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DRAFT 18-12-24

Amendment of the Environmental Management Act in connection with the introduction of an annual obligation for circular polymers, circular polymer units and a register of circular polymer units

(KetenID WGK026285)

Greetings to all who shall see or hear the following. Be it known:
Whereas we have deemed it is desirable to impose an annual obligation for circular polymers, to lay down rules for circular polymer units, and to introduce the register of circular polymer units;
We therefore, having heard the Advisory Division of the Council of State, and in consultation with the States-General, have agreed and decreed as We hereby agree and decree:

ARTICLE I

The Environmental Management Act shall be amended as follows:

A

A Title is added in Chapter 9, reading:

Title 9.11. Annual obligation for circular polymers

§ 9.11.1. Generalities

Article 9.11.1.1

For the purposes of this Title and the provisions based thereon, the following definitions apply:

Circular polymer unit: circular polymer unit as referred to in Article 9.11.3.1(2);

Circular polymers: polymers based on carbonaceous raw materials that are demonstrably derived from the biosphere, atmosphere, or technosphere and that avoid or replace the use of additional fossil carbon from the geosphere;

subproducts or end products: products resulting from the processing of polymers to which additives or fillers may have been added;

entry maker: an undertaking authorised by or pursuant to Article 9.11.4.1(1) and (2) to enter in the register a quantity of circular polymers processed into a subproduct or an end product;

entry facility: attribute of an account in the register enabling the entry of circular polymers in accordance with Article 9.11.4.1;

annual obligation: number of circular polymer units owed by the polymer processor pursuant to Article 9.11.2.1;

annual obligation facility: attribute of an account in the CPU register held by a polymer processor pursuant to Article 9.11.2.2 to meet its annual obligation;

reporting register: reporting register as referred to in Article 9.11.1.3(1);

undertaking: undertaking as referred to in Article 5 of the Commercial Register Act 2007;

transfer facility: attribute of an account in the register that allows the transfer of a circular polymer unit;

polymer: polymer as referred to in Article 3(5) of Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (OJ L 396, 2006):

polymer application: group of subproducts or end products containing polymers and characterised by the way in which the product is used;

polymer processor: undertaking that processes polymers, to which additives or fillers may have been added, in primary form into subproducts or end products;

register: register circular polymer units as referred to in Article 9.11.5.1(1).

Article 9.11.1.2

This Title shall apply to polymer processors to the extent that such processing takes place in the Netherlands.

Article 9.11.1.3

1. There is a reporting register. Data from polymer processors and the polymers they process are included in the reporting register. For this purpose, personal data of polymer processors may be processed.
2. The purpose of the reporting register shall be to:

a. provide insight into which polymer processors are active in the Netherlands;
b. clarify which polymer processors are subject to the annual obligation;
c. record data and documents concerning these polymer processors and the quantities of polymers they have processed.
3. In addition to paragraph 2, the purpose of the reporting register is to provide data:
a. to Our Minister for the purpose of monitoring and enforcing the information and reporting obligations referred to in Articles 9.11.1.6 and 9.11.1.7 and policy-making;
b. to the emission authority insofar as the processing of such data is necessary for the proper performance of its public duty.

Article 9.11.1.4

1. Our Minister shall ensure the establishment, maintenance, operation, accessibility and security of the reporting register and the management of the data and documents contained therein, and shall make the necessary arrangements for the electronic exchange of data and documents.
2. Our Minister is designated as the data controller for the processing of personal data in the reporting register.

Article 9.11.1.5

1. By general administrative regulation, the data and documents entered in the reporting register are indicated, and rules are laid down with regard to the accessibility of the system and the period during which the data and documents are stored.
2. Rules may be laid down by general administrative regulation with regard to the establishment, maintenance, operation and security of the system and the management of the data and documents contained therein.
3. Detailed rules may be laid down by Ministerial Regulation to ensure proper implementation.
4. The data and documents entered in the reporting register shall be accessible by electronic means to third parties designated by a general administrative measure. The names of polymer processors that have come forward shall be made public. Data on processed quantities of polymers shall be made publicly available in an anonymised or aggregated form.

Article 9.11.1.6

1. The polymer processor shall inform Our Minister within 6 weeks after this Title has become applicable to it, and shall provide at least the company name and contact details.
2. Detailed rules may be laid down by or pursuant to a general administrative measure on the information and documents provided in connection with the obligation to provide information referred to in paragraph 1 regarding the manner in which this occurs.
3. By general administrative order, certain categories of polymer processors may be exempted from the obligation to provide information referred to in paragraph 1.

Article 9.11.1.7

1. The polymer processor shall report to Our Minister before 1 February of any calendar year following the calendar year in which this Title became applicable to it concerning the quantity of polymers processed in the calendar year preceding that date.
2. Detailed rules may be laid down by or pursuant to a general administrative measure on the information and documents submitted with the report, and on the manner in which this occurs.
3. It shall suffice for the polymer processor that processed a total of less than the lower limit for the total amount of polymers processed as established by general administrative regulation in the reporting year to indicate the total amount of polymers processed in the reporting year, and shall be exempt from the annual obligation for the reporting year.

4. The polymer processor that processed a total amount of polymers in the reporting year equal to or greater than the lower limit referred to in paragraph 3 shall specify the amount of polymers processed in the reporting year by type of polymer and application.
5. The following shall be communicated to the board of the emission authority by the polymer processor which has processed a quantity of polymers equal to or greater than the lower limit referred to in paragraph 3:
a. the company name and contact details; and
b. the quantity of polymers to be determined by general administrative order, based on the specification provided by it, referred to in paragraph 4.
6. In any case, the amount of polymers relayed to the board of the emission authority shall be determined on the basis of the types of polymers that:
a. are designated by general administrative order and exceed a minimum value for the quantity per designated type of polymer;
b. are not incorporated in polymer applications established by a general administrative measure.
7. The report and the particulars and documents accompanying the report shall be kept by the polymer processor for at least 5 years after the end of the calendar year to which those particulars relate.

Article 9.11.1.8

1. The polymer processor shall submit to Our Minister before 1 June after any reporting year a statement from a verifier showing that the specification in Article 9.11.1.7(3) describes the correct amount of polymers by type of polymer and application.
2. The verifier shall not issue a declaration if the requirements referred to in the paragraph 1 are not met.
3. The verifier shall keep all records and documentation related to the verification for at least 5 years after the end of the calendar year to which the verification relates.
4. Further requirements may be imposed on the verifier and the verification by or pursuant to a general administrative measure.

Article 9.11.1.9

1. If, in the opinion of Our Minister, the requirements laid down in or pursuant to this section for the import of the quantity of processed polymers in the calendar year preceding that date have not been met, the polymer processor shall amend the data in the reporting register in order to comply with those requirements.
2. Changes in the data that have already been communicated to the board of the emission authority by or pursuant to this section shall be reported by Our Minister to the board of the emission authority.
3. Detailed rules on the application of paragraphs 1 and 2 may be laid down by or pursuant to a general administrative regulation.

§ 9.11.2. Annual obligation circular polymer units

Article 9.11.2.1

1. In any calendar year, the polymer processor shall be liable for the number of circular polymer units corresponding to the percentage of the total weight of polymers incorporated by it into the subproducts or end products supplied, as determined by a general administrative measure.
2. The total weight of polymers referred to in the paragraph 1 shall be expressed in kilograms.
3. Paragraph 1 shall apply only to polymer processors and types of polymers as referred to in Article 9.11.1.7(5) and (6).

Article 9.11.2.2

1. The polymer processor subject to the annual obligation shall have an annual obligation facility account in the register.
2. An annual obligation facility account of a polymer processor shall be closed if the annual obligation is not applicable to it for more than 2 consecutive years.

Article 9.11.2.3

1. The board of the emission authority receives data from the reporting register as referred to in Article 9.11.1.7(5) and enters it in the annual obligation facility account in the register of the polymer processor concerned.
2. By or pursuant to a general administrative order:
a. the data are determined that are stated when entering into the account;
b. the manner in which the data are supplied can be determined.

Article 9.11.2.4

1. If, in any calendar year, a polymer producer's supply of polymers processed into subproducts or end products has not been correctly entered into its annual obligation facility account, the board of the emission authority may establish that supply ex officio for up to 5 years after that calendar year.
2. Detailed rules on the application of paragraph 1 shall be laid down by general administrative regulation.

Article 9.11.2.5

1. On 1 June of any calendar year:
a. the polymer processor has at least the number of circular polymer units on its account; and
b. the board of the emission authority shall deduct the number of circular polymer units from the polymer processor's account,
corresponding to the annual obligation applicable to that polymer processor for the calendar year immediately preceding that date.
2. If the application of Article 9.11.2.4(1) leads to an increase in the annual obligation for the calendar year concerned, the board of the emission authority shall deduct the number of circular polymer units corresponding to that increase from the account of the polymer processor.
3. If the application of Article 9.11.2.4(1) leads to a reduction of the annual obligation for the calendar year concerned, the board of the emission authority shall credit the number of circular polymer units corresponding to that reduction to the account of the polymer processor.

4. If, as a result of the application of paragraph 1 or 2, the number of circular polymer units in the polymer processor's account results in a negative balance of circular polymer units, it shall make up the deficit within 3 calendar months.

Article 9.11.2.6

1. Temporary measures to address the effects of market failures may be adopted by or pursuant to a general administrative measure in the interest of market security.
2. As a measure referred to in paragraph 1, the board of the emission authority may:
a. grant an exemption under certain conditions at the request of the polymer processor to a processor for all or part of the annual obligation;
b. subject to conditions, grant exemption to polymer processors for all or part of the annual obligation.

§ 9.11.3. Circular polymer units

Article 9.11.3.1

1. The register has circular polymer units.
2. A circular polymer unit represents a quantity of circular polymers, intended for the production of subproducts or end products, of 1 kilogram.

Article 9.11.3.2

A circular polymer unit can only be held in the register.

Article 9.11.3.3

A circular polymer unit shall be transferable if the transferring party and the receiving party each have an account in their name in the register.

Article 9.11.3.4

1. Transferring one or more circular polymer units cannot result in a negative balance of circular polymer units in an account.
2. Transfer of one or more circular polymer units is not permitted in the case of a negative balance of circular polymer units in an account.

Article 9.11.3.5

1. The supply required for the transfer of a circular polymer unit shall be made by:
a. write-off of the circular polymer unit from the account registered in the registry in the name of the party transferring the circular polymer unit; and
b. credit to the account registered in the register in the name of the party acquiring the circular polymer unit.
2. Paragraph 1 shall apply mutatis mutandis to any transition other than a transfer.
3. Any transition other than a transfer only takes effect vis-à-vis third parties once the transfer has been registered in the register.

Article 9.11.3.6

1. The nullity or cancellation of the contract which gave rise to the transfer, or the lack of competence of the transferor, shall not affect the validity of the transfer once the transfer has been completed.
2. Any reservation relating to the transfer is worked out at the time the transfer is made.

Article 9.11.3.7

1. By way of derogation from Article 228 of Book 3 of the Civil Code, no right of pledge can be established on a circular polymer unit.
2. No right of usufruct can be established on a circular polymer unit.
3. A circular polymer unit is not subject to seizure.

§ 9.11.4. Entry of circular polymers

Article 9.11.4.1

1. A entry maker may, until 1 May of any calendar year, enter in the register the quantity of circular polymers processed by it into subproducts or end products in the calendar year immediately preceding that date and which comply with the requirements referred to in Article 9.11.4.2(2).
2. An entry maker shall only be authorised to enter in the register a quantity of circular polymers processed into a subproducts or end product to the extent that, as a polymer processor for those circular polymers:
a. it is subject to an annual obligation; or
b. it was subject to an annual obligation up to 2 consecutive years beforehand.
3. Rules may be laid down by general administrative order with regard to the entry person referred to in paragraph 1.

Article 9.11.4.2

1. By or pursuant to a general administrative measure, categories of circular polymers can be distinguished for entry in the register.
2. The circular polymers to be entered in the accounts comply with the requirements laid down by or pursuant to a general administrative measure.

Article 9.11.4.3

By or pursuant to a general administrative order:
a. determine the manner in which the polymer processor demonstrates compliance with Article 9.11.4.2(1);
b. the particulars to be entered at the time of entry shall be determined.

Article 9.11.4.4

1. For each kilogram of circular polymers entered in the register, the board of the emission authority shall credit one circular polymer unit to the account of the entry maker, if the circular polymers supplied comply.
2. The quantity of recorded circular polymers shall be rounded down to 1 kilogram.
3. It may be provided by or pursuant to a general administrative measure that the quantity entered in the accounts per category of circular polymers shall be multiplied by a factor determined by or pursuant to that measure.

Article 9.11.4.5

1. Each year, the board of the emission authority shall publish an overview of the number of available circular polymer units at times to be determined by or pursuant to an order in council
2. By or pursuant to this general administrative order,
detailed rules shall be laid down regarding disclosure.

Article 9.11.4.6

For circular polymers delivered and entered in the register between 1 January and 1 June of any calendar year, the board of the emission authority shall, after 1 June of that calendar year, credit the circular polymer units to the account of the entry maker.

Article 9.11.4.7

A quantity of circular polymers entered in the register is not transferred as sustainable, and is not entered in the register again.

Article 9.11.4.8

1. The board of the emission authority may suspend or refuse to credit circular polymer units if it suspects abuse or fraud, or has other reasons to believe that the requirements laid down in or pursuant to this section are not being met.
2. Detailed rules on suspension or refusal referred to in paragraph 1 may be laid down by or pursuant to an order in council

Article 9.11.4.9

1. Before 1 June of the calendar year following the calendar year in which it delivered the circular polymers, the entry maker shall submit to the board of the emission authority a declaration by a verifier that, where applicable, the requirements laid down in or pursuant to Articles 9.11.4.2 and 9.11.4.3 have been met.
2. The verifier shall not issue a declaration if the requirements referred to in the paragraph 1 are not met.
3. The verifier shall keep all records and documentation related to the verification for at least 5 years after the end of the calendar year to which the verification relates.
4. Further requirements may be imposed on the verifier and the verification by or pursuant to a general administrative measure.

Article 9.11.4.10

1. If, in the opinion of the board of the emission authority, the requirements laid down in or pursuant to this section for entry in the register of a quantity of circular polymers or the verification referred to in Article 9.11.4.9 are not met, the board may determine that quantity, category or factor, referred to in Article 9.11.4.4(2), ex officio for up to 5 years after the calendar year of entry.
2. If it follows from the determination referred to in paragraph 1 that the entry maker has received too many circular polymer units for the quantity of circular polymers supplied, the number of circular polymer units that the entry maker has received in excess shall be debited from the account of that entry maker.
3. If it follows from the finding referred to in paragraph 1 that the entry maker has received too few circular polymer units for a category of circular polymers supplied, the

number of circular polymer units that the entry maker has received too few shall be credited to the account of the entry maker. The board of the emission authority shall take into account Article 9.11.5.6.
4. If, as a result of the application of the paragraph 2, the number of circular polymer units in the account of the entry maker is less than zero, it shall make up the deficit within 3 calendar months.
5. Detailed rules on the application of paragraphs 1, 2 and 3 may be laid down by order in council.

Article 9.11.4.11

1. Each year, the emission authority shall publish an overview containing the data of the circular polymers recorded, as determined by general administrative regulation. Article 5.1(1) and (2) of the Open Government Act shall apply mutatis mutandis.
2. Detailed rules shall be laid down by general administrative order on the content and manner of publication of the overview referred to in paragraph 1.

§ 9.11.5. Register of circular polymer units

Article 9.11.5.1

1. There is an electronic register of circular polymer units.
2. The registry shall be managed by the emission authority.
3. The register shall consist of the accounts referred to in Article 9.11.5.3.

Article 9.11.5.2

1. Rules on the operation, organisation, availability and security of the register shall be laid down by ministerial order.
2. The board of the emission authority may lay down conditions for the use of the register.

Article 9.11.5.3

1. The board of the emission authority shall, at the request of the polymer processor, open an account with an annual obligation facility and a transfer facility in its name.
2. The board of the emission authority shall, at the request of an entry maker in their name, open an account with a entry facility and a transfer facility.
3. The board of the emission authority shall not open more than one account in the name of an undertaking. An account may include all the facilities referred to in paragraphs 1 and 2.
4. Rules on the opening, maintenance and management of the accounts shall be laid down by ministerial order.

Article 9.11.5.4

1. The board of the emission authority may, where it has reason to believe that fraud or abuse has occurred or that the requirements laid down in or pursuant to this Title for holding an account in the GGE register or for the use of that account are not met:
a. refuse to open an account;
b. block an account or facility of that account;
c. close an account.

2. The board of the emission authority may, at the request of the account holder, close an account.
3. Detailed rules on the application of paragraph 1 shall be laid down by general administrative order, and rules may be laid down on the application of paragraph 2.
4. The circular polymer units in a closed account shall lapse by operation of law.

Article 9.11.5.5

1. A ministerial order may provide that the opening and maintenance of an account with a credit transfer facility, an entry facility, or an annual obligation facility shall be subject to a fee in accordance with the rules to be laid down in that order.
2. In the order referred to in paragraph 1:
a. the amount of the fee shall not exceed what is necessary to cover the costs to be borne by the emission authority in carrying out the work for which the fee is due; and
b. rules on the manner in which the fee is paid shall be laid down.

Article 9.11.5.6

1. A part of the number of circular polymer units in the account of a polymer processor or an entry maker on 1 June of any calendar year after the board of the emission authority has applied Article 9.11.2.5(1)(b) shall be reserved for the immediately following calendar year.
2. By general administrative order, rules are established regarding the portion of circular polymer units that is preserved. Different rules may be established for the polymer processor or the entry maker regarding the part referred to in paragraph 1.
3. By way of derogation from paragraph 1, rules may be laid down by or pursuant to a general administrative measure on the part that can be saved for any calendar year other than the calender year immediately following.
4. The circular polymer units which are not spared shall lapse by operation of law.

§ 9.11.6. Compliance with the requirements for circular polymers

Article 9.11.6.1

1. The polymer processor that processes circular polymers keeps proper accounts of this, and determines and checks:
a. the nature and quantity of the raw material received by it for the processing of the circular polymers;
b. the amount of circular polymers it processes in the polymer applications covered by the annual obligation.
2. Detailed rules on paragraph 1 shall be laid down by or pursuant to a general administrative regulation.

