14 October 2020

New Circular Economy Action Plan

POSITION PAPER

Circularity is part of our DNA

The Swedish Forest Industries Federation (SFIF) represents the Swedish forest industries, which refine sustainably sourced wood resources to bio-based products, such as pulp, paper, board, packaging material, sawn timber, refined wood products and advanced biofuels. Among SFIF members are some of the largest private forest holdings in Europe.

Circularity is part of the DNA of the forest-based industries in two ways. In a large loop, carbon dioxide from the atmosphere is sequestrated in growing forests, thereby storing carbon in wood and wood-based products. When these products reach end-of-life and are incinerated, carbon dioxide is released, which can then once again be sequestered. In a somewhat smaller loop, products are recycled, and the recycled fibers are used as raw material for new products. More than 70 percent of all paper and board in Europe is today recycled and for Sweden the corresponding number is above 80 percent. This high level has been developed over decades and the recycling operations are well-integrated in the forest-based industries.

We therefore urge the European Parliament and the Member States to:

Acknowledge the high level of circularity of renewable fiber-based materials. Secure that obstacles are not created for such materials, when introducing policy targeted at other types of materials lagging behind on circularity.

Focus more on keeping fossils in the ground and less on reducing use of primary resources

To reach overall European Green Deal (EGD) objectives, such as climate neutrality, we need to transform our whole society. It will affect how we live, what we eat, what we wear, how we stay healthy and how we travel Material substitution, i.e. using wood-based materials instead of fossil-based alternatives, will be imperative in transforming our society to climate neutrality. Building an even stronger European circular economy will also constitute a very important contribution, but only if policy makers navigate carefully.

A one-sided policy focus on reducing use of primary resources risks being counterproductive. To exemplify, Europe has more forest resources today than a century ago. Harvesting of wood in the EU is less than the annual growth, thereby growing stock and increasing carbon storage every year. Combined with high recycling rates, using fresh and renewable raw materials from sustainably managed European forests is not an issue, even though such materials could be labelled as coming from primary resources.

In the recycling system, fresh and recycled fibers both have important roles to play. Which type of fiber to use to produce a product depends on several parameters, such as product functionality, customer specifications, geography and availability of recycled material. It is, in other words, not a question of one or the other type of fiber, instead the answer is that both are needed. Being close to sustainably managed forests, the Swedish forest industries mainly base its production on fresh fibers. Without a continuous inflow of fresh fibers from north

Europe, the overall European recycling of paper and board would eventually “dry up”. This is because fibers, after being recycled up to seven times, no longer is strong enough to be used for new products.

Instead of reducing the use of renewable primary resources, policy development should focus on keeping finite fossil resources in the ground. A strong European circular economy must not be built on finite resources, whose use clearly are in contradiction to so many of the EGD objectives.

We therefore urge the European Parliament and the Member States to**:**

Refrain from setting uniform targets on reduced use of primary resources. Instead, any such targets must be appropriate for each value chain. Furthermore, focus on keeping finite fossil resources in the ground.

Mandatory recycled content risks destroying already well-functioning recycling markets

Introducing mandatory recycled content for a product to be sustainable might sound appealing from a policy standpoint. However, if applied on already well-functioning recycling markets, it risks destroying such markets. To exemplify, in the European paper and board recycling system, market players have found their niches. A producer in north Europe will run mainly on fresh fibers, due to closeness to forests. A producer in mid or south Europe is more likely to run on recycled fibers, as availability is higher close to large metropolitan areas. As mentioned before, both types of fibers are needed to satisfy overall customer demands.

If a mandatory recycled content would be imposed on a North European paper or board producer, that producer would have to transport recycled fibers from central Europe thereby increasing emissions. The producer would most likely also have to change his production process resulting in increased cost. Recycled fibers would be pulled away from markets already using it and these markets would have to import fresh fibers, also that increasing emissions and costs. In addition, by using fresh or recycled fibers or a combination of the two, specific product requirements, such safety and strength properties, can be fulfilled.

The overarching objective with imposing a mandatory recycled content is to develop and build secondary raw materials markets. That intention has merits, but as described above, it risks striking negatively, if imposed in the same way for all value chains. Instead, this policy tool should be focused to product value chains that today have none or low recycling.

We therefore urge the European Parliament and the Member States to:

Refrain from introducing a mandatory recycled content for a product to be sustainable,
as there is no one-size-fits-all solution.

Product Environmental Footprint is an interesting tool, but not the silver bullet

To substantiate green claims and empowering consumers to make sustainable choices in their every-day life, the Product Environmental Footprint (PEF) methodology could be an interesting tool. It is, however, not the silver bullet, which ticks all boxes.

