



THE DOWNLOAD

DIGITALEUROPE's concise policy brief on the hottest tech topics.

In this edition:

THE TECH SECTOR: CIRCULARITY IN ACTION

What do we think?

The digital industry has invested significant efforts to improve the sustainability of its products, such as by practising the 'R principles' – refuse, rethink, reduce, reuse, repair, refurbish, remanufacture, repurpose and recycle – throughout the product lifecycle.

Digital technologies also play an important role in improving the sustainability of various other industries like energy, transportation or agriculture, and enabling them to implement circularity strategies and circular supply chains.

Demand for sustainable products is growing, whilst raw materials are becoming increasingly scarce. This evolving reality makes the shift

to a circular economy ever more crucial. The EU should seize this momentum to unlock the potential of the single market and enable an economically viable circular industry.

DIGITALEUROPE has been very supportive of the Green Deal's ambition to improve the sustainability of products, operations and processes whilst stimulating the EU's competitiveness. However, this goal is being undermined by fragmented, overly prescriptive and inconsistent implementation of legislations. It is estimated that the Green Deal initiatives resulted in additional administrative burden on businesses and citizens of €2 billion per year.¹

What is the circular economy ?

The circular economy is a system designed to repeatedly use products and materials for as long as possible in order to minimise waste and use of resources.² It is the opposite of the traditional linear economy model of 'produce, use and dispose. Circularity is central to Europe achieving its Green Deal objective of becoming the first climate-neutral continent by 2050. It also helps to diversify sources of raw materials and increase supply chain resilience.

Major EU laws such as the Ecodesign for Sustainable Products regulation, the Packaging and Packaging Waste regulation or the Right to Repair directive have been adopted in the last four years to further drive the transition to a circular economy.³ These new initiatives will themselves require many pieces of secondary legislation to be implemented. Further new requirements are also expected in the coming years, e.g. with the upcoming revision of the WEEE directive.⁴ **Today, a single electronic product may be covered by more than 35 different EU environmental regulations. The increasingly complex legal framework can only yield tangible benefits if the compliance burden doesn't negatively affect innovation and investments.**

¹European Commission, 2022 Annual Burden Survey.

²See definition from the European Sustainability Reporting Standard [ESRS 5](#), p. 145

³Regulation (EU) 2024/1781 ; COM(2023)155, awaiting publication in Official Journal ; Directive (EU) 2024/1799

⁴Directive 2012/19/EU

Going deeper

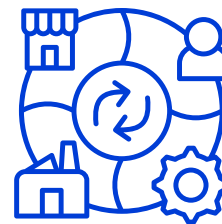
How to unleash the full potential of circularity in the tech sector ?



1. Better policy-making to stimulate innovation and enable compliance with circular economy rules

- ▶ Go beyond **Better Regulation** principles, with dedicated Commission attention to proportionality of requirements, and protecting and enforcing the single market
- ▶ **Focus reporting requirements** to where they make a difference and remove overlaps and harmonize reporting methodologies across EU. This could help **to reduce the burden of reporting obligations** by 50%
- ▶ **Prevent and enforce against unilateral legislative actions** across Member States in areas where the EU has existing provisions. Diverging requirements result in unnecessary burdens for companies and confusion for consumers.
- ▶ Ensure **coherence** in environmental legislation. Avoid inconsistencies between legislations and duplication of requirements, such as substance rules in both product and chemical legislation, and **align the definition of circular economy principles** (e.g. durability and refurbishment).
- ▶ Examine **environmental trade-offs** case by case to avoid unintended negative environmental impact. For example, a material or design choice can increase the resource or energy efficiency of a product while making it more complex to recycle at its end of life.

- ▶ **Ensure the practical implementation of policy frameworks** such as the Ecodesign for Sustainable Products Regulation and Chemicals Strategy for Sustainability to provide greater legal certainty and to protect investments in Europe.⁵ Product requirements such as substance restrictions should be set in a **proportionate manner** that factors in the risk of negative outcomes for health and environment
- ▶ Ensure that requirements are **measurable, enforceable, and equally enforced** for all actors by Market Surveillance Authorities.



