Annex: The European Commission's consultation on the Circular Economy – Norwegian comments

1. Sustainable Consumption and Production and Product Design

The use of renewable resources is important to ensure sustainable production systems. To promote the circular economy, it is important to ensure the durability of resource intensive products. Legal guarantees as well as commercial guarantees are effective means to contribute to the durability and reparability of products. It may also contribute to the selection of more durable products when importing to the EU/EEA. Legal guarantees can also be effective tools to counteract production of goods with "planned obsolescence". When developing EU-wide legislation regarding product guarantees, it is important to accommodate national legal frameworks that ensure a high level of consumer protection, such as the Norwegian 5-year legal guarantee on certain conditions for goods that are supposed to last considerably longer than 2 years. Such products include inter alia cars and washing machines.

Consumers need information in order to make sustainable choices. Consumer awareness should be raised through education, information about environmental and health impacts of products and businesses, economic incentives as well as improved infrastructure. Integration of environmental considerations, circular economy and resource efficiency should be stimulated in the curriculum in school and university education in different fields to increase awareness and knowledge.

There is also a need for increased knowlegde about environmental and health impacts of products among the employees in the retail sector especially.
More action is needed both at EU and national level to further develop green workforce skills. European studies show that there is potential to promote exchange of best practice, not only between Member States but also between businesses and others involved in the development of green workforce skills.

One example of a successful tool providing consumer information is the Nordic Eco-label (Swan) which sets stringent criteria on the entire lifecycle of products and is an important tool for the promotion of environmentally responsible products and services. Due to an exceptionally high recognition rate in the Norwegian population (94 per cent), the Nordic Eco-label also represents a strong incentive for businesses to align their production with its environmental requirements. For instance by encouraging an extention of recognised eco-labels to new business models. Norway would welcome increased efforts to foster the transition to more resource efficient and service-based business models, such as leasing and sharing.

Business plays a vital role in the circular economy. Product design is decisive – there is a huge potential to design products that are more durable, easier to repair and to recycle. In the development of the Ecodesign Directive, it is important to

take into account relevant existing EU regulation (particularly RoHS and WEEE). The potential to establish requirements on other environmental parameters than energy should be included when appropriate under the Ecodesign Directive. There is a need for further restrictions on substances of very high concern in the product legislation. Norway is committed to work towards a non-toxic circular economy. We would welcome discussions under relevant product legislation concerning requirements to provide information to consumers on product content of substances of very high concern or other hazardous substances. Furthermore, we encourage greater efforts to remove the most unsustainable products from the internal market, for instance through the Ecodesign Directive as well as better market surveillance and enforcement.

Norway welcomes and participates in the development of common methods for assessing environmental impacts based on a life cycle perspective (environmental footprint). We also commend the Commission's broad involvement of stakeholders regarding pilots on environmental footprint. When building on the environmental footprint pilots phase, a particularly important point is driving product design for circularity. For this purpose, a broad footprint approach beyond climate effects is needed including variables such as hazardous substances (related to the use and emissions of such substances during the production phase as well as the presence of such substances in the product itself), resource use, land use, standards for sustainable production, durability, recyclability, reparability and disassembly. Such analysis might be an important tool when reviewing product legislation.

It is important that EU policies contribute to meet the goals of the New York declaration[1] on forests, as the conversion of forests for the production of commodities—such as soy, palm oil, beef and paper—accounts for roughly half of global deforestation. Tools for mapping and assessing ecosystem services, as well as tools that help businesses evaluate their dependencies and impacts on biodiversity and ecosystem services, are also relevant in this context. By the conclusion of the pilot phase for environmental footprint in 2016 we would welcome processes on how best to apply the findings of the pilots in order to integrate resource efficiency and environmental performance in EU product policy.

2. Ensuring a non-toxic material cycle and prevention of waste

Extraction of raw materials, production, distribution, use and waste treatment related to goods and products, all require resources. Waste prevention, reuse and recycling are therefore integral parts of the circular economy. Several elements are important in order to encourage and ensure resource efficiency.

[1] http://www.un.org/climatechange/summit/wp-content/uploads/sites/2/2014/07/New-York-Declaration-on-Forest-%E2%80%93-Action-Statement-and-Action-Plan.pdf

Long term, ambitious and clear goals for recycling are needed, combined with regulations, economic incentives and extended producer responsibilities. A predictable regulatory and policy framwork would also encourage the development of necessary technology for sorting, screening and separation. The framework should also include that land filling be reserved for waste streams that are not suitable for reuse, recycling or recovery, thus ensuring that resources stay in the material cycle.

In order to ensure that the recycled materials become useful resources, there is a need for common standards for quality through the development of common criteria such as End of Waste. In addition to other quality aspects, standards should include measures to exclude the recycling of hazardous substances, as well as information on the content of these substances.