B

In Article 18.2b, paragraph 4 shall be renumbered as paragraph 5, and a paragraph shall be inserted, reading:
4. Our Minister shall have the task of ensuring the administrative enforcement of the obligations laid down in or pursuant to Articles 9.11.1.6, 9.11.1.7(1), (2), (4) and (7), 9.11.1.8 and 9.11.1.9.

C

In Article 18.2f, ‘by or pursuant to Article 9.2.2.6a and Titles 9.7 and 9.8’ is replaced by ‘by or pursuant to Article 9.2.2.6a, Titles 9.7 and 9.8 and sections 9.11.2 to 9.11.6’.

D

In Article 18.6b. ‘in or pursuant to 9.7.1.3, 9.7.2.3, 9.7.2.5, 9.7.4.12, 9.7.4.13, 9.7.6.1, 9.7.6.2, 9.8.2.3 of 9.8.2.5,’ is replaced by ‘in or pursuant to Articles 9.7.1.3, 9.7.2.3, 9.7.2.5, 9.7.4.12, 9.7.4.13, 9.7.6.1, 9.7.6.2, 9.8.2.3, 9.8.2.5, 9.11.2.5, 9.11.4.9, 9.11.4.10 of 9.11.6.1’.

E

Article 18.16s is amended as follows:

1. In paragraph 1, ‘or 9.8.2.5’ is replaced by ’ , 9.8.2.5, 9.11.2.5, 9.11.4.1, 9.11.4.2, 9.11.4.3, 9.11.4.7, 9.11.4.9, 9.11.4.10 of 9.11.6.1’.

2. A paragraph is added, reading as follows:

5. The board of the emission authority may, if an entry maker has committed three or more infringements of Articles 9.11.4.1 to 9.11.4.7, 9.11.4.9, 9.11.4.10 or 9.11.6.1, determine that that entry maker cannot book circular polymers on the basis of Article 9.11.4.1 for a period to be determined by the board.

ARTICLE II

In Article 1a, 1° of the Economic Offences Act, in the section relating to the Environmental Management Act, ‘or 9.8.2.5,’ is replaced by ‘9.8.2.5, 9.11.1.6 to 9.11.1.9, 9.11.2.5(1), 9.11.4.2(2), 9.11.4.3, 9.11.4.7, 9.11.4.9, 9.11.4.10(5),’.

ARTICLE III

Our Minister for Infrastructure and Water Management shall, within 2 years of the entry into force of this Law, send the States General a report on the effectiveness and effects of this Law in practice.

ARTICLE IV

A

By way of derogation from Article 9.11.1.7(1), the polymer processor shall report to Our Minister, within 6 weeks of the entry into force of this Law, on the quantity of polymers processed in the calendar year preceding that date.

B

Article 9.11.1.8 shall not apply to the calendar year preceding the entry into force of this Law.

Article V

This Law shall enter into force at a time to be determined by Royal Decree.

I hereby order that this Law shall be published in the Government Gazette and that all Ministries, authorities, commissions and officials concerned ensure its proper implementation.

STATE SECRETARY FOR INFRASTRUCTURE AND WATER MANAGEMENT – PUBLIC TRANSPORT AND ENVIRONMENT,

A. General part of the explanatory memorandum

1. Introduction

This Bill regulates that polymer processors based in the Netherlands must replace a share of fossil-based polymers with circular polymers. Polymers are processed in many different product groups. The most important and best-known application is plastic. That plastic is used again for many different applications, from packaging to dashboards and from garden furniture, to tubes and panels. Plastic is known to lead to CO_2 emissions, both in the production of plastic and after the end-of-life phase when plastic is incinerated.

Although the law has a broad basis, namely polymers regardless of which products they are used in, the obligation will initially be imposed on polymers that are used in plastic parts and end products. This will be further elaborated by order in council. This explanatory memorandum shall therefore also mainly explain the operation on the basis of this scope**.** This proposal has no impact on the Caribbean Netherlands.

The obligation to replace fossil polymers with circular polymers (hereinafter: circular plastic standard) ensures more efficient use of raw materials. After all, fossil raw materials are replaced by raw materials based on, for example, plastic waste (recyclate) or sustainable biomass (bio-based polymers). This is an important step in the transition to a circular economy. In addition, under otherwise unchanged circumstances, the standard provides a substantial CO_2 saving because less CO_2 is released during the extraction of raw materials and the production process, and – due to the increasing demand for recycled plastic – less plastic waste is incinerated. It is proposed that the circular plastic standard enter into force on 1 January 2027 with a percentage that increases to a higher percentage by 2030.

The extent to which circular polymers, such as recyclate and bio-based polymers, can be processed varies for each application. The proportion of circular polymers that individual polymer processors can apply therefore also differs. In order to achieve an average annual minimum share of circular plastic in the Netherlands, this Bill therefore also regulates a trading system, with which the market *as a whole* must achieve an average minimum share of circular plastic. For the processing of circular polymers polymer processors receive administrative, tradable circular polymer units (hereinafter: CPUs). Polymer processors can sell these CPUs to other polymer processors, so that, for example, polymer processors that process more than the legal minimum of circular polymers can sell CPUs to polymer processors that process less than the mandatory minimum share of circular polymers. This system is managed by the Dutch Emissions Authority (NEa), which is also responsible for monitoring and enforcing compliance with the standard. In order to adequately carry out supervision and enforcement, this Bill also regulates an information and reporting obligation for all polymer processors in the Netherlands. The Human Environment and Transport Inspectorate (ILT) manages this information and reporting obligation and is also responsible for monitoring and enforcing it. Circular polymers must demonstrably comply with the sustainability, scheme management and chain management requirements by means of a valid certificate, which shall be established by order in council.

Several elements that are linked to this Bill shall be elaborated by order in council. This concerns, for example, the exact scope of the obligation, the level of the threshold for determining the target group, the level of the mandatory minimum share of circular polymers to be processed, the requirements imposed on circular polymers and the way

in which circular polymers are valued in the proposed trading system. The order in council is expected to be submitted for internet consultation in the first quarter of 2025. The elements from this order in council are described as far as possible in this explanatory memorandum.

Terminology
The legal basis of this Bill applies to raw materials (polymers) rather than to applications, such as plastic packaging, rubbers, paints, coatings, adhesives, composites, fibres or detergents. By order in council, a further demarcation of polymers follows so that the Bill is ambitious, practicable and proportionate. In addition, the proposal is to introduce the obligation in phases, starting with the standardisation of polymers that are processed in plastic applications. In the long term, the obligation based on this legal basis may also apply to all polymers that are processed in intermediate and end products instead of only for plastic applications. Where this explanatory memorandum refers to circular polymers, it concerns, for example, polymers based on recyclate (from post-consumer plastic waste)[1] or bio-based polymers.[2] Where this explanatory memorandum refers to polymers, it always concerns polymers including any additives and fillers. For the sake of simplicity of language, the obligation to apply a minimum share of circular polymers per year is referred to in this explanatory memorandum as the 'circular plastic standard'.

2. Outline of the proposal

2.1 Background

A circular economy aims to contribute to the security of supply of raw materials through sustainable use of raw materials, addressing the climate challenge, the biodiversity challenge, and the creation of a clean environment and a safe and clean living environment. A circular economy also offers the opportunity to strengthen the competitiveness of our companies. This Bill regulates that in the Netherlands, virgin fossil polymers are replaced by circular polymers. This Bill is therefore a cornerstone of the transition to circular use of raw materials.

Through this Bill for a circular plastic standard, the government aims to make an important contribution to achieving a 55 % reduction in greenhouse gas emissions by 2030 compared to 1990. This climate target is laid down in Article 2(2) of the Climate Act. In the 2022 Climate Memorandum, the government announced that it would come up with additional measures to meet this reduction target.[3] In April 2023, the government decided on additional measures to implement the reduction target. One of these measures is the introduction of the circular plastic standard.[4]

The transition to a circular economy is closely linked to achieving the climate goals. Raw material use accounts for a large share of greenhouse gas emissions throughout the production-use-disposal cycle. This is evident, among other things, from various studies that have appeared in recent years.[5] Circular economy therefore has an important place

[1] For the definition of post-consumer material is based on ISO 14021:2016; material generated by households or by commercial, industrial and institutional facilities in their role as end-users of the product, which can no longer be used for its intended purpose. Materials returned from the distribution chain are also included.
[2] In the future, for example, polymers based on atmospheric CO_2 may also be added.
[3] Parliamentary Papers II 2022/23, 32813, No 1112.
[4] Parliamentary Papers II 2022/23, 32813, No 1230.
[5] CE Delft, CO_2 -winst met kunststofrecyclaat (2022); PBL, *Integrale* Circulaire Economie *Rapportage* (2023), SER, *Meer vaart maken met* de grondstoffentransitie (2022), and Ecorys & TNO, *Eindrapport* circulaire economie klimaatopgave (2021).

in the Climate Agreement.[6] This also benefits Dutch citizens, businesses and civil society organisations, because with circular climate measures we contribute to a better climate and environment, and to a safe and clean living environment.

2.2 Problem description

The Netherlands is one of the largest polymer producers in Europe. Of all polymers, the majority are processed in plastic applications. The other polymers are processed in other applications such as rubbers, paints, coatings, adhesives, composites, fibres and detergents. Because the vast majority of polymers are processed in plastic applications, this problem description is primarily focused on the plastic chain. Every year, approximately 6.2 Mt of polymers are produced in the Netherlands as a building block for plastic subproducts or end products.[7] Some of them are exported for further processing. Every year in the Netherlands, approximately 2.3 Mt of polymers are processed into plastic subproducts or end products.

Plastic is versatile, light, strong, affordable and lasts a long time. Because of these properties, plastic is used in many products. However, that also has disadvantages. Plastic causes litter, leading to the accumulation of both microplastics and macroplastics in the environment. Plastic production and plastic waste incineration generate substantial greenhouse gas emissions. The current way of designing, producing, consuming, and discarding plastics is crossing planetary boundaries. The government is taking measures for circular plastics over the entire life cycle of plastics. For example, there are measures aimed at reduction, reuse and substitution by recyclate or bio-based polymers. This Bill focuses on the substitution of fossil polymers.

By replacing the polymers made from fossil raw materials with circular polymers (such as recyclate or bio-based polymers) in the production of plastic, CO_2 emissions can be reduced by an average of up to 2.5 kg per kg of plastic.[8] The CO_2 reduction is achieved because less CO_2 is released during the extraction of raw materials and the production process, and – due to the increasing demand for recyclate – less plastic waste is incinerated.

In addition, this Bill contributes to the creation of a clean environment. The substitution of fossil with circular polymers leads to more recycling of plastic, increasing the demand for recyclate. As a result, less plastic ends up in the environment and incinerators. Moreover, this transition contributes to the long-term security of supply of raw materials; fossil polymers will become less and less available and will gradually be phased out; sufficient recyclate and bio-based polymers must then be available to meet the demand for plastic.

Under current policy, only 13 % of all plastic in the Netherlands is made from recyclate and less than 1 % from bio-based polymers.[9] At the same time, the production of plastic made from fossil raw materials is growing faster than the production of plastic made from recyclate and bio-based polymers. The current policy is therefore insufficient to achieve the policy goals of halving the use of fossil raw materials and achieving the

6 Climate Agreement | Publication | Climate Agreement

7 Conversio, Substantiation of data for polymer production and processing in the Netherlands, 2024.

8 CE Delft, CO_2-winst met kunststofrecyclaat. Een overzicht van CO_2-kentallen van mechanisch kunststofrecyclaat voor NRK Recycling (2022).

9 In 2022, 12.8 % of all plastic was made from post-consumer recyclate and 6.7 % from pre-consumer recyclate. Conversio, Substantiation of data for polymer production and processing in the Netherlands, 2024.

necessary CO_2 reduction, as set out in the National Circular Economy Programme 2023-2030.[10]

Many customers opt for fossil plastic when its price is lower than that of circular plastic. Due to a relatively low oil price, this often happens. Companies in the Dutch plastic sorting and recycling industry are struggling or even going bankrupt. Without these sorting and recycling companies, the Netherlands will not be able to achieve the transition to a circular economy, and will become dependent on circular raw materials from other countries for making circular plastic.

In addition to CO_2 reduction, the legislative proposal, as explained above, contributes to greater security of supply of raw materials, less dependence on fossil raw materials, support for the Dutch plastic sorting and recycling industry, and will also result in less littering in the environment.

Policy theory
Obstacles to reducing the use of fossil raw materials exist across the entire plastic production chain. The government addressed these obstacles in the National Circular Economy Programme (NPCE, 2023) and announced measures aimed at circular plastic in the chapter on plastic, from the design and production phase to the consumption and disposal phase of plastic. One of the main obstacles is that there is insufficient demand for recyclate and bio-based polymers as long as polymers consisting of fossil raw materials (hereinafter: virgin plastic) are cheaper. As long as this imbalance in the market persists, there will be a market failure in the transition to a circular economy.

The government has investigated measures aimed at developing demand for recyclate and bio-based polymers. After all, an increasing demand for circular plastic contributes to producers investing more quickly in the production capacity of recyclate and bio-based polymers. As a result, the cost increase for the application of recyclate and bio-based polymers can be reduced and circular plastic can better compete with virgin plastic. Commitments for a minimum share of recyclate have also been announced at European level. However, it is unclear when the European obligations will apply. By scaling up circular plastic in the Netherlands in a timely manner and accelerating the closure of production chains, the Dutch recycling industry can continue to operate, and the Dutch circular polymer industry can meet the increasing European and global demand for circular plastic.

Policy options
In order to stimulate the demand for circular plastic, two measures were investigated in the context of the Interdepartmental Policy Research Climate (IBO Climate 2023).[11] The measure in question concerns a national levy on virgin fossil polymers (polymer levy),[12] and the measure for a national mandatory minimum share of recyclate and/or bio-based polymers (circular plastic standard)[13] using a trading system similar to the annual renewable energy transport obligation.[14]

[10] National Programme for the Circular Economy 2023 – 2030.
[11] Both options are described in the measure sheets of Annex 3 to the letter to the House of Representatives on the presentation of the final report 'Scherpe doelen, scherpe keuzes: IBO aanvullend normerend en beprijzend nationaal klimaatbeleid voor 2030 en 2050'.
[12] CE Delft, Nationale heffing op virgin plastics. Mogelijkheden en effecten (June 2023); CE Delft, Een nationale belasting op primair fossiel plastic? Effecten op milieu en economie (August 2022).
[13] CE Delft, Nationaal doel plasticnormering. Vormgeving en effecten (September 2023).
[14] Parliamentary Documents II 2013/14, 33834, No 3.

Research shows that both the levy and the standard can lead to significant environmental benefits. A study by CE Delft shows that an average of 2.5 kg of CO_2 emissions per kg of plastic produced can be reduced by replacing polymers made from virgin fossil raw materials with polymers made from recyclate or bio-based materials. In general, the higher the levy or standard, the higher the environmental benefit will be. The caveat is that the reduction occurring on Dutch territory is not precisely clear. However, it can be deduced that the majority of the environmental benefits are achieved in the production and incineration phases of plastic. In the Netherlands, 6.2 Mt of polymers are produced annually. Approx. 2.3 The processing of polymers in the Netherlands results in plastic subproducts or end products.[15] It is also known that more than 700 kt of plastic is incinerated annually in waste incineration plants (WIPs) in the Netherlands.[16] On the basis of these data, it can be concluded that the replacement of virgin fossil plastic with recyclate and bio-based plastic in the Netherlands also reduces CO_2 within the Dutch national border.

In addition, research has shown that both the levy and the standard will cause a cost price increase in the Netherlands and that this can lead to a loss of production.[17] This loss of production due to cost price increases can be driven by the relocation of production abroad, or by the substitution of demand from Dutch customers with imports. In general, production losses are expected to be higher as the amount of the levy or obligation increases. In general, the higher the loss of production, the less effective a national standard or levy is. It should be noted that the measure will also be accompanied by new economic productivity. This is further explained in Chapter 7 ‘Financial impact’.

Decision on the design of the circular plastic standard
In the 2023 spring decision-making process, it was decided to elaborate this legislative proposal for the introduction of a circular plastic standard. The decision on this circular climate measure has been taken in order to comply with the CO_2 reduction objectives of the Climate Act. In addition, this measure contributes to the government's objective of achieving a circular economy by 2050, in which products and raw materials are reused. The government's guiding goal is to use 50 % fewer primary abiotic raw materials (minerals, metals, and fossil) in the Netherlands by 2030. For the effectiveness of the measure, it is important that the environmental benefit is commensurate with the expected negative economic effects.

In order to take into account the possible negative economic effects, a careful demarcation of the scope and the target group will be considered in the elaboration of this Bill. In combination with the Bill, it has also been decided to assist undertakings in the transition to circular plastic. To this end, a total of EUR 267 million will be made available from the Climate Fund until 2030.[18] The first subsidy schemes were opened in the course of 2024. The aim of the subsidies is, among other things, to mitigate costs for the transition to circular plastic. In addition, the subsidies are also aimed at accelerating the development of the supply side of the market for recyclate and bio-based plastic. These grants enable undertakings, among other things, to accelerate investments in the necessary collection, sorting and recycling capacity. Additional measures to mitigate production losses are described below.

[15] Conversio, Substantiation of data for polymer production and processing in the Netherlands (2024).
[16] RHDKV, Evaluatie aanwezigheid kunststoffen in brandbaar afval voor AVI’s (2023).
[17] Study by CE Delft.
[18] Parliamentary Documents II 2023/24, 32913, No 1292.

Decision on a 'plastic levy'
In addition to standardising and stimulating circular plastic, the government also intends to introduce a levy on plastic by 2028. The plastic levy will be further developed by the Ministry of Finance, in close cooperation with the Ministry of Infrastructure and Water Management and the Ministry of Climate and Green Growth, towards the decision on the Spring Memorandum 2025. In the further design of the levy, it is necessary to consider how these instruments logically relate to each other. It also examines possible alternative pricing measures for stimulating circular plastic. This explanatory memorandum is limited to the legislative proposal for the introduction of the circular plastic standard.