A PEF has been developed for Intermediate Paper Product, but there are several forest-based product categories where the PEF data is not up to date. The PEF is, however, not yet adapted to work for products based on fresh

fibers from slow-growing boreal forests in north Europe. Despite the fact that Swedish forest owners by law is enforced to replant after harvesting, this PEF equals forest management to other land uses, e.g. a new mine, which creates permanent land-use change. In its present state, this PEF would highly disqualify fresh-fiber products. Additionally, properties such as biodegradability and the vital consequences caused by littering of products in oceans and land are presently not accounted for in the PEF methodology. Further development is therefore needed before this PEF can be applied.

We therefore urge the European Parliament and the Member States to:

Refrain from applying the PEF methodology in policy until it has been further developed.

Our industry is essential in building a resilient European economy

One policy objective of the New Circular Economy Action Plan (CEAP) is to increase resilience and reduce vulnerability of value chains in the EU and globally. In this sense, the European forest-based industries are true champions. We source in Europe. We produce in Europe. We sell mainly to European consumers and we recycle in Europe. When comparing to other industrial value chains much more dependent on imports, our contribution to a resilient European economy is already very high and can be further increased by assuring that policy emerging from the CEAP is fit for purpose. Furthermore, policy should support the implementation of the Bio-Economy Action Plan.

We therefore urge the European Parliament and the Member States to:

Emphasize the role of the European forest-based industries in building a resilient EU economy.

Durability, reusability, repairability, upgradability and recyclability – important concepts but application must vary depending on product

In the CEAP, strong focus is set on increasing durability, reusability, repairability, upgradability and recyclability of products. Once again, the policy intentions are good, but application must vary depending on product and there is no one-size-fits-all solution.

Let's compare two products important for our health. The first one is a bike. It should, of course, be durable. It should be reused for many years. You should be able to repair it. If you so wish, you can upgrade it and at end-of life, parts should be recycled. The bike can, in other words, tick all boxes. The second product is a medicine fiber-based packaging. It should be durable enough to last for as long as you take the medicine. It should not be reused, as this could cause you to mix up your pills. It can be repaired with a piece of tape if need be, but more repairs than that does not really make sense. You can upgrade it, but why would you? At its end-of life, you should, however, recycle it. The medicine packaging can, in other words, only tick one of the five boxes. Does that make it a less circular or sustainable product? No, that is to simplify too much. Instead, the bike and the medicine packaging are too very different products with different purpose, use and life span.

The two examples above show with clarity that despite the concepts being likable, their application must vary depending on product. Furthermore, the concepts cannot be the basis to define whether a product is circular enough or whether it is sustainable or not.

We therefore urge the European Parliament and the Member States to:

Refrain from applying simplified concepts to define sustainable products. Instead, secure tailor-made product category criteria.

Construction and building with wood create climate benefits

Biogenic carbon is part of a renewable cycle of bioeconomy. In order to lower the amount of carbon dioxide we must keep as much carbon as possible in the biosphere. We achieve this by having carbon dioxide sequestrated in growing forests by photosynthesis and by delaying emissions to the atmosphere by securing the carbon storage in wood and wood-based products. Furthermore, the use of wood and wood-based products as building materials to replace fossile-based materials creates a substitution effect thereby reducing the use of fossil carbon.

We therefore urge the European Parliament and the Member States to:

Acknowledge the positive climate effect from building in wood.

Let the market define most efficient way of using resources

In the context of broadening the Ecodesign Directive, it has been defined that resource efficiency could be an important parameter. It has also been suggested to introduce resource efficiency standards. This implies that someone, somewhere within the European institutions would know best how a resource should be used, not the enterprises using that resource or the market trading it.

The Swedish forest industries takes pride in using wood resources as efficiently as possible to satisfy customer demands and to generate highest possible economic added value. The best parts of a tree are used to produce sawn timber for construction and furniture. Smaller parts and diameters are used for pulp and paper production, while tops and branches generate bioenergy. No part of the tree is wasted. In addition, we have well developed markets for our side streams from the forest and the industrial processes. The side streams are either recycled by ourselves or become raw materials for other market actors. This way of utilizing wood efficiently has developed over more than a century and is completely market driven. Neither economic growth, nor innovations would benefit from introducing binding resource efficient standards.

We therefore urge the European Parliament and the Member States to:

Emphasize the potential of sustainably sourced renewable raw materials in the circular economy and endorse that market-based solutions over time creates the highest efficiency levels.