

## **Position paper: Substances of Concern that hamper recycling**

The concept of Substances of Concern (SoC) is found in several current EU initiatives, such as the Circular Economy Action Plan (CEAP), the Chemicals Strategy, Sustainable finance, and in the ECHA SCIP database: Substances of Concern in Articles. At present, the term has different meanings in different policy initiatives and legislation. This creates a lack of clarity and risks causing confusion. In this position paper, the Confederation of Swedish Enterprise focuses on the definition used in the Chemicals Strategy, described below.

In the Chemical Strategy, SoCs are described as follows: *“These include, in the context of this strategy and related actions, primarily those related to circular economy, substances having a chronic effect for human health or the environment (Candidate list in REACH and Annex VI to the CLP Regulation) but also those which hamper recycling for safe and high quality secondary raw materials.”* The term thus includes substances defined according to REACH and CLP, as well as substances that can hamper recycling. What is meant by the term "hamper recycling" is not further defined.

CEAP includes two measures that refer to SoC: *“Harmonized information systems for the presence of substances of concern”* and *“Methodologies to track and minimize the presence of substances of concern in recycled materials and articles made thereof”*. Depending on how the term SoC is defined in this context and which substances are considered to be SoC, these measures may be highly significant for the recycling of materials and products in the future.

Swedish Enterprise has drafted this position paper to present its view on what the part of the concept of SoC that is linked to recycling should mean and how the process for identifying SoC that hamper recycling should work. Swedish Enterprise also believes that it is important that the definition of SoC is uniform and clear in different EU initiatives.

## **Key messages**

Swedish Enterprise has the following key message regarding the management of SoCs that hamper recycling.

### **The definition of SoC should be developed and clarified**

In principle, it is possible to recycle all materials, but the costs of doing so can sometimes be prohibitive. Depending on the composition of materials or their constituent substances, it is sometimes not profitable or cost-effective to recycle a material, which in itself hampers recycling.

It is necessary to develop a clear definition of what is meant by *SoCs that hamper recycling*. The definition needs to take into account conflicting goals that arise in the work for sustainable development, where, for example, climate impact and the environmental impact of resource use must be weighed against the content of substances in various products and the benefits those substances offer, even if recycling is made more difficult. For example, there are many products that contain different materials that are very difficult to recycle but which for other reasons are the best option in particular applications, for example fibre composites, thermosets, and rubber.

Swedish Enterprise believes that SoCs that hamper recycling should have the following meaning: *substances that technically hamper or complicate recycling in the recycling process or gives the recycled material for the purpose wrong or substandard quality*.

### **The process for assessing SoC needs a clear demarcation and transparency**

The handling of various components of the SoC must be distinguished based on specific purposes. That is, the part of the definition that includes substances with hazardous properties, (REACH and CLP substances), is handled separately and in parallel with the part of SoC that hamper recycling. Parallel processes and regulations are needed. For recycled materials, safety and quality considerations are important for possible use. The safety aspect linked to substances in recycled materials must be addressed in accordance with REACH and CLP.

A transparent process must be set up to identify SoCs that hamper recycling and it must involve business, which have the technical know-how necessary in design and recycling phases. Standardisation can play an important role in this work together with the development of sector-specific solutions.

It is crucial that the process of identifying SoCs that hamper recycling leads to equal assessments and competition on equal terms in the internal market. If this is not the case, it can impede efficient circular flows within the EU.

### **Material and product-specific frameworks need to be developed to identify SoC**

Swedish Enterprise believes that the development of frameworks, (principles or criteria), for what is identified as SoCs that hamper recycling is a better alternative than a determined list of which substances are covered. The frameworks must enable adaptations for different materials, products and applications. They must also be able to adapt to continuous technological development in the recycling sector to reduce the risk of unnecessarily limiting material recycling.

Material-, product- and application-specific assessments of SoCs that inhibit recycling are key to enable continued and increased recycling. The potential to separate undesired substances can vary considerably for different materials. For example, in smelting processes, which take place under controlled conditions, it is possible to analyse and manage substances; while for other materials and processes it can be more difficult to separate undesired substances, which may hamper recycling. Quality requirements for recycled materials may also differ depending on their areas of use, which may mean that SoC that hamper recycling in one application is not an SoC in another. It must be possible to address such issues.

Swedish Enterprise would like to make the following contribution in terms of what should be considered in efforts to define SoCs that hamper recycling for various materials and products. It is important to consider:

- a **holistic approach** based on various factors and possible consequences as a result of avoiding a substance that hampers recycling in a material, in whole or in part.
- **evidence-based research and facts** to ensure that identified substances genuinely have the properties that are to be used
- the **need for clarity and predictability** as to why a substance has been defined as a SoC that hampers recycling
- the **time required for conversion**, a transitional period, to phase out substances that hamper recycling
- **continuous technical development and innovation** in product design and recycling techniques
- the difference between **new products** – in which the choice of substances can be made in the design phase - and **existing materials and products** and what should apply so that they can be returned to

the market after repair, remanufacture, upgrading, etc., (so as not to prevent these materials and products from being put on the market)

*This position paper has been produced in close cooperation with Swedish Enterprise's member organisations.*

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