2.3 Specific content of the legislative proposal

Below we first discuss the target group, the scope and the annual obligation. The trade register system is subsequently explained.

2.3.1 Target group
The obligation is imposed on polymer processors established and producing in the Netherlands. By order in council, a lower limit (hereinafter: threshold) may be set to exempt small polymer processors from the annual obligation. This threshold can be set based on the volume of polymers being processed.

For the purposes of this legislative proposal, 'polymer processor' means the undertaking that is located in Figure 1 at stages 5b and 6a in the production chain. The obligation was imposed on the processing link in the chain because imposing it earlier in the chain, on the polymer producers, could lead to higher production losses due to a greater shift of production abroad. By placing the obligation on polymer processors, it does not matter whether the polymers are imported or produced in the Netherlands. Regardless of the origin of the polymers, the polymer processor must comply with the annual obligation. Another possibility would be to impose the obligation at a later stage in the chain, on traders and brand owners. This option results in disproportionate implementation burdens because a standard must then be established for each product (group) and enforced on a potentially large number of companies.[19] In addition, work is already underway in Europe on product legislation for a minimum proportion of recyclate for each product group. This is explained in more detail in Chapter 3, 'Relationship to higher law'.

In the processing step of polymers in the production chain (5b/6a), a distinction can still be made between two steps that are explained below. The target group of this Bill is based on the second processing step, namely the party processing polymers (mixtures) into subproducts or end products.

The first processing step is the mixing of polymers, in which properties are given to the polymer mixtures by adding, for example, fillers or additives. These polymer mixtures are usually in primary form such as granules, pastilles, flakes, powders or resins. These mixtures are also known as 'compounds' or 'blends'. The parties in the chain that make these compounds are known as compounders. The producers of master batches are also included in this first processing step. Master batches are granules containing chemicals that also change the properties of polymers but are added to polymers in the second processing step.

[19] Nationaal doel plasticnormering. Vormgeving en effecten, CE Delft (2023)

The second processing step is the processing of polymers (mixtures) into intermediate and end products that are delivered to traders and/or brand owners, such as packaging, window profiles or agricultural films. These subproducts or end products are therefore no longer in primary form. Processing can be done in different ways, for example by injection moulding, extrusion, moulding or casting. In principle, this concerns the processing of polymers into all conceivable partial and end products containing polymers, regardless of the proportion of polymers in the product. Processing may occur in the presence of other materials such as paper or metal, for example, to produce multi-layered products.

The obligation therefore rests on the second processing step, namely the party that processes polymers (mixtures) into subproducts or end products. This is also the case where a undertaking – in addition to processing polymers (mixtures) into subproducts or end products – also carries out other activities, such as polymer production, compounding or the sale of end products. Processors that process subproducts into other subproducts or into end products are not covered by the obligation, since they do not start from polymers in primary form. Figure 1 may look different for applications other than plastic applications.

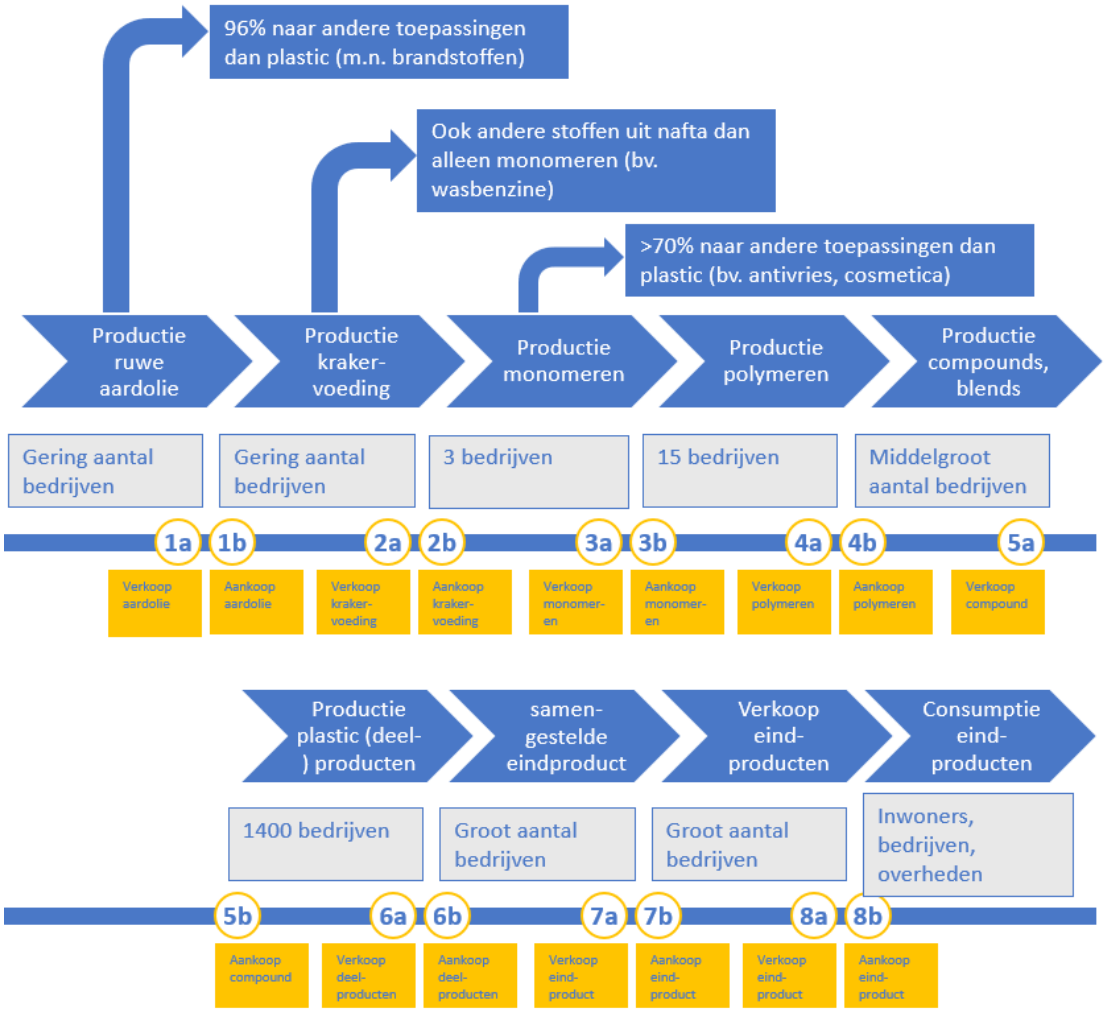

Figure 1 Plastic production chain. Figure based on CE Delft report.[20]

96% naar andere toepassingen dan plastic (m.n. brandstoffen)	96 % to applications other than plastic (notably fuels)
Ook andere stoffen uit nafta dan alleen monomeren (bv. wasbenzine)	Substances from naphtha other than just monomers (e.g. white spirit)
>70% naar andere toepassingen dan plastic (bv. antivries, cosmetica)	>70 % to applications other than plastic (e.g. antifreeze, cosmetics)
Productie ruwe aardolie	Crude oil production
Productie krakervoeding	Production of cracker feed
Productie monomeren	Production of monomers
Productie polymeren	Production of polymers
Productie compounds, blends	Production compounds, blends
Gering aantal bedrijven	Low number of companies
Gering aantal bedrijven	Low number of companies
3 bedrijven	3 farms
15 bedrijven	15 farms
Middelgroot aantal bedrijven	Medium-sized number of companies
Verkoop aardolie	Petroleum sales
Aankoop aordolie	Purchase of crude oil
Verkoop krakervoeding	Sale of cracker food
Aankoop krakervoeding	Purchase of cracker feed
Verkoop monomeren	Sale of monomers
Aankoop monomeren	Purchase of monomers
Verkoop polymeren	Sale of polymers
Aankoop polymeren	Purchase of polymers
Verkoop compound	Sale of compound
Productie plastic (deel-) producten	Production of plastic subproducts/products
Samengestelde eindproduct	Composite end product
Verkoop eindproducten	Sales of end products
Consumptie eindproducten	Consumption of end products
1400 bedrijven	1400 farms
Groot aantal bedrijven	Large number of companies
Groot aantal bedrijven	Large number of companies
Inwoners, bedrijven, overheden	Residents, businesses, governments
Aankoop compound	Purchase of compound
Verkoop deelproducten	Sale of subproducts
Aankoop deelproducten	Purchase of subproducts

The size of the target group of the annual obligation depends on the scope of the proposal as discussed below. Based on the proposed scope for the annual obligation, the target group is estimated at approximately 1 000 undertakings based on data from Statistics Netherlands (CBS) and the Dutch Federation of Rubber and Plastics Industry (NRK). This Bill also provides that the target group can be defined on the basis of a minimum volume of processed polymers for each year. The level of the threshold value, if any, is determined by order in council. Depending on the level of the threshold, the number of undertakings subject to the standard is expected to be fewer than 1 000.

[20] Nationaal doel plasticnormering. Vormgeving en effecten, CE Delft (2023)

2.3.2. Scope

The basic principle is that the standard applies to all polymers.[21] The aim of the standard is to achieve as much sustainable use of raw materials and CO_2 reduction as possible by means of substitution. That is why a broad basis has been chosen. The standard is to be introduced step by step, making it possible to include more polymers in the standard at a later date. The standard will first apply to the most commonly used polymers, namely polymers that are processed into plastic subproducts or end products. In general, there are sufficient circular alternatives for this. For the small volumes of complex, less commonly used polymers, there is a bit more time to provide circular alternatives before they will be brought below the standard in the future. The most commonly used polymers make up the majority of the total processed volume in the Netherlands, and thus have the largest contribution to the substitution target. The precondition is that the polymers, polymer applications, and the target group can be distinguished; otherwise, compliance with the standard cannot be checked and cannot be enforced. The standard is not fraud-proof.

Polymers covered by the standard (positive list)

The standard applies to the bulk of all polymers processed in the Netherlands, see also Table 1. The precise demarcation will be elaborated in a general administrative order, whereby the polymers that will be covered by the standard will be included on a positive list. The most commonly used polymers in the Netherlands are: PE (polyethylene), PP (polypropylene), PET (polyethylene terephthalate), PVC (polyvinyl chloride), PUR (polyurethane), PS (polystyrene – this includes EPS, expanded polystyrene) and PA (polyamide). Together, these polymers make up approximately 70 % (1 599 kt) of the total volume of 2.3 Mt of polymers processed in the Netherlands. Circular alternatives are available for these polymers. Furthermore, there are less commonly used, more complex polymers ABS (acrylonitrile-butadiene-styrene), ASA (acrylonitrile-styrene-acrylate), SAN (styrene-acrylonitrile), PMMA (polymethyl methacrylate) and PC (polycarbonate) which together account for around 1 % of the total volume of polymers processed in the Netherlands. For these polymers, there are few circular alternatives available and scalable, but it is expected that they will become increasingly and sufficiently available in the near future. Together with the share of bio-based polymers (approximately 0.8 %), polymers made from plastic waste (post-consumer recyclate, approximately 13 %), and polymers made from waste released in the production process that can no longer be reused in that process (pre-consumer recyclate, approximately 7 %), the share to which the standard applies amounts to approximately 85 % of the total market. In this way, the majority of polymers are standardised with a positive list. As more circular alternatives become available for other polymers, these can also be brought under the standard.

[21] Polymers are very large organic molecules composed of interconnected chemical building blocks (monomers). For the precise definition of polymers, this Bill refers to the definition given in Article 5(3) of the REACH Regulation.

Table 1 Scope of the circular plastic standard[22]

Polymers	**Volume processed in the Netherlands in 2022 [kt]**	**Mandatory?**	**Share of total volume virgin fossil polymers [%]**
PE	749	Yes	41
PP	349	Yes	19
PVC	183	Yes	10
PUR	169	Yes	9
PS/EPS	71	Yes	4
PET	56	Yes	3
PA	22	Yes	1
ABS, ASA, SAN	17	Possible	1
PMMA	8	Possible	0.4
Other thermoplastics	102	No	6
Other thermosets	105	No	6
Subtotal virgin fossil polymers	***1,831***		
		Can it be registered as a circular polymer?	
Pre-consumer plastic	154	No	
Post-consumer plastic	293	Yes	
Bio-based plastic including natural polymers	17	Yes	
Total quantity of polymers processed (including recyclate and bio)	***2,295***		

Polymer applications (per designation)
The standard applies, in principle, to all intermediate and end products containing polymers. For some applications, the proposed standard may not be a suitable instrument for replacing virgin fossil polymers with circular polymers. These application(s) can be designated by order in council. This concerns, for example, medical applications with the exception of packaging for medical products as also described in the Packaging and Packaging Waste Regulation [Verpakkingen- en Verpakkingsafvalverordening].[23] As indicated, in the first instance, the obligation will be imposed on polymers used in plastic subproducts or end products. Applications such as adhesives, coatings, paints, fibres, composites and detergents are therefore initially excluded. Recycling is limited for these applications and therefore there is no prospect of (scalable) circular alternatives in the short term (until 2030).

2.3.3 Annual obligation
The obligation to process a minimum share of circular polymers each year is referred to as the ‘annual obligation’. The exact amount of the annual obligation is determined by order in council. In 2029, the regulations (legislation and order in council) will be evaluated and the percentage level after 2030 will be determined. The order in council will be amended accordingly. A measurement of 25 to 30 % by 2030 seems feasible for the time being. The percentage is determined on the basis of various factors, such as the scope, availability of raw materials (circular polymers), and expected developments based on existing and announced policies.

[22] Data based on Conversio, Substantiation of data for polymer production and processing in the Netherlands (2024).
[23] Proposal for a Regulation of the European Parliament and of the Council on packaging and packaging waste, amending Regulation (EU) 2019/1020 and Directive (EU) 2019/904, and repealing Directive 94/62/EC.

Developments based on existing and announced policies
It is expected that the share of post-consumer recyclate produced in the Netherlands will increase to approximately 19.5 % of all plastic by 2030 due to European and global agreements.[24] However, this share is an estimate based on current recycling rates and announced European standards. The evolution of the share of circular polymers (such as recyclate and bio-based polymers) on the market in 2030 is uncertain and depends on the progress of European and global negotiation processes as well as the price evolution of fossil raw materials such as petroleum and natural gas. What can be inferred from this is that a national standard on polymers that are processed into plastic subproducts or end products must be higher than 19.5 % in order to have an effect, assuming a similar scope.

Availability of raw materials
The maximum height of the standard may, for instance, depend on the availability of circular polymers. Research agency CE Delft has calculated that a standard of 25 to 30 % is possible for a limited number of applications.[25] According to figures from the industry association Plastics Europe, 1 058 kt of plastic waste was generated in 2020 from the use of 2 363 kt of polymers by polymer processors.[26] This means that if all that plastic waste is recycled, a share of 45 % recyclate can be achieved. This is not feasible in practice, due to losses in the separation, sorting, and recycling of plastic waste. It is also often not yet possible to turn mixed plastic waste into recyclate of sufficient quality, meaning this recyclate is currently mainly used in applications with fewer quality requirements. The research agency has calculated that approximately 800 kt can actually be recycled. When looking at the efficiency of mechanical and chemical recycling techniques, a percentage of 25 to 30 % can be used as a recyclate in new products. Undertakings can fulfil the obligation with circular polymers such as recyclate and/or bio-based polymers. Bio-based polymers are still produced in small quantities. Currently, less than 1 % of the plastic produced is bio-based. Scaling up in the Netherlands or import is possible here. The stimulus subsidies from the climate fund of EUR 267 million, the so-called circular plastic hub, can contribute to the necessary scaling up of circular polymers in the Netherlands. When importing circular polymers, it must also be demonstrated that these polymers meet the established sustainability requirements by means of a valid certificate.

Trading system
The extent to which circular polymers, such as recyclate and bio-based polymers, can be processed varies for each application. The proportion of circular polymers that individual polymer processors can apply therefore also differs. For example, recyclate can be used to a limited extent in the production of food contact packaging due to the strict safety requirements imposed on such packaging by the European Food Safety Authority (EFSA). These rules will remain unaffected. In order to achieve an average annual minimum share of circular plastic in the Netherlands, this Bill therefore also introduces a trading system, with which the market *as a whole* must achieve an average minimum share of circular plastic. For the processing of circular polymers, polymer processors receive administrative, tradable circular polymer units (hereinafter: CPUs). Polymer processors may sell these CPUs to other polymer processors. This allows polymer processors that process more than the legal minimum of circular polymers to sell CPUs to polymer processors that have processed less than the mandatory minimum share of circular polymers. It is the sole responsibility of the company to have sufficient CPUs in the account at the end of the year to meet the annual obligation.

[24] Nationaal doel plasticnormering. Vormgeving en effecten, CE Delft (2023).
[25] Nationaal doel plasticnormering. Vormgeving en effecten, CE Delft (2023).
[26] Plastics Europe, Plastics- the facts (2022).

This Bill contains the basis for elaborating an urgency clause by means of an order in council. The urgency clause is a potential temporary measure that makes it possible to intervene in the event of a market failure of the trading system of CPUs. The purpose of the urgency clause is to provide certainty to the market under specific circumstances. The urgency clause is a temporary measure. The starting point for the possible elaboration of such an instrument is that it must be proportionate, practicable and enforceable.

2.3.4 System to comply with the law

In order to comply with the law, a undertaking must go through a number of (one-off and annual) steps. Table 2 presents these steps schematically.

In order to carry out supervision and enforcement of the law, implementing organisations must go through a number of steps. These are explained below in section 5 'Implementation'.

All steps of both the processors and the implementing organisations are explained in Figure 2 with a corresponding timeline for the first year of the legislation and subsequent years.

