

Blue Guide - Remarks Addresed to DG GROW (B1)

January 2020

The European Remanufacturing Council welcomes the opportunity to comment on the contents of and to propose amendments to the Blue Guide 2016/C 272/01, such that it better reflects the needs of circular economy businesses. Our remarks are structured as follows:

- 1. General observations
- 2. Existing inserted clauses
- 3. Possible changes
- 4. Context
- 5. Information about the European Remanufacturing Council

1. General observations

- Products that conform to CE marking requirements are an important element of a successful circular
 economy. The Blue Guide provides an explanatory framework which enables the adoption and
 enforcement of these product requirements. Because products designed to meet CE marking
 requirements are more likely to be suitable for remanufacture than non CE compliant substitutes, it
 is in the interests of remanufacturing businesses that this system continues to be effective. Our
 remarks are offered with this objective in mind.
- It is noted that several clauses have been inserted into the guide which acknowledge indirectly the existence of product value retention activities by business, i.e. remanufacturing, refurbishment, overhaul, maintenance, repair and reuse. These clauses are intended to reinforce public confidence in the quality of non-food and non-agricultural products conforming to the CE marking. Whilst this is recognised as a first step, there is more to do to acknowledge the legitimacy of the best remanufacturing processes in extending the life of CE compliant components and products. There are many product sectors in which remanufacturing is both mature and technically highly advanced. The expansion of these advanced techniques to other product sectors where standards are not as good is important for the growth of a circular economy.
- As the guide is generally silent on the issues of most relevance to businesses that extend the life of
 used products, it may be preferable to draft a new section to cover the circular economy issues
 arising in the product life cycle, from material recycling to product value retention processes. This
 would seem a more appropriate intervention given the emphasis placed on product policy in the
 draft Circular Economy Action Plan. If this route is taken we will gladly participate in aspects of its
 preparation.

2. Existing inserted clauses

Section 2.1: The guide highlights that if a product is "subject to important changes" during a process
of being "rebuilt or modified", such product is defined as "new". Once the used product has been
defined as "new", the rebuilder is expected to be considered as the manufacturer and to bear all
obligations relating to conformity assessment and CE marking. This has the unintended effect of



giving support to any OEM determined not to facilitate the remanufacture of its products. If the circular economy is to be recognised by the Blue Guide it would be appropriate for the preceding requirement to be counterbalanced by the inclusion of references to any existing regulatory responsibilities on said OEMs. In our experience the definition of what constitutes a "significant change" has been misused in the past and is being misused today by some OEMs to prevent remanufacturing of their own devices. While we are aware that it is impossible to define "significant change" horizontally (and even in vertical legislation it can pose a challenge), the Blue Guide should address the problem, at least by stating that "significant change" should not be interpreted in order to prevent remanufacturing.

- Some product sectors are better organised than others. In aviation, high-speed rail and medical
 devices for example, remanufacturing processes and standards are world class. In any future
 redrafting of the guide, it will be important to recognize this variation in compliance standards from
 one sector to another and not to make one-size-fits-all assumptions about worst-case examples.
- **Section 4.2:** The guide is silent on traceability issues in the case where a product is subject to value retention processes. Recognition of this stage in a life cycle is required, albeit with the caveat that the requirements to record and label remanufactured products vary from one sector to another.

3. Possible changes

If the Blue Guide is to take account of the business activities that retain value in products beyond a single life, it needs to make a clearer statement in support of such activities. At present, the presumption that runs through this document is that a product is not expected to be returned to use following an industrial process designed to retain its value, prior to being destroyed for material recycling or sent for disposal. There is an existing sector in Europe undertaking such work, much of it managed by OEMs to world-class standards and some by SMEs acting independently of OEMs.

Whilst recognising that the guide has no legal force, it would be helpful to test whether there is a basis to state in a revised version that:

"There is always a presumption in favour of product value retention services during the life cycle of a product".

For instance, we have experience with legal procedures in some member states where there is still legal uncertainty about the value of a remanufactured product when supplied as a replacement during a product guarantee period. Such aspects, if clarified, could boost investments in remanufacturing activities, contributing significantly to the growth of the sector and to the EU Circular Economy objectives.

In relation to labelling and traceability there are now many apps designed for consumer use that provide more information about a product than can be displayed on it. It may be helpful to reference this rapidly developing channel of communication as a source of data for market surveillance.



4. Context

Remanufacturing businesses in Europe achieve sales of approximately €30 billion (Source: Horizon 2020 funded research report at www.remanufacturing.eu). 90% of these sales are in the B2B (Business to Business) sector. One aim of the circular economy is that this activity expands considerably, in particular, with more products in the B2C (Business to Consumer) sector being remanufactured. If this is to happen, there are regulatory, economic and commercial factors that need to be improved so that B2C remanufacturing businesses can operate profitably. Because remanufacturing is currently only 2% of the equivalent manufacturing sales, there has been little incentive to make these changes. It is this need to prepare the ground for the expansion of all product value retention activities, including remanufacturing, that makes reform of the Blue Guide necessary now.

5. European Remanufacturing Council

The Council is bringing together businesses and business organisations that support the remanufacture and refurbishment of products. The Council represents OEMs (Original Equipment Manufacturers) as well as their approved third-party remanufacturing suppliers and the independent third parties that operate with and without OEM endorsement.

The range of products represented includes Industrial Bearings, Tyres, Medical devices, Automotive components, Power Generation and Logistics. We also represent specialist remanufacturing business independent of OEMs. It is of particular relevance to this review that we represent companies offering consumer products such as printer cartridges and telcoms equipment. A full list of current members is available at www.remancouncil.eu

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About the Conseil Européen de Remanufacture:

The vision of the European Remanufacturing Council is to triple the value of Europe's remanufacturing sector to €100 billion by 2030. We will bring together businesses from every product sector to share knowledge, and seek changes to policy with the aim of making remanufacturing a normal part of the product life cycle.

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For more information about the CER please visit www.remancouncil.eu

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