CPR. The EESC believes that GPP has a vital role in accelerating circular economy patterns, promoting sustainability and creating an EU market for sustainable products. The EESC is convinced that a harmonised EU standardisation of construction products will provide a coherent framework across Member States, while improving transparency in terms of durability, repairability, safety, etc.

7.4. The EESC stresses that the assessment methods currently used in the construction sector are not fully harmonised and can lead to different results across the EU and thus a lack of comparability. A pre-requisite is to improve the consistency and comparability of environmental performance assessments of construction products. The Committee considers the developments on the Environmental Footprint methodology ([8]) to be positive, which can help achieve these goals.

7.5. The EESC salutes the EC's intention to promote a number of legislative proposals on improving the repairability of products, extending the life cycle of products, introducing energy labelling and providing available repair services for consumers.

8. **Packaging and Packaging Waste Directive**

8.1. It is important to ensure that all packaging material put on the market is either recyclable or reusable. The design for recyclability of packaging should take into consideration not only the recycling rate, but also the ability of materials to be recycled without loss of intrinsic properties and the extent of primary material substitution. This will help ensure high quality recycling at end-of-life. Recyclability of packaging materials should be considered in extended producer responsibility schemes using eco-modulated fees.

([8]) Commission Recommendation (EU) 2021/2279 of 15 December 2021 on the use of the Environmental Footprint methods to measure and communicate the life cycle environmental performance of products and organisations (OJ L 471, 30.12.2021, p. 1).

8.2. Whilst recycled content has a role to play in stimulating demand for recyclates, in the case of steel packaging, there is already a well-functioning market for secondary materials, with the recycling rate for steel packaging already exceeding 84 %. Therefore, an obligation to increase the recycled content may actually increase GHG emissions if scrap has to be transported over large distances and diverted from other source streams.

Brussels, 24 January 2023.

The President
of the European Economic and Social Committee
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