Table 2 Schematic representation of the information and reporting obligation

Step 1 **Obligation to provide information** **(ILT)**	**Step 2** **Reporting** **(ILT)**	**Step 3** **Entry** **(NEa)**	**Step 4** **Trading** **(NEa)**	**Step 5** **Fulfilling obligation**
One-off Register: ● Company name and contact details ● Activities of the undertaking ● One-off reporting for the previous year (without verification and standard requirement)	**Step 2a** **Annually** (before 1 February) Reporting: ● Total quantity of polymers If above threshold → step 2b **Step 2b** **Annually** (before 1 February) Reporting: ● Quantities breakdown by type of polymer and application (if > 250 kg) ● Reporting verification (may be done retrospectively, simultaneously with entry verification) If the total amount of polymers subject to the standard exceeds the threshold, the undertaking is subject to the standard → step 3	**Annually** (until 1 May) ● Quantities recorded by type of circular polymer ● Issuing certificate of sustainability requirements for circular polymers ● CPUs received on account	**Periodic** (until 1 June) ● Registration of transfer of CPUs between undertakings in the CPU register	**Annually** (1 June) ● CPUs required to meet the annual obligation are automatically debited from the account ● Reporting and entry verification must be provided

Step 1: Obligation to provide information

In order to determine which undertakings process polymers, this Bill establishes an obligation to provide information for all parties that are established in the Netherlands and process polymers, as described in 2.3.1. The polymer processors must report to the ILT within 6 weeks after the entry into force of the law, or within 6 weeks after registration with the Chamber of Commerce (with polymer processing as an activity).

The data to be provided will be further elaborated by means of an order in council Specified data considered include:

- Name and contact details of the undertaking (in accordance with registration with the Chamber of Commerce).
- Activities of the undertaking.
- A one-off report on the quantity of polymers processed in the previous calendar year.

The one-off reporting as part of the disclosure obligation is important for the NEa to open an account in a timely manner for the undertakings expected to be subject to mandatory standards for the first reporting year. This allows these undertakings to start entry from the entry into force of the law from the moment the account is opened (see step 3 – entry). This one-off report does not involve a verification obligation or a standard obligation.

Upon the entry into force of the Act on 1 January 2027
When the Act enters into force on 1 January 2027, processors will report to the ILT within 6 weeks, i.e. before 12 February 2027. As part of the information obligation, processors also report the quantity of polymers processed for the year 2026. See Figure 2 for the timeline.

Step 2: Reporting
Once included in the information register (step 1), polymer processors must report annually before 1 February to the ILT on the polymers that were processed in the previous calendar year (hereinafter: the reporting year). To determine who is subject to standards and the quantity of polymers involved, reporting follows these steps:

a. The undertaking shall report the total amount of polymers processed into partial and end products in the reporting year. If this quantity remains below the threshold set by the order in council, the economic operator does not have to do anything else. There is also no need for a verification report. If the quantity exceeds the threshold set by order in council, the undertaking proceeds to step b.
b. The undertaking provides a breakdown of the quantities of different types of polymers processed in the reporting year and their applications. Reporting on a specific type of polymer is only required if more than 250 kg of that type has been processed in that year. The reporting must be accompanied by a verification by 1 June at the latest (see step 5 – meeting the annual obligation). The undertakings themselves will ensure the timely provision of the verification reports. Undertakings that have reported a total amount of processed polymers from the positive list (processed into polymer applications designated by AMP) above the threshold set by AMP are required to comply with the standards for that reporting year.

The reporting register will be made public annually, with the names of polymer processors who have reported being visible. Data on processed quantities of polymers shall be made publicly available in an anonymised or aggregated form. The aim is to increase corporate accountability.

Upon the entry into force of the Act on 1 January 2027
The first reporting for the annual obligation will therefore have to be completed before 1 February 2028 in the event that the law enters into force on 1 January 2027, based on data from the reporting year 2027.

Step 3: Entry
On the basis of the reporting data provided to the ILT, the NEa opens accounts for parties that are expected to be subject to mandatory standards. Any party subject to the standard that is registered as a polymer processor with the ILT and that processes circular polymers into subproducts or end products can register them. By administratively entering quantities of processed circular polymers, CPUs are credited to

the trader’s account, with one CPU obtained for each kilogram of circular polymers delivered. The entry maker may enter quantities of circular polymers between 1 January of the reporting year and 1 May of the following calendar year. The entry, as well as the reporting, must be accompanied by a verification drawn up by an external verifier (see step 5 – meeting the annual obligation).

Polymer processors may also only enter quantities of circular polymers that meet the specified requirements. These are explained in more detail in section 2.3.5. The system of certification and the requirements are further elaborated in an order in council

Upon the entry into force of the Act on 1 January 2027
The first year after the entry into force of the law, undertakings can start entering circular polymers that will be processed in 2027 immediately after obtaining an account. In subsequent years, undertakings can start recording circular polymers that are processed in that year on 1 January (see Figure 2).

Step 4: Trading
Any party that has CPUs in its account can trade them with other parties within the register during the financial year (1 June – 1 May), for example when a party has processed more circular polymers than necessary for the annual obligation. For example, parties with an obligation that process too few circular polymers themselves are able to purchase CPUs to fulfil their obligation, but even if an undertaking itself does not yet have enough CPUs for its obligation, the undertaking can trade its obtained CPUs during the financial year. The transfer of the CPUs shall take place in the CPU registry, while contracts and payments shall take place outside the CPU registry. Undertakings subject to standards may only view their own accounts in the CPU register. They have no insight into the number of CPUs that other companies have on their account.

Upon the entry into force of the Act on 1 January 2027
The first year after the entry into force of the law, undertakings can start trading circular polymers processed in 2027 and recorded in the accounts immediately after obtaining an account. In subsequent years, undertakings can only trade CPUs of the current year after the completion of the previous financial year on 1 June (see Figure 2).

Step 5: Meeting the annual obligation
Undertakings can trade in CPUs up to 1 month after the end of the entry option for the previous fiscal year (1 May). On 1 June, the CPUs necessary to meet an undertaking's established annual obligation for the fiscal year are automatically debited from its account. It is the responsibility of the undertaking to ensure that there are sufficient CPUs in its account on 1 June. Undertakings must also have complied with both the reporting verification and the entry verification of the previous reporting year. Both verifications may take place at the same time, provided that both are available on the closing date of the accounting year (1 June). The undertakings themselves will ensure the timely uploading of the verification reports.

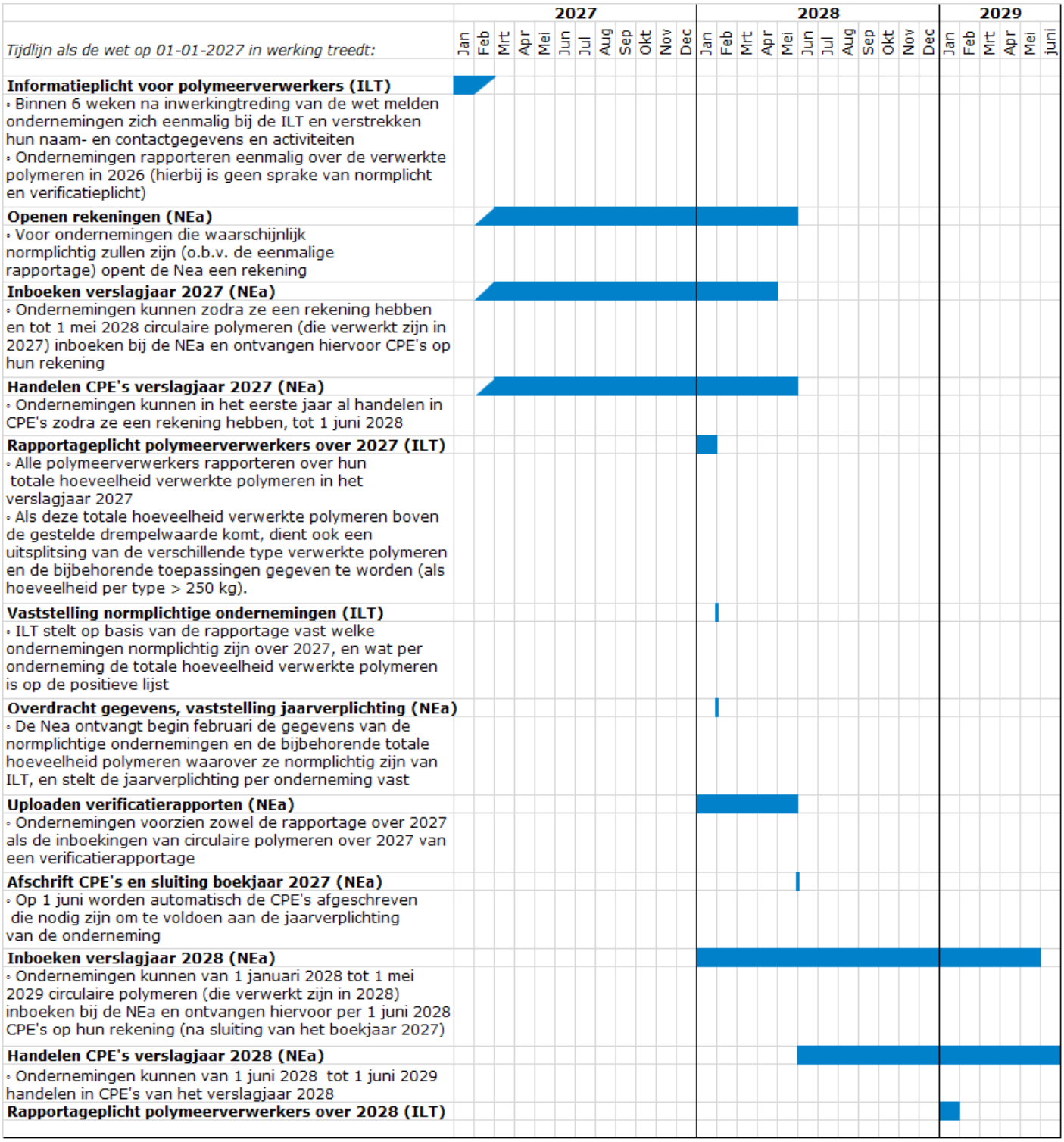

Figure 2: An overview of the system to comply with the standard.

Tijdlijn als de wet *op 01 -01 -2027 in werking treedt:*	*Timeline if the* Law *enters into force on 01-01-2027:*
Informatieplicht voor polymeerverwerkers (ILT)	**Obligation to provide information for polymer processors**
• Binnen 6 weken na inwerkingtreding van de wet melden ondernemingen zich eenmalig bij de ILT en verstrekken hun naam- en contactgegevens en activiteiten • Ondernemingen rapporteren eenmalig over de verwerkte polymeren in 2026 (hierbij is geen sprake van normplicht en venficatieplicht)	• Within 6 weeks after the entry into force of the Act, undertakings must report to the ILT once and provide their name, contact details, and activities. • Undertakings report once on the processed polymers in 2026 (this does not involve any obligation to standardise and verification)
Openen rekeningen (NEa)	**Opening accounts (NEa)**
• Voor ondernemingen die waarschijnlijk normplichtig zullen zijn (o.b.v. de eenmalige rapportage) opent de Nea een rekening	• For undertakings that are likely to be subject to mandatory standards (based on the one-off report), the Nea open an account
Inboeken verslagjaar 2027 (NEa)	**Entry for reporting year 2027 (NEa)**
• Ondernemingen kunnen zodra ze een rekening hebben en tot 1 mei 2028 circulaire polymeren (die verwerkt zijn in 2027) inboeken bij de NEa en ontvangen hiervoor CPE's op hun rekening	• Undertakings can register circular polymers (processed in 2027) with the NEa as soon as they have an account and receive CPUs on their account until 1 May 2028.
Handelen CPE's verslagjaar 2027 (NEa)	**Acting CPUs reporting year 2027 (NEa)**
• Ondernemingen kunnen in het eerste jaar al handelen in CPE's zodra ze een rekening hebben, tot 1 juni 2028	• Undertakings can trade CPUs in the first year as soon as they have an account, until 1 June 2028
Rapportageplicht polymeerverwerkers over 2027 (ILT)	**2027 reporting obligation for polymer processors (ILT)**
• Alle polymeerverwerkers rapporteren over hun totale hoeveelheid verwerkte polymeren in het verslagjaar 2027 • Als deze totale hoeveelheid verwerkte polymeren boven de gestelde drempelwaarde komt, dient ook een uitsplitsing van de verschillende type verwerkte polymeren en de bijbehorende toepassingen gegeven te worden (als hoeveelheid per type > 250 kg).	• All polymer processors will report on their total amount of polymers processed in the reporting year 2027 • If this total amount of processed polymers exceeds the set threshold, a breakdown of the different types of processed polymers and their applications should also be provided (as quantity per type > 250 kg).
Vaststelling normplichtige ondernemingen (ILT)	**Establishment of undertakings subject to standards (ILT)**
• ILT stelt op basis van de rapportage vast welke ondernemingen normplichtig zijn over 2027, en wat per onderneming de totale hoeveelheid verwerkte polymeren is op de positieve lijst	• ILT determines, on the basis of the reporting, which undertakings are subject to the obligation to comply by 2027, and what the total amount of polymers processed per undertaking is on the positive list.
Overdracht gegevens, vaststelling jaarverplichting (NEa]	**Data transfer, determination of annual obligation (NEa)**
• De Nea ontvangt begin februari de gegevens van de normplichtige ondernemingen en de bijbehorende totale hoeveelheid polymeren waarover ze normplichtig zijn van ILT, en stelt de jaarverplichting per onderneming vast	• At the beginning of February, the Nea receives the data from the undertakings subject to the standard and the corresponding total amount of polymers for which they are subject to the standard from ILT, and establishes the annual
Uploaden verificatierapporten (NEa)	**Upload verification reports (NEa)**
• Ondernemingen voorzien zowel de rapportage over 2027 als de inboekingen van circulaire polymeren over 2027 van een venficatierapportage	• Undertakings provide both the reporting for 2027 and the entries of circular polymers for 2027 with a verification report.
Afschrift CPE's en sluiting boekjaar 2027 (NEa)	**Copy of CPUs and closing of financial year 2027 (NEa)**
• Op 1 juni worden automatisch de CPE's afgeschreven die nodig zijn om te voldoen aan de jaarverplichting van de onderneming	• On 1 June, the CPUs necessary to meet the undertaking's annual obligation will be automatically written off
Inboeken verslagjaar 2028 (NEa)	**Entry for reporting year 2028 (NEa)**
• Ondernemingen kunnen van 1 januari 2028 tot 1 mei 2029 circulaire polymeren (die verwerkt zijn in 2028) inboeken bij de NEa en ontvangen hiervoor per 1 juni 2028 CPE's op hun rekening (na sluiting van het boekjaar 2027)	• Undertakings can register circular polymers (processed in 2028) with the NEa from 1 January 2028 to 1 May 2029 and receive CPUs on their account as of 1 June 2028 (after the closure of the financial year 2027)
Handelen CPE's verslagjaar 2028 (NEa)	**Acting CPUs reporting year 2028 (NEa)**
• Ondernemingen kunnen van 1 juni 2028 tot 1 juni 2029 handelen in CPE's van het verslagjaar 2028	• Undertakings may trade CPUs of the reporting year 2028 from 1 June 2028 to 1 June 2029
Rapportageplicht polymeerverwerkers over 2028 (ILT)	**2028 reporting obligation for polymer processors (ILT)**

2.3.5. Requirements for circular polymers for obtaining marketable circular polymer units

The Bill provides the basis for establishing requirements for circular polymers for obtaining CPUs by means of an AMP. Sustainability requirements are set for the origin of circular polymers, as well as scheme management and chain management

requirements. The requirements are explained in more detail below. Compliance with the requirements must be demonstrated by a certificate from a certification scheme recognised by Our Minister. A committee to be established will advise Our Minister on the recognition of certification schemes. Rules regarding the recognition of certification schemes will be laid down by order in council.

A certification system has been chosen to ensure that registered circular polymers meet predetermined sustainability requirements. An alternative to this would be a system of self-declaration. Polymer processors themselves declare that they use circular polymers and declare that they comply with all requirements. However, in the case of self-declaration there is no guarantee of the origin of circular polymers. This entails fraud risks, especially if this cannot be independently assessed. The choice of a certification system is also in line with requirements for future regulations from the European Union. In the case of bio-based plastics, this is in accordance with the Biobased Materials Sustainability Framework Decision. Within this decision, the choice was also made for certification (chain or otherwise). In addition, it is in line with the voluntary certification market, where companies opt for certification to build trust with their customers.

Sustainability requirements
By order in council, sustainability requirements are established for circular polymers and their assurance. Circular polymers can only count towards the obligation if they meet these requirements. For example, for recyclate, the material should only come from plastic waste (post-consumer recyclate) and should not come from a production process (pre-consumer recyclate), because it is not desirable to encourage pre-consumer recycling through a trading system as it removes the incentive for undertakings to produce with as few production losses as possible. For bio-based materials, the requirements relate to the prevention of adverse effects on the environment (including water availability, biodiversity, emissions and soil quality). For the requirements for bio-raw materials, reference is made to the sustainability criteria formulated in the Bio-raw Materials Sustainability Framework. These requirements will be further elaborated in the order in council.

Scheme management and chain management requirements
By means of a valid certificate, polymer processors can demonstrate that supplies of polymers meet the established requirements and record them in the CPU register. Scheme managers manage these certification schemes. Requirements will be set for scheme management and chain management to ensure the reliability of the certificates. Scheme management requirements refer to requirements relating to the functioning of the scheme and to certification bodies, auditors and economic operators working for or using the scheme. For example, the requirements must be verified by an independent accredited third party. Chain management requirements refer to the requirements imposed on a set of rules, procedures, and documents that establish a link between the source of the material and the point in the chain where a claim is made concerning the material. The chain management requirements will address which chain of custody models are allowed.

A chain of custody model has been chosen because it is important that the correct information is passed on in the chain. The production of recyclate (from collection) and bio-based plastics (from cultivation of the biomass) goes through several links in the chain before it can be processed into a plastic product/subproduct. These chains are also international in nature. With chain certification, the chain is safeguarded. If the choice were made not to apply chain certification, but only certification of the processor, the system would be as susceptible to fraud as if it were chosen to not apply certification.

Without chain certification, there is insufficient confidence that information from previous links in the chain is correct, and the risk of fraud is greater. A link in the chain could indicate that the material is 100 % post-consumer recyclate, while this has not been checked in any way by a third party.

3. Relationship to higher law

3.1 Relevant EU legislation/European product legislation

The European Commission is working on a number of legislative proposals that require a mandatory minimum proportion of recyclate in certain product groups. With the amendment of the Regulation on packaging and packaging waste[27], a mandatory minimum percentage has been established: 30 % recyclate in contact-sensitive packaging with PET as the main constituent, 10 % for contact-sensitive packaging made of a plastic material other than PET, excluding single-use plastic beverage bottles, 30 % for single-use plastic beverage bottles, and 35 % for all other packaging.