2. Enable more favourable market conditions for the circular economy

- ▶ Facilitate the use of **data and digital tools** to stimulate sustainable decisions from the supply chain to consumers. The **Digital Product Passport** can be an important tool to advance circular economy if well-designed and implemented in a gradual way.⁶
- ▶ Support the creation and use of **standards** for recycled material quality.
- ▶ Enable and promote **circular business models** (e.g. reverse logistics), notably through green public procurement and tax incentives.

⁵ Regulation (EU) 2024/1781 ; COM(2020) 667

⁶ DIGITALEUROPE's position paper on the Digital Product Passport



► Create a functioning **single market for waste and competitive recycled materials**. Current rules are too cumbersome when transporting for reuse or placing refurbished products on the market.

► **Enable circular consumer behaviours** by streamlining consumer information, raising awareness, incentivising waste reduction and collection systems, and encouraging tax incentives.



3. Enhance funding for research and innovation

- Our manifesto calls for **25% of EU funds to be spent on digital** and for a **'twin transition fund'** to channel digital technologies towards our climate goals. Allied with Member State funds, this spending on circularity helps achieve our goals for a green and digital transition.
- Specifically, we should mobilise investments in **innovative materials, material substitution and efficiency solutions, as well as circular economy infrastructure** (e.g. scaling of recycling technologies and reverse value chain solutions) and **digital green skills**.

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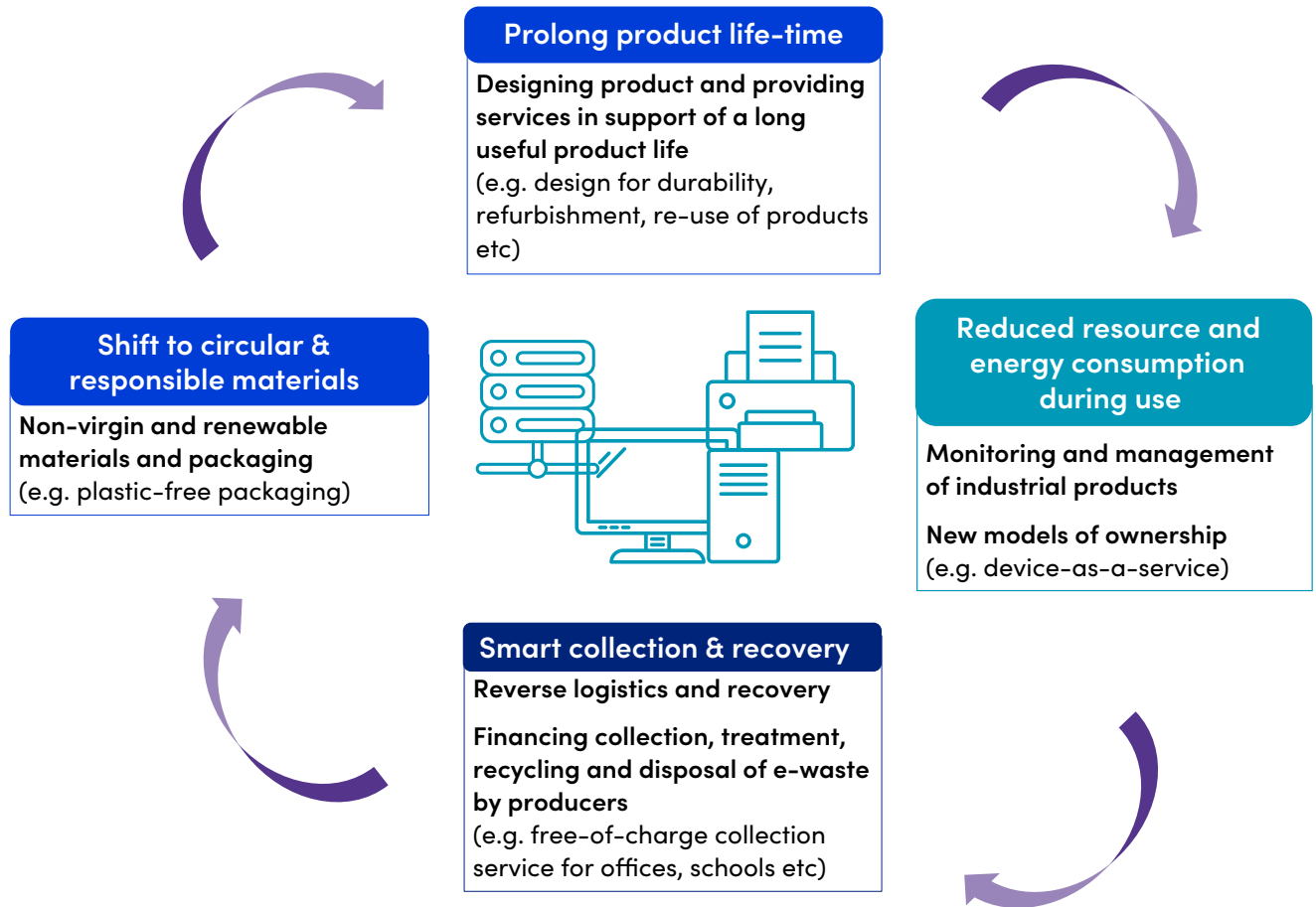
The EU circular economy **investment gap** is estimated at **€230 billion**, but if we fix it we could **save 650 million tonnes of CO₂ per year** – the combined overall emissions of France and Spain – generating **€1.5 trillion** for the economy by **2040**.⁸