We support the Commision's efforts to identify barriers and opportunities to improve the markets for secondary raw materials. Several barriers are related to specific types of materials, especially plastics, bio-nutrients and critical raw materials. It is of crucial importance to ensure availability of reliable data on material flows across value chains. Another prerequisite for the recycling industry is to ensure clean waste fractions. Green and innovative public procurement should also be considered as a tool to strengthen the demand-driven development of new products based on or containing secondary raw materials.

There is also a need to develop legislative amendments at the EU level in order to address the issue of prevention and phasing out of substances of very high concern. The increased knowledge and identification of substances of very high concern also needs to be considered in the waste policy and legislation, in order to ensure that these substances are phased out and not re-circulated.

The revision of the Waste Directives is an opportunity to manage this risk and improve the coherence between waste and chemicals legislation, such as REACH. An example is to ensure the waste and recycling sector has access to the information already required through REACH Art. 33, as well as relevant information from national product registers. This will enable them to be informed and inform the market of the specific contents in the recycled materials.

Waste prevention is far more resource effective than recycling and recovery. For food waste, it is 10 times more climate effective to reduce edible food waste than to produce biogas of the same amount. To this end, it is important to promote better use of resources and raw materials throughout the food chain, thus preventing food waste. Several Member States now develop systems and instruments for the reduction of food waste and edible food waste. We appreciate that the Commission has an important role in the exchange of experience with and the effectiveness of these systems and instruments. In Norway we work with the relevant sectors and actors to set a reduction target and develop measures, as well as to establish

indicators for edible food waste in the food chain from primary production through distribution, retail, catering and restaurants. A preliminary agreement which sets the framwork for the cooperation was signed in May 2015, and a more detailed agreement is now being developed.

The Norwegian government is currently developing a National bioeconomy strategy. The strategy aims to identify selected priority areas and objectives, and how to implement the objectives of the strategy. Increased use of renewable biomass as substitute for fuels and materials from fossil sources will play an important role to limit climate change.

Marine plastic litter and microplastics are major threats to the marine environment and measures to reduce this threat are a high priority for Norway. Microplastics form by the decomposition of plastic, and is used in products. There are also land based sources. It is an international issue, as the sources are often a long distance from where the litter ends up. However, it is important to realise that a key element in the prevention of marine litter is effective national waste management. Norway explores the use of extended producer responsitbility on national waste sources such as aquaculture and fisheries, as well as for leisure boats. We also support clean-up actions including campaigns which also engage the non-governmental sector.

Effective action requires knowlegdes of sources and effective measures. There is also a need for research on the effects on the ecosystem. We look forward to cooperating with the EU and Member States on marine litter and microplastics through the implementation of the Marine Litter Regional Action Plan under the OSPAR Convention as well as the 2014 UN Environmental Assembly decision on marine litter and microplastics. Concerning microplastic, the identification of sources and best available techniques and practises to prevent and minimise the level of microplastics in the environment are amongst our priorities.

3. Green and innovative public procurement

Green and innovative public procurement is an important tool for a circular economy and green competitiveness. Norway will implement the new EU directives for public procurement in early 2016. We consider the new directives to provide new opportunities for smarter and greener public procurement. From a growth perspective it is important to clarify how we can and should use the new possibilities in the EU directives to promote green competitiveness, increased sustainability and resource effectiveness. There is a need for interpretation from a legal perspective and at the practical level. A common way of interpreting the articles would be a benefit for authorities as well as for suppliers, especially concerning the articles related to environmental labels, environmental management systems and life cycle costing.

The use of innovative public procurement must be increased both at central, regional and local level. We need to go from successful pilots to an extensive use. To realise the full potential more incentives and support both at EU level and at national level are needed the coming years to reduce the risks and barrieres. Strengthening of both financial and non-financial measures should be considered. For instance to extend the dedicated programmes to promote innovative procurement under the Horizon 2020 programme and other relevant funding schemes.

The tool Life cycle costing (LCC) which evaluates the costs of an asset throughout its life-cycle should to a larger extent be used as the basis of procurement decisions in a circular economy. Thus, to enable growth, public procurers should make well informed decisions based on life cycle costing when relevant. This allows costs associated with the use, maintenance and end-of-life of the supplies, services or works to be taken into account. An environmental LCC methodology may also take into account external environmental costs (for example LCA analyses on environmental impacts, which measure the external costs of global warming contribution associated with emissions of different greenhouse gases). As the competence to use LCC in a systematic manner is still to a large extent lacking, more guidance and capacity-buildning is needed on how to conduct LCC.

4. Improved economic instruments and incentives

Sustainable and green investment opportunities related to circular economy should be encouraged and promoted in the new circular economy proposal of the Commission.

Norway established a CO_2 tax system in 1991 on fossil fuels, which has had positive environmental effects without hampering growth. Other environmental taxes have also been introduced, including for SO_2, NO_x, fertilizers as well as tax exemptions for electric cars. Furthermore, Norway is linked up to the EU ETS system, and some 80 % of our emissions of the GHGs are covered by CO_2-tax or EU-ETS or both. To investigate how the tax system can improve resource efficiency, a commission on green tax reform was established in 2014 and a report will be submitted to the Government by December 2015. Our experiences is that the impact of economic measures is significant and should be further developed at Member State level with reporting and exchange of experiences at EU level.