In the proposal for the Circular Vehicles Regulation[28], it is proposed to require producers to apply at least 25 % recycled plastic in each vehicle approved under the Regulation. 25 % of this recycled plastic must come from end-of-life vehicles.

The Commission also intends to require a minimum share of recyclate in the elaboration of product legislation on, for example, textiles, furniture and household appliances under the Ecodesign for Sustainable Products Framework Regulation,[29] as well as the revision of the Construction Products Regulation.[30] Concrete proposals have yet to be presented for this purpose.

3.2 Relationship between legislative proposal and EU legislation under preparation

The circular plastic standard has been designed in such a way that it complements the European regulations that are being prepared. The legal basis of the plastic standard is at the polymer level (input) instead of at the product level (output) and can eventually apply to all polymers that are processed in all conceivable subproducts and end products. This does not apply to (pending) EU regulations, which set requirements per specific product (output). However, the European Commission has launched an investigation into the addition of what are known as *intermediates*, including plastics, to the Ecodesign Regulation. Whether and how this will be followed up will only become clear in 2025. The number of products that contain plastic and can potentially be standardised is very large. There is still a long way to go before a European recyclate standard for all products containing plastic is developed and negotiated. In addition, the plastic standard also provides an incentive for the use of sustainable, recyclable bio-based polymers, which is not the case in European legislation. Finally, until European product requirements enter into force, the plastic standard will provide investment certainty for undertakings by making the obligation applicable in 2027.

[27] Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on packaging and packaging waste, amending Regulation (EU) 2019/1020 and Directive (EU) 2019/904, and repealing Directive 94/62/EC.

[28] Proposal for a regulation on circularity requirements for vehicle design and on management of end-of-life vehicles amending, amending directive (EC) 2000/53/EC.

[29] Proposal for a regulation on packaging and packaging waste, amending regulation (EU) 2019/1020 and Directive (EU) 2019/904, and repealing Directive 94/62/EC.

[30] Roadmap for the implementation of the Construction Products Regulation, amending regulation (EU) No 305/2011.

Uncertainty and ambiguity remain regarding the EU legislation, which is under preparation. This makes it difficult to make statements about the consequences of any European legislation for the legislative proposal for the circular plastic standard. This depends, among other things, on whether European legislation is aimed at harmonising national regulations of Member States and whether national legislation will (continue to) make a significant contribution.

The uncertainty and ambiguity concerns first of all the scope of the envisaged European legislation. So far, the intentions relate only to plastic recyclate and not to bio-based plastic. In addition, the current legislative proposal for a circular plastic standard does not set product requirements but sets requirements for the chemical building blocks used in the production of plastic subproducts or end products. In addition, there is still a lot of uncertainty about the planning of European legislation and the level of obligations. The present Bill contributes towards clarity and certainty in the market for recyclate and bio-based plastic. That is why, in addition to announced European recyclate requirements at product level, it is wise to contribute to the medium-term security of the sector with this legislative proposal. This is particularly relevant for the Dutch recycling sector, which is currently in a difficult financial situation. In the medium term, this Bill can prevent the Netherlands from having to import all recyclate in the future.

Furthermore, with the introduction of this Bill, other European product legislation remains unaffected. For example, this national legislation does not change the safety requirements set at European level for certain products. Where European product standards that prescribe a minimum proportion of recyclate are already in force, the circular plastic standard may exceed the European obligations if there is legal scope for this and it benefits the protection of the environment. If the circular plastic standard is lower than European standards, the highest, and in this case the European standard, applies.

Where polymer processors are also required by other European legislation to register and report on quantities of processed polymers, double administrative burdens must be avoided. This mainly concerns the reporting obligation under the REACH restriction on intentionally added microplastics and the reporting obligations under the proposed Regulation on the Prevention of Pellet Loss to reduce microplastic pollution.

3.3 Obstacle to the free movement of goods

The standard is not a direct obstacle to the free movement of goods and services. For polymers, the origin does not matter under this standard; only the sustainability requirements are important. After all, this standard does not impose restrictions on the import or export of polymers or plastic products.

However, the standard does impose additional requirements on processors of polymers established in the Netherlands. These additional requirements can make it more difficult for these processors to sell products. This is because processors have to compete in a European and a global market where other processors are not yet bound by the additional requirements that apply in the Netherlands. The standard could therefore be seen as an obstacle for Dutch processors to compete in the European internal market.

On the other hand, Dutch processors can distinguish themselves from processors from other countries on the basis of the additional requirements regarding sustainability. Anticipating announced recycling obligations in European product regulations, the

standard can therefore also have the effect of making European customers choose Dutch processors more quickly. This could indirectly be considered as a possible obstacle to the free movement of goods, as laid down in Articles 34 to 36 of the Treaty on the Functioning of the European Union (TFEU).

A market effect that can be seen as an indirect obstacle to the free movement of goods and services is that the demand for fossil polymers in the Netherlands will relatively decrease as a result of the standard. At the same time, the demand for circular polymers in the Netherlands will increase; through mechanical recycling up to 96 kt (or up to 432 kt if only mechanical recycling is employed) in 2030; through chemical recycling up to 133 kt; and via bio-based material up to 181 kt.[31]

This leads to a different market effect that can lead to a competitive advantage for certain companies in the Netherlands. Processors with the smallest cost increase when switching from fossil to circular polymers will be able to earn from the trading system, as CPUs are the cheapest for them and can therefore be sold for a higher price. If there is no correction mechanism for this within the trading system, this can lead to the situation that, for example, roadside poles can be produced much more cheaply in the Netherlands than elsewhere in the EU. This would theoretically allow them to price other roadside pole producers in Europe out of the market. However, the intention is to introduce a correction mechanism for this in the elaboration of the trading system by order in council.

It is also possible that customers of plastic subproducts or end products have less demand for subproducts or end products from the Netherlands because they can also import these products from countries where there is no regulation for the processing of a minimum share of recyclate. With an average cost price increase of 2-13 % for Dutch processors, the subproducts or end products they produce will also become more expensive.[32] The likelihood that customers in the Netherlands can switch to parts and end products from other EU countries is decreasing, as it is expected that more European sustainability requirements will be introduced at the product level in the coming years. As a result, it is expected that the demand for subproducts or end products with a higher share of circular polymers will also increase in the Netherlands.

Possible obstacles to free movement may be justified by overriding requirements in the public interest, including the protection of the environment. It is expected that the plastic standard will result in less waste being incinerated and more being reused, as the demand for recyclate will increase. The measures taken in this Decree serve the interest of protecting the environment, including limiting the use of fossil raw materials. The measures are also necessary to achieve the legally established climate targets; A significant contribution can be made to this, because by replacing fossil polymers with circular polymers, an average of up to 2.5 kg of CO_2 savings can be realised per kg of plastic produced in the chain. This CO_2 reduction also takes place on Dutch soil, as fewer emissions occur in the production process of plastic and less waste is incinerated.

3.4 Relationship with the General Data Protection Regulation (GDPR)

This Bill establishes an information and reporting obligation for companies that process these polymers. In principle, the Bill applies to companies. Companies processing polymers can be both legal entities and natural persons. In the case of a natural person, even if they are employed by a legal person, the application of this proposal may involve

[31] Rebel, 2024. Potentiële baten Plastic Norm.
[32] CE Delft, 2023. Nationaal doel plasticnormering. Vormgeving en effecten. Delft, CE Delft.

personal data being processed. The GDPR applies to the processing of personal data. A Data Protection Impact Assessment (DPIA) is therefore carried out on parts of the legislative proposal and the further elaboration thereof in the order in council concerning data processing. The DPIA describes the necessity of the intended processing of personal data, and identifies in a structured manner the consequences and risks of the data processing for the rights and freedoms of the data subjects. A DPIA has been drawn up for the legislative amendment. A DPIA will also be drawn up for the order in council. These are assessed in conjunction with each other on privacy aspects. If applicable, these DPIAs will be submitted jointly to the Dutch Data Protection Authority.

In addition, the implementing organisations that will process the personal data will draw up an DPIA (implementing or otherwise) themselves (Article 35 of the GDPR). This data controller is responsible for ensuring compliance with the obligations under the GDPR. In an implementing DPIA, the security, authorisations, login data, retention periods, and the way in which the right of access is structured are central, and the legal system is a stated.

With regard to the information and reporting obligation, information is requested that is necessary for the selection of processors subject to mandatory standards on the basis of the scope and threshold (as described in section 2.3.1). Under the law, the undertaking name and contact details are requested in any case. This data is necessary for identifying processors. The annual volumes of polymers produced are also requested. Without this information, it is not possible to determine which companies must comply with the rules established. The data concerning the information and reporting obligation are stored at the ILT. This is necessary for the ILT to be able to carry out the supervision and enforcement tasks. The company names of all processors who have come forward are published in a public register. This step is necessary in order to achieve the most complete register of polymer processors, as no alternative source of information is available from which to retrieve these data. In the further elaboration of the processing of these data, authentic data are retrieved from the commercial register, insofar as this is necessary for the purposes of the reporting register.

The ILT then provides the NEa with the contact details of only the processors subject to the standard, so that the NEa can contact these processors with a request for the submission of information for the opening of an account. This is a necessary step for processors to be able to access the system of the NEa (as described in section 2.3.4) with which the annual obligation can be met.

When Nea opens accounts, personal data may be requested, which is necessary to identify the natural persons who are authorised to manage the account with Nea on behalf of the processor. This concerns personal data, other than special categories of personal data. After this step is completed, this person can use the system of the Nea to comply with the law. The data of processors in the register and the operations in this register that relate to compliance with the annual obligation, such as the entry of volumes of circular polymers (as described in section 2.3.4 step 3: entry), are stored by the NEa. This is necessary for the NEa to carry out its supervision and enforcement tasks.

4. Consequences (excluding financial impact)

4.1 Contribution to a sustainable living environment

4.1.1 Impact on the climate

By replacing virgin fossil polymers (polymers produced directly from petroleum or other fossil raw materials) with circular polymers, CO_2 emissions can be reduced by an average of up to approximately 2.5 kg per kg of polymers produced, as shown in Table 1 (based on results from research agency CE Delft).[33] The CO_2 reduction is achieved because less CO_2 is released during the extraction of raw materials and the production process, and – due to the increasing demand for recyclate resulting from this plastic standard – less plastic waste will be incinerated. The plastic standard is expected to deliver approximately 700 kt of CO_2 reduction per year.[34]

It should be noted that the international scientific community has revised the climate impact of oil and natural gas upwards since the calculations cited in this explanatory memorandum. Improved detection methods, especially by satellites, indicate that more greenhouse gases are released in the production of oil and natural gas than previously thought. In the latest version of the Swiss Ecoinvent database (3.10), one of the main sources for life cycle assessments in Europe, the CO_2 eq emissions for fossil PE, PP and PET have therefore increased by around 30 % compared to database version 3.8.

A precise recalculation of the CO_2 reduction requires updates of various databases, which were not yet available at the time of publication. However, it can be assumed that the effect of reducing virgin production is in reality greater than in the calculation shown. Therefore, we can state that a reduction of 700 kt of CO_2 per year by this legislation may be an underestimation. The studies that are ongoing for the purpose of monitoring the effect of the circular plastic standard during the evaluation in 2029 are based on the latest version of the Ecoinvent database.

Table 3 Estimate of net climate impact of various circular options in 2030 from scenario analysis by CE Delft[35]

Circular option	Impacts	Climate impact [kg CO_2 equivalent for each effect]	Net climate impact [kg CO_2 equivalent per kg of extra circular polymer]
1 kg of extra mechanical recyclate	1 kg production of recyclate	0.3 to 0.8	-3.2 (-2.4 to -3.9)
	1 kg less virgin production	-1.8	
	1.25 kg less WEC combustion[36]	-2.4	
1 kg extra recyclate from polymerisation (PET)	1 kg production of recyclate	0.8	-2.6
	1 kg less virgin production	-1.7	
	1 kg less WEC combustion	-1.7	
1 kg extra recyclate from pyrolysis	1 kg production of recyclate	2.5	-3,1[a]
	1 kg less virgin production	-1.8	
	2 kg less WEC combustion	-3.8	
1 kg extra bio-	1 kg bio-based	-1.3 to 0.8	-2.0

[33] CE Delft, 2022c. Verplicht aandeel recyclaat of biobased in plastic in de Europese Unie. Delft, CE Delft.
[34] Annex 3 to the letter to Parliament on the presentation of the final report 'Scherpe doelen, scherpe keuzes: IBO aanvullend normerend en beprijzend nationaal klimaatbeleid voor 2030 en 2050.
[35] CE Delft, 2022c. Verplicht aandeel recyclaat of biobased in plastic in de Europese Unie. Delft, CE Delft.
[36] WEC = Waste Energy Centre.

based polymer	production[b]		(-1.0 to -3.1)
	1 kg less virgin production	-1.8	

[a] Pyrolysis scores very favourably here because we have attributed the avoidance of 2 kg of combustion in an WEC to 1 kg of recyclate. This is because 2 kg of plastic waste is needed for 1 kg of recyclate. This makes the score per kg of recyclate favourable, while it would be lower per kg of waste available.

[b] This also includes the absorption of CO_2 by plants. In addition, a factor for indirect land-use change due to the expansion of agricultural production has also been considered in the literature sources used. The lower value (-1.3 kg CO_2-equivalent) is based on bio-based polymer produced from residual streams instead of primary crops, e.g. bio-based polypropylene from old frying oil.

4.1.2 Contribution to the Sustainable Development Goals

In addition to the objectives in the Climate Act, the standard also contributes to achieving the Sustainable Development Goals.[37] Goal 8 (decent work and economic growth) includes efforts to decouple economic growth from environmental degradation, with developed countries taking the lead. The standard contributes to this by stimulating economic growth of circular polymers, whereby certification ensures that these circular polymers are produced in a sustainable manner. Goal 12 (responsible consumption and production) includes a more efficient use of raw materials, a reduction in dependence on raw materials, and the reduction of waste generation through recycling. The standard contributes to this by stimulating the use of recyclate, which is made from plastic waste. In this way, waste production is reduced.

4.2 Impacts of the standard on polymer processors, the supply chain and customers

4.2.1 Effects on the circular polymer industry

The current Bill stimulates the demand for circular plastic among plastic processors. Demand for circular polymers can also increase elsewhere in the chain, for example among brand owners. For example, there are brand owners who have made commitments in the area of the raw material transition, such as companies that are part of The Global Commitment of the Ellen MacArthur Foundation.[38] Initially, these companies had the goal of achieving 100 % recyclable and compostable packaging by 2025, a reduction in the use of virgin plastic by 50 % by 2030, and an increase in the use of recyclate in packaging to 25 % by 2025.[39] At the same time, ambitious policies on the circular economy were developed within the national and European government. At European level, there will be targets for a mandatory share of recycled plastic, as described in section 3.

However, a large portion of the commitments by brand owners are not on track to be achieved by 2025.[40] Certain brand owners are even reducing their sustainability ambitions. This puts the recycling sector under pressure and recycling companies go bankrupt. Recycling companies have contracts to process municipal waste but see customers withdrawing, which puts serious pressure on their business operations. This threatens the scenario that plastic waste can no longer be recycled in the Netherlands, but instead ends up in waste incinerators or is exported.

[37] UN (2015). Transforming Our World: The 2030 Agenda for Sustainable Development. Resolution Adopted by the General Assembly on 25 September 2015, 42809, 1-13. https://doi.org/10.1007/s13398-014-0173-7.2.

[38] Ellen MacArthur Foundation, The Global Commitment 2023 progress report.

[39] Rabobank. Unwrapped, plastic packaging matters, 2024.

[40] Ellen MacArthur Foundation, The Global Commitment 2023 progress report.

A robust scaling-up of production capacity for recyclate and bio-based polymers is essential to achieve the European targets, but stagnation and decline are now evident in the market due to the lack of demand. Demand-inducing regulation is therefore crucial to ensure that production capacity for recyclate and bio-based plastics can grow and mature and, in the long term, compete with virgin fossil plastic.

For recyclers and producers of bio-based polymers, the upcoming standardisation is of great importance to regain a growth perspective. For other links in the plastic processing chain, the standard breaks a stalemate. The range of products with circular polymers will increase across the board, which will alleviate customers' concerns about availability and continuity. This can counteract the negative trend of weakening its own sustainability goals.

In the current market situation, it is very difficult for polymer processors to innovate and deploy circular polymers, because they are at the interface between producers of circular polymers and the customers of their products. The standardisation could give them a head start in view of the upcoming European regulations, as they are already initiating the transition towards circularity. Accompanying support with subsidies for product development, education and training, and a conversion scheme assist them in this.

4.2.2 Regulatory pressure effects for polymer processors

The regulatory burden effects of the standard mainly affect polymer processors and relate to the costs of certification and verification. In the supply chain of both recyclate and biopolymers, most companies are already working with certification.

The regulatory burden effects for the polymer processors will relate to knowledge and implementation of the new obligation, the obligation to provide information, the reporting of quantities of processed fossil and circular polymers, the entry of circular polymers in the NEa register and the trade in CPUs. This will be easier to achieve for some companies than for others, depending on, for example, the size of the company or the degree of digitalisation of accounting. The group of polymer processors comprises approximately 1 000 companies. 70 % of the turnover of the polymer processing industry is generated by companies with more than 50 employees. A threshold will be determined by order in council, whereby small processors will only have to provide information to demonstrate that they fall below the threshold, and will therefore be exempt from further obligations.

Regulatory burden effects for undertakings arising from the standard obligations consist of one-off costs and structural burdens.

One-off costs include, among others, awareness costs. Awareness costs are the costs arising from becoming acquainted with the law and learning what actions need to be taken to comply with the law. Following this notification, a undertaking will have to comply with the information and reporting obligation by registering with the ILT. In addition, costs may arise for certification and verification. The system of certification and verification will be further elaborated by means of an order in council, and will then also be quantified in more detail in the regulatory burden costs.

Structural charges consist of periodically reporting fossil and circular volumes, entering volumes of circular polymers to obtain CPUs, and then possibly trading these CPUs in order to be able to pay the legally required quantity at the close of the financial year.

