

The EPS Industry's Role in the European Commission's Clean Industrial Deal

Introduction

The European Commission's Clean Industrial Deal represents a transformative step in Europe's transition to a sustainable, decarbonised economy. The deal aims to address carbon emissions, enhance energy efficiency, and promote green technologies. The EPS (Expanded Polystyrene) industry, crucial for transport packaging and building insulation, plays a vital role in this transition. As Europe seeks to meet its climate goals, EPS's contribution to energy efficiency, circularity, and sustainability is increasingly relevant. However, while there are opportunities for growth, the EPS sector would like to highlight specific challenges that it faces to ensure its continued competitiveness.

Key Goals of the Clean Industrial Deal

The Clean Industrial Deal targets several areas critical to the EPS industry.

Energy Efficiency & Insulation Solutions

EPS, as a high-performance insulation material which helps to reduce energy consumption in buildings, supports the focus on energy efficiency. The Energy Performance of Buildings Directive (EPBD) aligns with the need to insulate buildings and lower heating and cooling energy demand, directly contributing to Europe's decarbonization goals. Moreover, the success of these efforts hinges on the availability of a skilled workforce capable of implementing energy-efficient solutions in the construction sector. The Commission's Union of Skills plan, which aims to address skill shortages in the green transition, is a positive initiative to ensure that construction workers have the necessary expertise to carry out these critical tasks.

Circular Economy & Recycling

The EPS industry's ongoing efforts to enhance recycling capabilities and develop advanced recycling technologies complement the Clean Industrial Deal's emphasis on circularity. EPS manufacturers are committed to reducing waste and maximizing recycling, ensuring that EPS contributes to a sustainable circular economy.

- **Packaging and Packaging Waste Regulation (PPWR):**
The EPS industry supports the objectives of the PPWR to improve packaging sustainability while recognising the unique benefits of EPS in food safety and insulation. However, EPS food packaging, such as fish boxes, should be considered for exemptions from reuse targets due to hygiene and logistical constraints. Mandatory reuse requirements must not compromise food safety and cold chain efficiency, which EPS packaging ensures. Additionally, the lack of available recyclates for packaging applications must be addressed, as is done for construction products, to ensure a realistic and effective circular economy approach.



Boost for Clean Energy & Sustainability Innovation

Funding mechanisms for clean energy and circularity, along with lower taxes for sustainable practices, create new opportunities for the EPS industry to invest in green technologies and scale up sustainable production processes.

Key Areas for Improvement and Recommendations

To ensure the success of the Clean Industrial Deal, EUMEPS would make the following recommendations.

Securing Energy Supply & Grid Infrastructure Modernization

For European industry to remain competitive, boosting local energy production and modernizing Europe's electricity grid is critical. This might include exploring nuclear energy as a bridge technology and expanding renewable energy sources. Grid infrastructure must evolve to handle the decentralized and variable nature of renewable energy (wind and solar).

CO₂ Labelling & Life Cycle Assessments (LCAs)

Transportation emissions, especially for products originating from non-EU countries, should be considered in the LCAs, as shipping materials across long distances can increase their overall carbon footprint. The full life cycle of a product, including transport emissions, must be considered to reflect its true environmental impact. Therefore, the focus on CO₂ labelling and LCAs is important. It is beneficial for EPS, as its carbon emissions are relatively low compared to other materials.

Protection of the EU Market & Anti-Dumping Measures

The EU must strengthen anti-dumping procedures to safeguard European industries from unfair competition. Energy price differences between EU and non-EU countries need to be addressed with compensation mechanisms to ensure that European manufacturers can remain competitive globally. The free trade agreements must ensure that all the EHS requirements of imported products are met.

Chemicals Industry Package & Deregulation

The Chemicals Industry Package should focus on deregulation and reducing the administrative burden on industries like EPS. Furthermore, the proposed Critical Chemicals Act being introduced by France and supported by other EU countries, should include supportive measures for EU producers. This would enable European chemical producers to remain competitive while working towards more realistic emission targets for industries producing critical chemicals, including EPS-related products.

Carbon Border Adjustment Mechanism (CBAM)

The CBAM must be carefully assessed to avoid disadvantaging EU exporters. The mechanism should protect EU industries while ensuring that they remain competitive in global markets, supporting both environmental and economic goals.

Acceptance of Mass Balance Approach & Chemical Recycling

To facilitate the transition of the EPS value chain toward renewable feedstock and circularity, the EU should actively support the adoption of mass balance approaches for recycling and recognize chemical recycling as a complementary method to mechanical and dissolution-based recycling technologies. Such measures would significantly enhance the



potential for reducing the product carbon footprint (PCF) and increase the recycling of EPS and other materials, thereby making a vital contribution to sustainable material management.

Recycled Content Targets & Construction Applications

The Circular Economy Act should not impose mandatory recycled content targets for plastics in construction applications, given the long lifespan of building materials and the challenges in gaining access to sufficient quantities of recyclate. Instead, pre-demolition audits should be integrated to facilitate material recovery before disposal, and there should be stricter overall control of the disposal of all products during deconstruction of buildings.

Market Surveillance & Quality Standards

Enhanced market surveillance and EU-based testing are necessary to ensure that imported products meet EU quality standards. This will protect European consumers and prevent substandard materials from entering the market.

Conclusion

The Clean Industrial Deal offers a unique opportunity for Europe to achieve its decarbonization goals, and the EPS industry can make a significant contribution, particularly through energy-efficient building insulation and transport packaging. However, challenges related to energy prices, global competition, and circularity must be addressed.

For the Clean Industrial Deal to succeed, EU policymakers must take decisive action to protect European industries from unfair competition, streamline regulations, and support innovation in recycling technologies. By doing so, Europe can maintain a competitive industrial base while leading the way in sustainable manufacturing.

EUMEPS is committed to working with policymakers to ensure that the Clean Industrial Deal delivers tangible benefits for industry, workers, and European competitiveness.

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About EUMEPS

EUMEPS, the unified European voice of the Expanded Polystyrene (EPS) industry, is the premier advocate for EPS solutions. Representing every link of the EPS value chain, from large companies to SMEs, we are committed to fulfilling European environmental objectives. Through our 23 national associations and numerous recycling initiatives, we strive to elevate the circularity of our industry.

As a contributor to making Europe climate-neutral and resource-efficient, we showcase EPS as a smart choice in packaging and insulation. Stand by us in building a more resilient and sustainable tomorrow. www.eumeps.eu.