Norway has a tax system for cars that gives strong incentives to more environmental behavior. The registration tax for new cars and the road and CO_2 taxes on gasoline and diesel gives incentives to buy small and fuel efficient cars, and reduces the pressure on resources for those who choose fossil fuel cars. Due to the very favorable tax treatment, electric car sales have mounted, and in the first half of 2015 electric cars constituted close to 20 per cent of total sales of new cars.

It is important to create markets where innovation and development of new technologies can take place. New digital solutions could facilitate a transition to circular economy. The private sector plays an important role in creating these markets, when the governmental framework is in place. Consistent policies with a long term perspective are essential to see a change in behavior according to Norwegian experiences. Norway welcomes initiatives on collaborative economy, industrial clusters and new business models.

Trade negotiations such as the plurilateral initiative for an Environmental Goods Agreement would through elimination of tariffs, make environmentally friendly goods more available and affordable. Both the EU and Norway are among the 17 WTO member states involved as negotiating parties. Many of the environmental categories that are parts of the EGA negotiations have a direct effect on the climate. The negotiating parties work towards an outcome linked both to the COP 21 and WTO 10th ministerial conference in Nairobi later this year. Norway has nominated environmental goods related to hydro power, the battery-powered ferry, many technologies related to cleaning of water and wastewater to mention some. Norway has also proposed goods of particular interest for developing countries, such as solar cookstoves, fresnel mirrors, composting toilets and portable solar-powered lamps.

5. Promoting action in key sectors

The European Commission specifically asks for views regarding measures related to specific products, materials and sectors in this public consultation. For a circular economy, it is important to have actions in many sectors and increase the use also of cross-sectoral measures. We consider sectors such as transport, food, construction and buildings as well as textiles to be of importance.

Transport:

For the transport sector, it is important to foster a transition from non-renewable fuels to renewable fuels. It is needed to reduce greenhouse gases from the transport sector in order to reach the two-degree target. Also, it is important to note that a transition to electricity in the transport sector implies a transition in electricity production since electric vehicles can only be said to be clean when they are charged with renewable energy.

There are also other ways in which the transport sector can lessen the burden on resources. Better transport logistics can reduce the traffic volumes and the number of heavy duty vehicles on the road. A shift to other modes of transport, such as rail and seaborne freight, may also have environmental benefits. We also know that most cars are parked most of the time. Increased use of car sharing arrangements and use of intelligent traffic systems would increase the utilisation and hence reduce the volume of cars needed.

Food: Increased knowledge of food production and consumption with low environmental footprints, is important in developing a sustainable future. Norway welcomes EU initiatives to increase knowledge on sustainable consumption and production of food in terms of low environmental impact. In this context, we would favour a food system approach exploring the full potential of environmental parameters. We also welcome initiatives reducing food losses and waste throughout the food supply chain as today large amounts are discarded.

It is important to combat deforestation. EU policies should therefore contribute to support and help meet the goals of the New York declaration, the goals of halving deforestation by 2020 and halting it by 2030, and eliminating deforestation from the production of agricultural commodities by no later than 2020. The IPCC estimates that reducing deforestation and forest and peat degradation and increasing forest restoration could provide one third of the cost effective climate change mitigation potential we need to stay on a two degree trajectory through 2030.

Buildings: The building and construction sector is the single largest consumer of material resources in Norway, and accounts for about 40 percent of waste generated. This gives the construction industry a large environmental footprint – but it also provides opportunities. Over the years, we have gone from seeing construction waste as a problem we deliver to landfill, to increasingly treating waste as a valuable resource. The use of life cycle analysis is becoming more widespread, and the building industry has developed tools to assess the environmental footprint of their products in a more holistic way. This is a positive development, as it provides consumers and businesses with more information and increased transparency concerning environmental impact of buildings, which in turn will provide more environmentally sustainable solutions in practice. But more action is still needed. Construction materials are large volumes and have a high content of hazardous substances. They are products with a long lifetime, whose recyclability needs to be ensured in a longer perspective. Increased use of wood from sustainable managed forests for energy and construction materials, could contribute to mitigate climate gas emissions.

Textiles: The fashion and textile industry at the global level is one of the most polluting and resource-intensive industries. Europe consumes huge amounts of textiles. We need to significantly reduce the environmental and social footprint of the textile consumption. There is a high environmental cost of production and negative consequences of landfilling biodegradable materials and lack of techniques for recycling. In addition, users have a high consumption due to low prices, which again leads to large amounts of waste. Work on this issue needs to be done at national, regional and international levels. Textiles should be part of a circular economy, in which product life is extended and textile fibres are kept free of substances of very high concern (SVHCs). They should be used again and again as part of a toxic-free cycle. There are opportunities to develop new business models, which will also contribute to green growth and create jobs.