Structural burdens may also arise for certification and verification. The system of certification and verification will be further elaborated by means of an order in council, and will then also be quantified in more detail in the regulatory burden costs.

The Handbook for Measuring Regulatory Pressure Costs of the Ministry of Economic Affairs and Climate Policy was used when calculating the regulatory pressure costs. It uses, among other things, an average standard hourly rate and an average time commitment for a number of standard operations. In addition, the results of pilot studies carried out in the context of the Green Deal Green Certificates at companies in the biopolymer supply chain are used. The categories are worded broadly, under each of which several actions may fall. In addition to the one-off and structural costs listed in Table 2, there may also be out-of-pocket costs. These are also included in the table. This is based on the total regulatory burden for all companies.

The costs in Table 2 are those for companies that exceed the threshold, and are therefore subject to an annual obligation. For companies not exceeding the threshold, the regulatory pressure costs have also been calculated on the basis of the Handbook on Measuring Regulatory Pressure Costs of the Ministry of Economic Affairs and Climate Policy. For an individual company that does not exceed the threshold, the regulatory burden costs amount to approximately EUR 141 in one-off costs and approximately EUR 47 in structural costs per year. For companies that exceed the threshold and are therefore subject to standards, the one-off costs amount to approximately EUR 22 000 per company, and the structural annual costs to approximately EUR 26 000 per company per year.

Table 4 Regulatory pressure calculation for polymer processors

Activity	**Number of businesses**	**Number**	**Unit**	**Unit cost [EUR]**	**Total [EUR 1 000]**
Regulatory awareness	1,000	2	Hour	47[a]	94
Regulatory awareness (companies below standard)	300	20	Hour	47[a]	282
Notify the supervisory authority (one-off)	1,000	1	Hour	47[a]	47
Opening an account with the NEa by companies above the threshold	300[b]	4	Hour	47[a]	56
Preparing (ICT) systems	300[b]	50	Hour	47[a]	705
Certification[c]	300[b]	240	Hour	47[a]	3,384
Initial audit (certification)	300[b]	1	€	7,000	2,100
				Total one-off costs	**6,668**
Report annual volume of polymers to the supervisory authority	1,000	1	Hours per year	47	47
Companies above the threshold report annual volumes of polymers and submit verification reports	300[b]	4	Hours per year	47	56
Register volume of circular polymers on NEa account	300[b]	40	Hours per year	47*	564
Trade in CPUs	300[b]	20	Hours per year	47*	282
Control / inspections / audits	300[b]	111	Hours per year	47*	1,565
Audits (periodic) out-of-pocket	300[b]	1	€	5,000	1,500
Entry verification	300[b]	1	€	8,000	2,400
Verification report	300[b]	1	€	5,000	1,500
				Total structural costs	**7,914**

[a] *Source: Administrative Burden Measurement Manual [Handboek Meting Regeldrukkosten].*

[b] *Preliminary assessment, given that the threshold value will be determined per order in council*

[c] *Costs for certification and verification are an initial estimate*

4.3 Alignment of interest groups

The impact of this standard affects various parties. That is why it is important to involve interest groups throughout the entire legislative process. Various interest groups are involved in the drafting of this Bill. These are the representatives of the interests of the sector, and of nature and environmental organisations, and various knowledge institutions are also involved. Consultations take place with a sounding board group four times a year, during which the progress of the Bill is discussed and there is room for substantive responses. This sounding board group consists of various representatives from the sector and civil society organisations. A technical working group meets six times a year, consisting of the Federation of the Dutch Rubber and Plastics Industry (NRK), the Royal Association of the Dutch Chemical Industry (VNCI), and Plastics Europe. This working group is also informed about the progress in designing the standard. In addition, specific knowledge questions can be submitted to the working group regarding the practicability of rules, and there is also an opportunity for the participants to respond substantively.

The Federation of the Dutch Rubber and Plastics Industry (NRK) participates in both the sounding board group and the technical working group. The NRK represents the interests of 400 companies, the largest share of which are SMEs. The following points for attention have been raised. First of all, a request for a clear definition of post-consumer recyclate in the explanatory memorandum. In addition, attention has been drawn to the availability and quality of post-consumer recyclate, with calls having been made for attention to be paid to stimulating demand for Dutch recyclate in the design of the standard. Several parties indicated that they were concerned about potential cost increases for meeting the standard. It has been indicated that the economic effects may vary from one type of business to another. As a result, an investigation was initiated into the various economic effects of the circular plastic standard on different types of polymer processors. The results of this will be taken into account in the further elaboration of the order in council.

5. Implementation

The implementation of the obligations in the Bill is described in the preceding chapters. The parties involved in the implementation, monitoring, and enforcement of the obligations are briefly set out below.

5.1 Human Environment and Transport Inspectorate (ILT)

The ILT will be responsible for the registration and data processing of the information obligation and the reports of polymer processors. The ILT is also responsible for supervising and enforcing compliance with the information and reporting obligation.

In order to determine which undertakings process polymers, this Bill establishes an obligation to provide information for all undertakings that are established in the Netherlands and process polymers. In order to determine which undertakings must comply with the annual obligation, this Bill establishes a reporting obligation for these undertakings. In addition, there is a limited reporting obligation for undertakings processing only a limited volume of polymers (this volume is determined by order in council), and a more extensive reporting obligation for undertakings processing a higher volume. The polymer processors comply with the obligation to provide information by reporting to the ILT and providing data on their annual quantities of processed polymers. The ILT records the data in the reporting register and, on this basis, determines per undertaking the total amount of processed polymers on the positive list that are

processed into polymer applications designated by order in council. If this quantity exceeds the threshold laid down by order in council, the undertaking is obliged to comply with the standard on that quantity of polymers. The ILT shall annually communicate to the NEa the names of these undertakings subject to the standard and the total amount of polymers for which they are subject to the standard, once the reporting deadline has expired on 1 February.

The ILT has the authority to verify whether undertakings subject to the information and reporting obligation have come forward and whether the data provided are correct. The ILT also has the power to enforce if the information and reporting obligation has not been complied with and/or if incorrect data has been provided. The ILT shall provide the relevant data of undertakings that must comply with the annual obligation to the NEa.

5.2 Netherlands Emissions Authority (NEa)

The NEa is authorised to open accounts for undertakings that have registered with the ILT in order to comply with the obligation to provide information and that, on the basis of the reporting – which is part of the obligation to provide information – are expected to be subject to standard requirements. In implementing this legislative proposal, the NEa will ensure that the necessary IT infrastructure is in place so that the undertakings subject to the standard can meet their annual obligation. For this purpose, the NEa shall develop and manage a CPU register. In this CPU register, undertakings subject to mandatory standards can enter circular polymers in the CPU register and receive CPUs on their account for this purpose. Each year, the NEa debits the required number of CPUs per undertaking from their account. In addition, the NEa is responsible for monitoring and enforcing compliance with the annual obligation.

6. Supervision and enforcement

The data requested under the information and reporting obligation must be accurate, and the quantities of circular polymers processed must comply with legal requirements in order to be eligible for obtaining CPUs. If (intentionally or unintentionally) incorrectly reported or recorded, a undertaking does not comply with its obligation and/or CPUs are issued incorrectly. This can have far-reaching consequences for confidence in the system, as the CPUs represent a financial value in the market and buyers must be able to rely on the lawful acquisition of the CPUs. Moreover, as far as is currently known, there is no counter-information available on the total amount of polymers processed by an undertaking. Counter-information is reliable and verified information from third parties that can be used to verify the data in the report. The determination of the level of the obligation is therefore based on self-reporting in the reporting register by the undertakings covered by the standard. However, self-reporting alone is not fraud-proof, which is why it was decided to have the data verified by an independent verifier. For entry, only certified quantities of circular polymers may be entered. In addition, for conformity assessment, in this case certification, oversight is necessary because certification is a private matter.

It is therefore important to properly monitor the system. This is performed with a combination of private and public supervision. This chapter describes three forms of supervision that are important for the system of this Bill: (1) public oversight by the ILT, (2) public oversight by the NEa and (3) private oversight by verifiers and certification bodies. Subsequently, the chapter describes the administrative enforcement tools that can be used.

6.1 Supervision by the ILT

In addition to the registration and data processing of the reports of polymer processors, the ILT also monitors compliance with the information and reporting obligation, by checking whether the declaration of the data is correct and complete, including on the basis of the verification reports to be drawn up by independent verifiers and, if necessary, by enforcing it.

6.1.1 Supervision of notification and reporting obligations

The ILT will monitor compliance with the information and reporting obligation. The ILT is the supervisory authority of the Ministry of Infrastructure and Water Management. The amount of the annual obligation per undertaking is determined on the basis of the data provided from the information and reporting obligation. It is important that the ILT

monitors compliance with the information and reporting obligation because there is no counter-information available.

In order to determine which undertakings process polymers, this Bill introduces an obligation to provide information. If polymer processors do not report, they will not be able to comply with the annual obligation. As supervisor of the obligation to provide information, the ILT checks whether all undertakings have actually reported and whether the data are correct.

In order to determine which undertakings must comply with the annual obligation, this Bill introduces a reporting obligation. Undertakings processing polymers are required to report their total volume of processed polymers. If this volume exceeds a threshold set by order in council, the undertaking is required to report the quantities of processed polymers by type of polymer. The NEa determines the level of the annual obligation on the basis of these data. The ILT will monitor the accuracy and completeness of these data. The ILT verifies that the data provided is correct. The ILT works in an information-driven and risk-oriented manner. In specific terms, this means that the ILT acts as a supervisor based on risk analyses of the target group and signals from reports by verifiers.

6.1.2 Monitoring of certification
The ILT will also oversee the certification system. Supervision is desirable, as certification is a private matter. A certification body is not competent to impose fines or penalties. However, a certification body may suspend or withdraw a company's certificate. In this way, a certification body does not fulfil the task of a public supervisor. The ILT will perform its supervisory role over the system and oversee three elements: the establishment of the scheme, the designation of the certification body, and the conformity assessment. The supervision is therefore complementary to the accreditation of certification bodies, because accreditation is not primarily aimed at combating fraud. The details of the system supervision will follow by order in council.

The proposal gives the ILT some administrative enforcement tools at its disposal to carry out recovery or to fine (see section 6.4 Enforcement).

6.2 Supervision by the NEa

In implementing this Bill, the NEa monitors the entries of circular polymers and compliance with the annual obligation. NEa is the independent national authority for the implementation and monitoring of market instruments contributing to a climate-neutral society. Based on data from the reporting register, the NEa determines the annual obligation of the individual undertakings, expressed in CPUs. The NEa then checks whether the undertakings have sufficient CPUs in their accounts at the time of the annual closure on 1 June. In the event that an undertaking does not have sufficient CPUs in its account, the account will be negative. The deficit in the account must be replenished within 3 months. In addition, the NEa verifies whether the volume of circular polymers processed, which a registering undertaking records in the CPU register, indeed meets the legal requirements to obtain CPUs.

Signals resulting from the findings of the private supervisory parties have an important role in the supervision by the NEa. These can be two types of signals: (1) signals from certification and (2) reports of verifiers' findings. NEa has observed that there are very few signals coming from certification. Signals are expected to come mainly from reports of findings that are drawn up during verifications. Based on these signals, the NEa can

carry out inspections at undertakings. During an inspection, the NEa checks whether a undertaking complies with the laws and regulations by, among other things, conducting physical on-the-spot checks, such as auditing the accounts and possibly sampling. The NEa strives for the highest possible compliance with laws and regulations, at the lowest possible burden for undertakings.

The proposal provides the NEa with several administrative enforcement tools to carry out recovery or impose fines (see section 6.4 on enforcement).

6.3 Supervision by verifiers and certification bodies

Private regulators also play a part in this proposal by carrying out verifications and certification. In doing so, private parties are responsible, in an unbiased and impartial manner, for carrying out verification and certification. These parties must be accredited to carry out verifications and certification. The national accreditation body for the Netherlands is the Dutch Accreditation Council (RvA). A verifier will verify that what is stated in the reporting register and the CPU register is actually correct. A certification body is a party which, under agreement with a scheme manager, is entitled to carry out audits and certification of economic operators on the basis of its certification scheme and to issue a certificate. Ex-post checks are carried out to verify whether a undertaking has reported correctly by checking to what extent administrations are consistent with each other.

In order to comply with the standard, polymer processors are obliged to apply two forms of verification: (1) verification of the annual processed volume of polymers and (2) entry verification (verification of the circular polymers entered).

6.3.1 Verification of the quantity of polymers processed
Undertakings must report annually the total amount of polymers processed, broken down by polymer and application, in the reporting register. It is important that this statement is correct and complete, as the annual obligation is established on the basis of this statement. However, no reliable counter-information is available to determine the level of the obligation for each undertaking. This means that without verification, the ILT cannot determine whether the declaration is correct and complete. An annual verification by an independent verifier of the amount of polymers processed by the undertaking removes this uncertainty. Based on the result of the verification, the ILT can then carry out effective supervision because the ILT is informed about declarations that do not meet the legal requirements.

6.3.2 Entry verification
Undertakings receive CPUs based on the amount of circular polymers they have incorporated into products, if these polymers meet the specified requirements. The certificate shows that the company is authorised to produce, import, supply and/or apply circular polymers meeting the applicable certification requirements. However, certification does not demonstrate that circular polymers have actually been supplied and the risk arising from the uncontrolled issuance of CPUs is unacceptably high. The primary instrument for providing this assurance is the entry verification statement that the undertaking must have and that is issued by an independent verifier. In the case of entry verification, the accuracy of the entries is checked on the basis of the data in a undertaking's records (including the amount of circular polymers processed and the presence of certificates). The entry verification statement shows whether the entries comply with all legal requirements for entry. If the entry verification has not been

successfully completed, the verifier shall provide a report of findings to the NEa. Based on the outcome of the verification, the NEa can then carry out targeted monitoring.

6.3.3 The verifier
In essence, a verifier checks whether a reasonable degree of certainty can be obtained about what is being claimed by the undertaking. At its core, a verifier checks the administrations by examining the extent to which administrations are aligned with each other. Verifiers must carry out their activities in accordance with a verification protocol that they have drawn up themselves and that has been approved by a verification committee. The verification protocol is one of the requirements for the accreditation of the verifier by the Accreditation Board.

6.4 Enforcement

In addition to monitoring, it is necessary that enforcement action can be taken. This is because polymer processors may have an incentive not to comply with the current laws and regulations, as it may be cheaper for them to do so, for example. That is why it is also important that sanctions can be imposed. The means of enforcement will depend on the obligation, the party required to fulfil it, and the instrument to which it applies. The following therefore describes how enforcement is arranged for each instrument, for the information and reporting obligation, and for the annual obligation.

6.4.1 Choice of sanction instruments for information and reporting obligation
The ILT is the enforcement body for the information and reporting obligation. The enforcement option corresponding to the ILT includes the possibility of imposing an order subject to periodic penalty payments. In addition to this possibility of administrative enforcement, this Bill provides for the possibility of criminal enforcement through the Economic Offences Act (WED).

The information collected with the information and reporting obligation is important for determining the amount of the annual obligation, and therefore has an impact on the trading system. This means that violations or the provision of incorrect data have consequences for other polymer processors. Finally, it can lead to the unjustified distribution of CPUs. It is therefore important that polymer processors report and provide the correct data to the ILT.

With this Bill, polymer processors are required to report annually on the total amount of polymers processed, broken down by type of polymer and application. This data will be accompanied by verification reports drawn up by independent verifiers.

It is important that this data is provided to the ILT in a timely and correct manner. It is possible that the offender unwittingly fails to comply with the reporting obligation. In that case, this is not acting with intent. For example, when the offender is not yet in possession of all correct data, but can obtain it, or when an offender is not/not yet in possession of verification reports. In that case, an order for periodic penalty payments may be considered in order to achieve compliance.

In addition, it is important that the ILT can take remedial action. If a polymer processor has provided incorrect data, this means that the amount of the annual obligation set by the NEa has also been incorrect. The polymer processor in question may then have received CPUs in error. In that case, the ILT is authorised, by means of the order subject to periodic penalty payments, to order the polymer processor to adjust the reports

retrospectively. The ILT is authorised to impose the penalty order on polymer processors for up to 5 years after the relevant calendar year in order to correct erroneous reports.

Criminal law enforcement via the Economic Offences Act (WED)
In addition to the possibilities of administrative enforcement, this Bill provides for the possibility of criminal enforcement through the WED. Criminal law enforcement should be regarded as the final element. It has been decided that, in principle, all offences should be dealt with administratively, but that they should be punishable if committed under aggravating circumstances. Fraud, such as forgery, or suspicion of intent, is in principle always dealt with under criminal law. If there is an aggravating circumstance requiring criminal enforcement, it is important that the enforcement authorities consult each other closely, in particular in order to avoid any overlap between the imposition of an administrative penalty and criminal proceedings.

6.4.2 Choice of sanction instruments for the annual obligation
In this Bill, it is proposed to include two administrative enforcement instruments for the annual obligation, namely the order subject to periodic penalty payments and the administrative fine. This Bill also provides that the NEa may determinations ex officio. While violations are in principle settled administratively, in aggravating circumstances this Bill provides for criminal enforcement through the Economic Offences Act. Criminal law enforcement should be regarded as the final element.

Infringements due to incorrect compliance with the annual obligation are enforced with an administrative fine, and the board of the NEa can make use of the ex officio determination. It is important that the data on circular polymers are entered correctly. Incorrect entry of circular polymers affects not only the polymer processor subject to the standard, but also the number of available CPUs. Infringements due to non-compliance with the annual obligation or a negative CPU balance on the account for more than 3 months can be enforced with an administrative fine by the NEa.

Burden under penalty payments
It is possible that the offender unknowingly does not comply with the obligation. In that case, this is not acting with intent. For example, when the offender is not yet in possession of all the correct data, but can obtain it. In that case, an order for periodic penalty payments may be considered in order to achieve compliance.