⁷ DIGITALEUROPE's manifesto

⁸ <https://summaequity.com/readings/eu-circular-markets-could-be-worth-eur-1.5tn-by-2040-and-save-650-mt-co2e-per-year>

Case studies

The journey of a circular digital device



DIGITALEUROPE members are playing their part to prevent and reduce waste

- ▶ Most DIGITALEUROPE members offer **product takeback and reuse programmes** at no cost. In the most performing systems, most of what is returned is refurbished or reused to extend the life of other devices.
- ▶ The existence of a **flourishing second hand market** is also testament to the focus of our industry on durability and longevity of its devices.
- ▶ In 2018, DIGITALEUROPE and APPLiA (the association representing the home appliance industry in Europe), jointly with the WEEE Forum, have created an online, collaborative tool – **the Information for Recyclers Platform (I4R)** – where recyclers can access free of charge, recycling information at product category level.⁹ By helping recyclers to optimize sorting, the platform is a great example of industry working together to boost circularity.
- ▶ However, only 42,8% of e-waste in Europe is recycled.¹⁰ Most Member States miss their yearly e-waste collection targets and an average of **17 electronic devices** lie unused in each European household.
- ▶ The **revamp of the current WEEE Directive** is the regulation that could change this, provided that it sets **harmonised rules and standards** and stops proliferation of diverging fee eco-modulation schemes within the EU.¹¹
- ▶ The upcoming revision should also ensure that **all actors** are engaged in improving the collection and recycling of e-waste. In particular, better enforcement by national authorities is needed to prevent collection and treatment through unofficial / unauthorized facilities.



[I4R platform](#)



[ECOSWEEE Advisory Board](#)



[European Green Digital Coalition](#)



[Circular Plastics Alliance](#)



[CIRPASS & CIRPASS 2](#)



[Digital4Sustainability](#)

Read more



- ▶ [Europe 2030: A Digital Powerhouse. DIGITALEUROPE's manifesto for the next Commission](#)
- ▶ [The Single Market Love Story: 10 digital actions to save the 30-year marriage](#)
- ▶ [Planet Tech'Care](#), initiative led by our French NTA Numeum

⁹ <https://i4r-platform.eu/>

¹⁰ [2024 Global E-Waste Monitor](#)

¹¹ Directive 2012/19/EU



DIGITALEUROPE

DIGITALEUROPE is the leading trade association representing digitally transforming industries in Europe. We stand for a regulatory environment that enables European businesses and citizens to prosper from digital technologies.

We wish Europe to grow, attract, and sustain the world's best digital talents and technology companies. Together with our members, we shape the industry policy positions on all relevant legislative matters and contribute to the development and implementation of relevant EU policies, as well as international policies that have an impact on Europe's digital economy.

Our membership represents over 45,000 businesses who operate and invest in Europe. It includes 106 corporations which are global leaders in their field of activity, as well as 41 national trade associations from across Europe.

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