Administrative fine and ex officio determination
The administrative fine is an administrative punitive sanction. By imposing an administrative fine, the offender is directly confronted with its conduct, which will have a preventive effect. In order to determine an appropriate and effective enforcement system, the criteria set out in the Further Report on Administrative Penalty Systems of 26 April 2018 have been followed.[41]

Amount of the administrative fine
In this Bill, the amount of the administrative fine is determined on the basis of the government-wide framework: the Penalty Guide.[42] The maximum amount of the administrative fine is determined in accordance with the applicable criminal penalty category, taking into account the nature of the offender, the benefit obtained from the infringement, the seriousness of the infringement, the effect of the penalty to be imposed, recidivism and the specific characteristics of the policy area. The standard addressees are polymer processors that process more than an amount determined by an

[41] Government Gazette 2018, 31269.
[42] Penalty Guide (2014).

order in council. These are mostly small and medium-sized enterprises (SMEs), but can also be undertakings with million-euro budgets.

The fine shall not exceed EUR 450 000 per infringement, or, if the turnover of the undertaking concerned in the financial year preceding the year in which the decision imposing the administrative fine was taken exceeds EUR 4 500 000, a maximum of 10 % of that turnover.

It has not been decided to enshrine an increase in the maximum fine for recidivism in law. The various forms of supervision, both private and public, the administrative enforcement tools, and the criminal enforcement in extreme cases already provide sufficient corrective options, which is expected to reduce the incidence of recidivism. Any measures relating to recidivism may be specified in a policy rule.

Criminal enforcement through the WED
In the case of aggravating circumstances, intent or fraud, criminal law can also be enforced through the WED. This was chosen because the board of the NEa must be able to take adequate action to enforce the planning law effectively. Fraud, such as forgery, is in principle always dealt with under criminal law. In the case of criminal enforcement, the enforcement authorities shall consult each other thoroughly, in particular to avoid any overlap between the imposition of an administrative sanction and a criminal prosecution.

For the classification of offences in the WED, the starting point is that the less serious environmental offences that mainly relate to the non-fulfilment of administrative obligations and offences in the sphere of rebellion are included under Article 1a(3) of the WED (see Article 5.47 of the Legislative Instructions). However, in order to take sufficient account of the financial capacity within the target group, the criminalisation of the offences for this Bill is regulated under Article 1a(1) of the WED.

6.4.3 Enforcement of the certification system
In addition to monitoring, it is necessary that enforcement action can be taken. The choice of sanction instruments is aligned with Chapter 11a of the Environmental Management Act. This means that the links in the certification chain can be addressed both administratively (through an order under administrative coercion and an order under penalty payment, as well as the suspension and withdrawal of recognitions) and criminally (on the basis of Chapter 11a of the Environmental Management Act and Article 1a(2) of the WED). The ILT is the ideal organisation for administrative enforcement. The ILT has already gained a great deal of knowledge and experience as a supervisory authority and administrative enforcer of certification schemes. The supervision and enforcement of the certification chain will be further elaborated by order in council.

7. Financial impact

The costs for polymer processors will increase in the short term with the introduction of this obligation. First, there may be additional costs for the application of recyclate and bio-based polymers, in particular for polymer processors that do not currently apply circular polymers. How high these additional costs are depends to a large extent on the availability of bio-based polymers and the availability and quality of recyclate, as well as the prices of virgin fossil polymers and therefore the price of oil. The current global overproduction of virgin fossil plastic leads to low virgin plastic prices. It is uncertain how these prices will relate in the future. CE Delft has calculated that the additional costs for the use of recyclate and/or bio-based polymers compared to virgin fossil polymers range

between EUR 500 and EUR 1 000 per ton of circular polymer.[43] The circular plastic incentive policy stimulates quality improvement and a reduction in the production costs of circular plastic. The additional costs depend on the increase in production capacity for recyclate and bio-based polymers. Sufficient and timely capacity expansion can reduce additional costs. In the event of shortages, the additional costs may increase. In addition to the aforementioned additional costs, additional costs also arise when a polymer processor has not applied sufficient circular polymers and will have to purchase CPUs. Finally, production costs for polymer processors may increase. On the one hand, because they have to make adjustments in their production process; on the other hand, due to increased administrative costs, for example, by adjusting software and costs incurred for certification.

On the other hand, there are incentives from the Climate Fund. The government has earmarked a total of EUR 267 million for this purpose. Of this amount, EUR 129.1 million has already been allocated. EUR 137.9 million has been granted subject to conditions, namely that the proposal for the legislative amendment must be discussed in the Council of Ministers for agreement to transfer the proposal to the Advisory Division of the Council of State. These funds are intended for a significant capacity expansion and quality improvement of recyclate and bio-based plastics by stimulating the upscaling of recycling techniques (new or otherwise) and production facilities for bio-based polymers (investment grants), providing financial support to polymer processors in conversion, and facilitating knowledge transfer, collaborations, and the acquisition of new skills. In addition to increasing demand, stimulation is necessary to increase the supply of circular polymers.

In addition to the coherent package of normative, pricing, and incentive measures resulting from the introduction of this obligation, there are other subsidy resources that can be used for circular plastic. For example, the national growth fund proposal for circular plastics (Circular Plastics NL, CPNL) is relevant. Circular Plastics NL focuses specifically on the scaling up of chemical recycling. The stimulation of the Climate Fund also aims at scaling up innovative sorting and mechanical recycling, in addition to chemical recycling. The incentive measures accelerate the quality improvement of recyclate and the cost reduction of sustainable plastic, as is also foreseen by the plastic producers.[44] The average costs of chemical and mechanical recycling and of biobased plastics decrease by 2-3 % per year.

Moreover, a positive financial impact can be expected for polymer processors that process more bio-based polymers and recyclate than their annual obligation (as they can earn from trading CPUs). Positive financial impact can also be expected for producers of bio-based polymers and recyclate, for sorters and for waste companies. Research by Rebel into the potential benefits of the standard indicates that an increase in employment can be expected among these players.[45] This increase strongly depends on the mix between mechanical recyclate, chemical recyclate, and bio-based polymers that polymer processors will use. Therefore, the calculated range of this growth is wide; Growth is expected to be between 500 and 1 500 full-time jobs. Part of the subsidy budget described above is aimed at ensuring that staff have the right skills to fill those new jobs. This is particularly important in the current context of labour market shortages. Rebel's research also points to other possible positive economic consequences, such as knowledge building and acceleration of innovation regarding circular polymers and

[43] CE Delft, Plasticnorm - Quickscan economische effecten, 2024.

[44] The plastic transition, Plastics Europe, 2023.

[45] Rebel, Potentiële baten Plastic norm – Quickscan van economische effecten in twee scenario’s, 2024.

stimulation of foreign investment in the Netherlands. These effects have not been further quantified.

The implementation costs for the government resulting from the design, implementation, and execution of this measure are estimated at a total budget of EUR 25.8 million until 2030. This concerns costs for policy advice and development, costs related to the implementation, supervision, and enforcement of information and reporting obligations by the ILT, implementation tasks at the NEa, register construction and maintenance, and supervision of certification by the ILT. The implementation costs will be part of the administrative budget of the Ministry of Infrastructure and Water Management after 2030. In principle, this is based on the equipment budget of the Directorate-General for Environment and International Affairs.

8. Evaluation

The legislation will be evaluated in 2029. This review period is necessary in order to determine the level of the annual obligation after 2030. The evaluation is conducted on the basis of data collected through the information and reporting obligation and the data collected by monitoring CO_2 reduction. This provides an overview of the processed polymers, broken down by type and application, and the achieved CO_2 reduction through the use of circular polymers. Based on this data, an evaluation of the standard will take place to determine the level of the annual obligation after 2030 and to what extent the scope of the standard can be extended in the long term.

9. Advice and consultation

9.1 Online consultation

The draft Bill has been published on www.internetconsultatie.nl, allowing everyone to express their views on the subject from 19 April to 31 May 2024.

A total of 103 responses were submitted, 86 of which were public. The responders are polymer processors, polymer producers, waste and recycling companies, environmental organisations, industry associations, other organisations and individuals. The main lines of these reactions are described below, broken down by theme.

9.1.1 Aim of the Bill
In a share of the responses to the internet consultation, support was expressed for the choice of a circular plastic standard. It is regarded as an incentive to use recyclate and provides certainty for investing in scaling up the production capacity of recyclate. In addition, the internet consultation indicated that the Bill contributes to climate objectives and the circular economy. Responses have also been submitted indicating that the draft Bill does not contribute to the stated objectives. It stated that it would not contribute to reducing the production and use of virgin fossil plastic and it is not certain whether the indicated reduction of CO_2 emissions will be achieved.

9.1.2 Target group of the Bill
The responses to the internet consultation regarding the choice of Dutch processors are divided. A number of responders agree with the decision to place the annual obligation on the processors, as this will increase the market share of sustainable alternatives. However, several responses have been submitted expressing concerns about the impact that the circular plastic standard will have on Dutch processors. A number of responders asked for more clarity on the possible consequences of the flat-rate element. For example, there are concerns about the possible relocation of production abroad. Suggestions have been made to reduce the potential loss of production by compensating Dutch processors with subsidies or other forms of compensation.

The government understands the concerns about the impact of the circular plastic standard on Dutch polymer processors. In response to these concerns, a study has been launched to provide insight into the economic effects of the circular plastic standard for different types of polymer processors. Partly as a result of reactions to the internet consultation, the government has further investigated the effects of the flat-rate element. The flat-rate element did not have the desired effect. Therefore, in the amended version of the Bill, the flat-rate element has been removed and section 2.3.1 has been rewritten. In the internet consultation, several parties requested that Dutch polymer processors be compensated for the cost price increases as a result of the circular plastic standard. The government has investigated the possibilities for this and continues to focus on stimulating the supply and use of circular plastic with the already earmarked EUR 267 million in subsidies from the climate fund. Compensating an unprofitable peak is not possible. First of all, because this is contrary to the State aid rules. By compensating for an unprofitable top, Dutch companies are given an advantage over companies from other European Member States. In addition, such compensation requires a substantial amount of money, with that money not being available at the moment. However, the use of an instrument such as SDE++ to compensate for the unprofitable peak does not work optimally either. Firstly, because it is a generic operating grant – whereas bio-based and circular techniques are very heterogeneous in nature. In addition, the available information for circulars (new or otherwise) is often

limited, making it impossible to reliably determine the subsidy amount. In addition, a generic subsidy instrument could excessively stimulate certain circular techniques, potentially displacing other circular techniques.[46]

9.1.3 Scope of the legislative proposal
In the internet consultation, several responders made suggestions regarding the scope of the legislative proposal. For instance, several responders request that pre-consumer recyclate be covered by the standard. In addition, it was requested to exclude certain applications, to make a clear distinction between applications, or to distinguish between product groups.

Government response
The requests to include pre-consumer recyclate in the standard have not led to amendments to the Bill. The government has deliberately chosen not to include pre-consumer recyclate in the standard. Pre-consumer recyclate does not require additional legislation, as there are already sufficient incentives to use pre-consumer recyclate. Encouraging the use of this waste stream through legislation can lead to an increase in the volume of waste generated, associated waste, and a lower use of post-consumer waste as a raw material for new products. This is undesirable, because it does not lead to a reduction in plastic waste. However, post-consumer waste is still underused as a raw material for new products. This means that additional legislation specific to this category is needed. The government has taken heed of the various requests to exclude certain applications. It is determined by order in council whether and which applications could be excluded from the circular plastic standard. To make this possible, the information and reporting obligation includes the requirement to distinguish the applications for which the polymers are processed in the reporting. The scope has also been further delineated, with the amended proposal only using a positive list of polymers. This has led to an amendment to section 2.3.2.

9.1.4 System for complying with the standard
In the internet consultation, attention was drawn to the feasibility of the system in order to be able to comply with the standard. These responses concern issues such as the information and reporting obligation, regulatory burden, supervision and enforcement, certification, and the possibility to apply the mass balance approach.

Government response
The government has taken heed of the questions and suggestions from the internet consultation on the feasibility of the system to comply with the standard. As a result of the responses to the internet consultation, the information and reporting obligation has been adjusted and further delineated in two ways: 1) the reporting obligation for different types of polymers applies only to companies with an annual processing volume above a threshold set by order in council; 2) these companies are only obliged to report on the polymers of which more than 250 kilograms are processed. Only then is a polymer processor obliged to report on types of polymers. This has been done in order to keep the administrative burden for polymer processors that are not subject to standards as low as possible. Polymer processors that are not subject to the standard are no longer required to report to the NEa, but only to the ILT. On the basis of these changes, section 2.3.4 has been rewritten. The government recognises the importance of a sound system of monitoring and enforcement, as also indicated in the responses to the internet consultation. In cooperation with the ILT and NEa, the roles and competences of both implementing organisations have been further described. This has led to adjustments to

[46] CE Delft, Suggesties voor aanvullend circulaire economiebeleid – Quickscan beoordeling effecten van circulaire maatregelen, Jan. 2024.

Chapter 5 ‘Implementation’ and Chapter 6 ‘Monitoring and enforcement’. The Government recognises the importance of a proper system of certification and supervision. The government believes the ILT to be ready to supervise the system of certification and conformity assessment bodies. It allows the application of the mass balance approach, meaning the government is in line with EU legislation regarding the mass balance approach.

9.1.5 Trading system
In the internet consultation, suggestions were made regarding the further elaboration of the trading system. Several responders question whether the proposed trading system will have the desired effect. For the further development of the trading system, several proposers have made suggestions relating to the valuation of CPUs.

Government response
The government understands the concerns about the possible effects of the trading system. In response to these concerns, it was decided to include the basis for an urgency clause in this Bill. This is described in Article 9.11.2.6. This offers the possibility to intervene when market conditions lead to undesirable effects. The purpose of the urgency clause is to provide certainty to the market. The starting points for the elaboration of this instrument are that it should be proportionate, practicable and enforceable. The government aims for a trading system that stimulates production based on circular polymers with both extensive and limited application possibilities. Suggestions have been made to incentivise ‘high-quality’ recycling by increasing the number of CPUs awarded. It has been decided by the government not to include this for the time being. Nevertheless, Article 9.11.4.4 includes a possibility to apply a multiplication factor. This makes it possible in the future, if necessary, to work out a multiplication factor by order in council.

9.1.6 Relationship with EU legislation
In the internet consultation, several responses were submitted concerning the circular plastic standard and its relation to European laws and regulations. Some of the responders indicate that starting nationally is not effective and question the necessity for national standards. Some of the responders deem it desirable to start at the national level and see this as an opportunity, provided that the right conditions are met. In addition, a number of responders are calling for harmonisation of the circular plastic standard with future EU standards.

Government response
Partly as a result of the responses to the internet consultation, section 3.2 has been amended. The government's starting point is that the circular plastic standard is designed in such a way that it works differently from European recyclate requirements announced at product level. European announced regulations that require a minimum share of recyclate do not apply to raw materials, but only to certain products such as packaging. The scope of the European recyclate standards is therefore much narrower than that of the circular plastic standard. For elaborating the circular plastic standard, the government aims to align as closely as possible with existing European agreements, such as certification of recyclate and the level of recyclate standards.

9.1.7 Availability and price of recyclate
In the internet consultation, several responders raised concerns about the availability and price of recyclate. There are concerns about the limited supply of suitable recyclate and bio-based polymers. In addition, there are several responses expressing concerns

about the price difference between recyclate and virgin fossil plastic, and the consequences this has for processors in complying with the standard.

Government response
The government shares the concerns about the availability and price of recyclate compared to virgin fossil plastic. For this reason, the basis for an urgency clause has been added in the amended version of the Bill. This makes it possible to intervene when market conditions limit the ability of polymer processors to comply with their annual obligation. This is because there is a limited possibility of influencing the price of recyclate compared to fossil, as it is a global market. Nevertheless, there is the possibility for the government to influence the demand and supply of recyclates. The circular plastic standard aims to increase the demand for recyclate. The circular plastic standard must be seen in conjunction with the circular plastic hub. The aim of the circular plastic hub is to increase the supply of recyclate.

9.1.8 Relationship of the standard with the plastic waste and recycling sector
In the internet consultation, space was given to answer the question to what extent the Bill contributes to setting the right frameworks for the success of a climate-neutral and circular economy with an eye to the economic position of the plastic sector. A single responder has responded directly to this and has indicated that the Bill does not contribute to setting the right frameworks. A number of responders have given an indirect answer by drawing attention to the difficult economic situation of the Dutch waste and recycling sector. These responders request additional measures to assist these companies.

Government response
This legislative proposal for a circular plastic standard must be seen within the broad policy landscape for circular plastic, as set out in the National Circular Economy Programme.

9.2 Opinion of the Advisory Board on Regulatory Burden

On 22 April 2024, the draft legislative proposal and the accompanying explanatory memorandum were submitted to the Advisory Board on the Assessment of Regulatory Burdens (ATR) for the assessment of administrative burdens and regulatory consequences. The ATR's opinion was not to submit the draft Bill, based on the following points:

1. *The risk and magnitude of leakage effects should be further quantified. This should also include the potential positive effects, such as the aforementioned first mover advantage, and the potential negative effects, such as unforeseen side effects arising from potentially adverse incentives in the trading system.*

   The government has taken heed of this opinion. Following this opinion, the existing picture of the macroeconomic effects of the circular plastics standard for polymer workers will be further refined based on different types of companies and on different links in the plastics chain. The research results will be taken into account in the further elaboration of the order in council.

2. *It should be clarified why the choice is made to anticipate European legislation, and how unnecessary regulatory burden is avoided by taking into account this upcoming legislation. It should furthermore be explained which alternatives exist for the certification system and why the chain of custody model was chosen.*

Partly in response to this opinion, Chapter 3 ‘Relationship to higher law’ has been rewritten. It should be noted that this upcoming legislation is not yet in preparation. For elaborating the circular plastic standard, the government aims to align as closely as possible with existing European agreements, such as certification of recyclate and the level of recyclate standards. The ATR’s request for further clarification on the choice of the certification system is incorporated in section 2.3.5 of this Explanatory Memorandum. The alternatives available for the certification system and the reasons for choosing the chain of custody model are described here.

3. *The way in which the business sector is involved in the design of the standard and the points of concern they have raised should be described in the explanatory memorandum. Industry should also be actively involved in the design of the certification system for each* order in council*.*

   On the basis of this opinion, section 4.3 of this explanatory memorandum has been amended. The manner in which the industry is involved in the development of the standard and the points of concern they have raised have been included. Industry will be actively involved in modelling the certification system by order in council.

4. *The regulatory burden approach must be supplemented and elaborated in accordance with the government-wide methodology.*

   On the basis of this opinion, the regulatory burden approach has been supplemented and elaborated. This is described in section 4.2.2 of this explanatory memorandum.

The final decision of the Board is not to submit the Bill, unless the above advisory points have been taken into account. The government has taken these points to heart, amended the Bill, and decided to submit the Bill after making these adjustments. The government recognises the importance of involving the business community and involves it in the further elaboration of the order in council.

9.3 Verification of enforceability, practicability and fraud-proofing (HUF)

As intended implementers and supervisors in this Bill, both the NEa and the ILT have assessed the draft Bill and the explanatory memorandum for enforceability, practicability and fraud resistance.

9.3.1 ILT’s HUF test

The ILT has indicated in its HUF test that it is not yet in a position to give a detailed opinion on the enforceability, practicability and fraud-proofing, because the information and reporting obligation and the role of supervisors are still being elaborated in an order in council. However, the ILT has highlighted four points for attention; 1) the implementation of the notification register; 2) the instruments and sanctions; 3) certification; 4) susceptibility to fraud.

1. *Implementation of the reporting register*
   First of all, the ILT provides points of attention regarding the implementation of the reporting register, indicating that it does not deem it self-evident that this role should be assigned to the ILT, but can arrive at an indication of the implementation costs based on a clear role description.

The points of attention of the ILT have been taken into account in the elaboration of the current version of the legislative proposal. The roles and powers of the ILT in relation to the reporting register are described in section 5.1.

2. *Instruments and sanctions*
   With regard to the instruments and sanctions, the ILT stresses the importance of proper information for the target group, and a clear specification of the supervision and enforcement for each obligation. The ILT furthermore stresses the importance of considering in advance which aspects of supervision can contribute to achieving the intended policy objectives, so that there is an appropriate balance between implementation costs on the one hand, and the supervisory burden and social impact on the other.

   The government recognises the importance of proper information for the target group. In the years prior to the entry into force of the Act, the Ministry of Infrastructure and Water Management, in cooperation with the sector representation, will commence information activities for the target group on the preparations to be made for the upcoming laws and regulations and associated obligations. Partly as a result of this opinion, the description of supervision and enforcement has been further specified in Chapter 6, 'Supervision and enforcement'.

3. *Certification:*
   With regard to certification, the ILT recommends careful consideration, partly on the basis of the conditions formulated in the government's position on certification and accreditation.

   The government recognises the need for careful consideration on the basis of the conditions set out in the government's position on certification and accreditation. This has been one of the reasons for initiating an investigation into the further development of the certification system and the manner in which public oversight is organised. This study is carried out in collaboration with the ILT, using as a guideline the Cabinet position 'Certification and accreditation in the context of public policy', including the underlying report and the forthcoming final report of the ILT interim report 'More insight into and supervision of certification'. [47] [48]

4. *Susceptibility to fraud*
   Finally, the ILT stresses the susceptibility to fraud of these regulations in relation to the monetary value that circular polymers will have in the trading system.

   The government takes heed of this opinion. Fraud risks are investigated in the further elaboration of the trading system, and measures are taken to mitigate them.

9.3.2 NEa's HUF test

In its HUF test, NEa supports the initiative of this Bill and views the obligation as a contribution to the goals of reducing greenhouse gas emissions, decreasing dependence on fossil raw materials and alleviating environmental pressure. However, the NEa sees risks for implementation, enforceability, and fraud resistance in this Bill. The NEa identifies six points of concern in the legislative proposal, and makes suggestions for improving the feasibility of the legislative proposal; 1) completeness of the annual

[47] Kabinetsstandpunt 'Certificatie en accreditatie in het kader van het overheidsbeleid'

[48] Tussenrapportage Meer inzicht in en toezicht op certificering | Signaalrapportage | Inspectie Leefomgeving en Transport (ILT) (ilent.nl)

obligation; 2) completeness of the target group; 3) the flat-rate element; 4) verification; 5) fraud risks; 6) capacity.

1. *Completeness of the annual obligation*
   In its HUF test, the NEa stresses the importance of a clear distinction between the reporting register and the CPU register, and that the draft legislative proposal did not yet distinguish between polymer processors that have come forward and polymer processors that have not come forward. The NEa should rely on the accuracy of the data from the reporting register. It therefore indicates that it prefers the Minister (preferably the ILT) to be responsible for the completeness of the annual obligation. In addition, the NEa indicates that it is preferable for the Minister (preferably the ILT) to have the authority to determine the amount of polymers incorporated in part or end products ex officio.

   The government recognises the importance of a clear distinction between the reporting register and the CPU register. As a result of this advice, the Bill has been amended. In the amended version of the Bill, the ILT is responsible for the completeness of the annual obligation as an implementer of the information and reporting obligation. The NEa's responsibilities are therefore limited to the accuracy of the entries. In its response, the NEa indicates that it is preferable for the ILT to have the power to determine the amount of polymers incorporated in part or end products ex officio. The Government acknowledges the importance of the power to rectify incorrect reports ex post, by means of an ex officio determination. However, it should be noted that the ILT does not currently have any experience or authority to establish data ex officio. In consultation with the ILT and the NEa, it has therefore been decided to leave the responsibility for restoring reports to the business community, by having the ILT impose a penalty order.

2. *Completeness of the target group*
   The Bill gives the NEa the power to exclude certain types of polymers and applications from the annual obligation. The NEa advises assigning this authority to the implementing organisation that will carry out the reporting obligation, preferably the ILT. With regard to the reporting obligation, the NEa makes four suggestions. First of all, the NEa argues that the reporting obligation should not apply to polymer processors who do not have an annual obligation. Second, the NEa indicates that it is desirable that the proposal distinguishes between polymer processors that have reported and those that have not. Third, the NEa advocates tightening the definition of the target group by clarifying definitions such as 'processing', 'subproduct' and 'end product'. Finally, the NEa indicates that the Bill does not yet have a basis for establishing a lower threshold for the reporting obligation.

   The Government has adopted this opinion. The power to exclude certain types of polymers and applications from the annual obligation is vested in the ILT, as the implementing party for the information and reporting obligation. With regard to the obligation to provide information, the government partly accepted the suggestions made by the NEa. The NEa argues that the obligation to provide information should not apply to polymer processors that do not have an annual obligation. This advice has not been accepted. It is not possible to determine in advance which polymer processors have an annual obligation without these polymer processors having first reported themselves. This is because no counter-information on the amount of polymers processed by polymer processors is available, meaning it cannot be checked without an obligation to provide information. The NEa calls for a tightening of the definition of the target group by clarifying definitions such as 'processing',

‘subproduct’ and ‘end product’. This opinion has been partially adopted. The definition of ‘subproducts and end products’ is provided. The NEa indicates that the Bill does not yet have a basis for setting a lower limit to the obligation to provide information. No basis for establishing a lower limit for the obligation to provide information has been added, with starting point being that every polymer processor must report. However, a basis for a lower limit has been added to the reporting obligation in Article 9.11.1.7(3). Where a polymer processor has processed less than this lower limit for the total amount of processed polymers, indicating this total amount of processed polymers will suffice. This means that this polymer processor is exempt from the annual obligation.

3. *The flat-rate element*
   With regard to the flat-rate element, the NEa states that it is not yet possible to assess the effects of the flat-rate element and recommends that the potential effects of the flat-rate element on the market be investigated. The NEa furthermore stresses the importance of ensuring that a flat-rate element on the entry side is reflected in the certification, and recommends that extra attention be paid to this in the design of the underlying regulations.

   Partly in response to this opinion, the government has further examined the effects of the flat-rate element. The flat-rate element did not have the desired effect. Therefore, in the amended version of the Bill, the flat-rate element has been removed and section 2.3.1 has been rewritten.

4. *Verification*
   In its HUF test, the NEa indicates that the Bill still lacks a basis for the verification of the volume of polymers processed in subproducts or end products, while verification of this is important for the fraud-proofing of the system.

   Following this opinion, the basis for the verification of the volume of processed polymers in subproducts or end products has been added in Article 9.11.1.7(4).

5. *Fraud risks*
   The Bill creates a basis for a credit multiplier when entering a quantity of circular polymers incorporated in subproducts or end products delivered. The NEa advises first investigating the potential fraud risks, before these multipliers are introduced into underlying regulations.

   The government takes heed of this opinion. Potential fraud risks will be investigated in the elaboration of the order in council before multiplication factors are introduced in underlying regulations.

6. *Capacity*
   The NEa emphasises that due to limited capacity, there is a risk that the public oversight by the NEa is not sufficient to provide the safeguards that the importance of the system warrants. The NEa therefore advises limiting the task of the NEa to the accuracy of the recorded circular polymers.

   The Bill has been amended partly as a result of this opinion. Under the current proposed system, the ILT is responsible for the completeness of the basis on which the annual obligation is established, and the NEa is responsible for the accuracy of the entries.

10. Coming into operation

The entry into force of the provisions of this proposal – together with the provision of the accompanying order in council and the ministerial regulation – is envisaged on 1 January 2027.

B. Article-by-article explanatory notes

Article I, Subsection A

Article 9.11.1.1

The definitions of ‘polymer’ and ‘polymer processor’ require further clarification. The term ‘polymer’ is derived from the REACH Regulation. A polymer is a substance composed of molecules characterised by the sequence of one or more types of monomer units. These molecules must be distributed over a range of molecular weights. Differences in molecular weight are primarily due to differences in the number of monomer units. A polymer meets the following criteria:
— more than 50 percent by weight of that substance is composed of polymer molecules and
— The amount of polymer molecules with the same molecular weight must be less than 50 percent of the weight of the substance.

In practice, additives or fillers may be added for the processing of polymers. Since the polymer processor is designated as the standard addressee in this title, the definition of ‘polymer processor’ makes it clear that it falls within the scope of this section, both for the processing of pure polymers and for polymers to which additives or fillers have been added. Section 2.3.1, ‘Target group’, of the general part of the explanatory memorandum further indicates that polymer processing consists of two steps. The definition provision is in line with the second processing step.

Moreover, the concept of circular polymers requires further clarification. A circular polymer is a polymer based on carbon-containing raw materials where those raw materials avoid or replace the use of additional fossil carbon from the geosphere. Circular carbon can come from the biosphere (biofeedstocks), the atmosphere (CO_2) or the technosphere (waste) – but not from the geosphere.

Article 9.11.1.2

This Title will in principle apply to all polymer processors established in the Netherlands. The definitions state that a polymer processor is an undertaking within the meaning of Article 5 of the Commercial Register Act 2007.

It is furthermore apparent from the definitions that the polymer processor does not only have to process ‘pure’ polymers as referred to in Article 3(5) of the REACH Regulation in order to enter within the scope of this Title. The polymer processor can also process polymers to which additives or fillers have been added.

Articles 9.11.1.3 to 9.11.1.5

Article 9.11.1.3 regulates the reporting register of polymer processors kept by Our Minister, pursuant to Article 9.11.1.4. This reporting register shall process the data provided by the polymer processor pursuant to Articles 9.11.1.6 and 9.11.1.7. As indicated in the general part of the explanatory memorandum, these details still need to be specified. Section 2.3.4 of the general part of the explanatory memorandum also sets out which data may be involved. The specification of the data must be in line with the purpose of the reporting register, namely the enforcement of the annual obligation of processors.

This Title therefore applies in principle to undertakings. Companies processing polymers can be both legal entities and natural persons. In the case of a natural person, even if they are employed by a legal person, the application of this proposal may involve personal data being processed. Article 9.11.1.5 provides a basis for laying down rules by or pursuant to order in council for the processing of personal data on the basis of the GDPR. This concerns in particular the provision, storage and deletion of data. For instance, the provision of data to the board of the NEa can be arranged by order in council. In this way, the NEa obtains the correct information for monitoring the processor's annual obligation. Data may also be provided for other purposes, such as to Our Minister in connection with policy-making. The polymer processor itself will also have to have access to its own data entered in the register at all times.

Articles 9.11.1.6 and 9.11.1.7

The information and reporting obligation applies to all polymer processors for all polymers they process, even if certain polymers or polymer applications are not subject to an annual obligation (see Article 9.11.2.1). This provision provides Our Minister with insight into which polymer processors exist and how many polymers they process. Our Minister requires this information in order to indicate to the polymer processor which polymers data are sent for them to the NEa. On the basis of this information, Our Minister can also determine whether the annual obligation should apply in the future to other polymer applications, which were previously excluded. For these purposes, the information to be provided by the polymer processor, such as information on processed polymers and polymer applications, may be determined by or pursuant to order in council. Rules can also be laid down by or pursuant to the order in council regarding the timing of the submission of information and the manner in which the information is submitted. The information and reporting obligation is further explained in section 2.3.4 of the general part of the explanatory memorandum.

Paragraph 7 provides that the data provided by the polymer processor pursuant to this provision must be retained by the processor for 5 years. This is important for the investigation that the ILT, and in connection with the annual obligation, the NEa and the Public Prosecution Service must be able to conduct into the accuracy of these data.

Since it concerns the processing of personal data in the register, as referred to in Article 9.11.1.3, privacy aspects must be taken into account in this further elaboration.

Articles 9.11.1.8 and 9.11.1.9

The verifier's declaration will be submitted to the ILT before 1 June of the calendar year following the reporting year. The polymer processor does not have to wait until 1 June; it may also submit a statement from a verifier immediately after issuing a report. The verifier may not issue a statement for a report that does not meet the requirements.

The retention period of 5 years is related to the retention period of the report, and the data and documents submitted with the report (Article 9.11.1.7(6)).

The requirements to be set by or pursuant order in council concern, for example, the independence and possible accreditation of the verifier and the framework of standards against which the verifier must assess during the verification.

Article 9.11.1.9 provides that the ILT requests the polymer processor to enter the correct data on the amount of polymers processed in the reporting register if, for example,

verification shows that the data previously entered is incorrect. Paragraph 2 provides for the possibility of rectifying the data sent to the NEa, such as in the event that the polymer processor has entered incorrect data in the reporting register. Pursuant to Article 9.11.2.4, the NEa may subsequently amend these data in the account of the polymer processor in the register.

Article 9.11.2.1

This provision lays down the annual obligation with which the polymer processor must comply. An order in council establishes a percentage of the total weight of polymers incorporated by the polymer processor into the delivered subproducts or end products. Furthermore, for the application of the annual obligation by order in council, polymer types can be designated and polymer applications can be excluded. When drafting the order in council, it is examined for which polymer types and polymer applications the introduction of an annual obligation is feasible. The list of polymer types and polymer applications can be further extended over time.

Article 9.11.2.2

The polymer processor can only meet the annual obligation in one way. That is by having sufficient CPUs in its account in the register on 1 May, which are then written off by the NEa’s board (Article 9.11.2.5). All polymer processors subject to the annual obligation referred to in Article 9.11.2.1 will request the NEa to open an account in their name in the register. The polymer processor is therefore obliged to have an annual obligation facility account in the register, keeping a record of their CPUs on this for each calendar year.

If in any calendar year thereafter the polymer processor is not subject to an annual obligation, the annual obligation facility account will continue to exist. If the polymer processor is subsequently not subject to an annual obligation for 2 consecutive years, this account shall be closed.

Article 9.11.2.3

The annual obligation is a percentage of the total weight of polymers processed by the polymer processor into the delivered subproducts or end products. In order to be able to calculate the annual obligation, that quantity must be known. For this purpose, data from the reporting register shall be provided to the NEa. It is regulated by or pursuant to order in council which data from the reporting register is mentioned when entering it into the account. In addition, rules can be laid down by order in council regarding the manner in which the data is provided.

Article 9.11.2.4

Where a polymer processor fails to declare and report the number of kilograms of its supply of polymers processed into subproducts or end products, the annual obligation for that supplier cannot be established. It is also possible that polymer processors indicate too low an amount. To prevent a polymer processor from circumventing the obligation in this way, this article grants the board of the NEa the authority to determine that quantity ex officio. Imports may also be adjusted to the advantage of the polymer processor if it is found that imports were too high. The detailed specification of data reported by the polymer processor, and subsequently recorded and provided, is regulated by an order in council pursuant to Article 9.11.1.4. For this reason, the processing of these data in the

event of an ex officio determination by the NEa is also regulated by the order in council. As the annual obligation is linked to the delivered subproducts or end products, the number of CPUs to be accounted for follows from that automatically determined quantity. Article 9.11.2.5(1) will then apply.

Article 9.11.2.5

On 1 June, the board of the NEa will write off the number of CPUs owed by a polymer processor for the previous calendar year. In order to do so, a sufficient balance is required. Processors of polymers therefore have until 1 May of the calendar year following the calendar year for which the annual obligation applies to acquire sufficient CPUs.

The ex officio determination of an amended quantity of polymers on the basis of Article 9.11.2.4(2) may result in the determination being higher or lower than the balance of CPUs. In such cases, paragraphs 2 and 3 empower the board of the NEa to write off or credit the difference. If a deficit in the account subsequently arises, this must be covered. with the account holder having 3 months to do so. A consequence of a deficit is that no CPUs can be transferred by the account holder with the deficit (see Article 9.11.3.4).

Article 9.11.2.6

The proposed paragraph 1 of this article includes the possibility to adopt temporary measures if a situation of market failure occurs. As a measure, the government can grant the NEa the authority to grant an exemption to a processor for all or part of the annual obligation under certain conditions. This article also allows the government to grant the NEa the authority to grant exemptions to polymer processors under certain conditions. For an explanation, see section 9.1.5 of the general part of this explanatory memorandum.

Article 9.11.3.1

This provision provides for the inclusion of CPUs in the register of circular polymer units. Pursuant to paragraph 2, the value of this tradable unit is determined as one kilogram of circular polymers supplied for the production of subproducts or end products. This quantity then represents the value of one circular polymer unit.

Article 9.11.3.2

CPUs exist only to enable polymer processors to meet their annual obligation. In view of this objective and for reasons of manageability and fraud risks, CPUs exist only in a closed market. It follows from the provision that CPUs can only be held in the register of circular polymer units. This enables the NEa to monitor the CPUs, thereby reducing the risk of fraud.

Article 9.11.3.3

CPUs exist only in a closed market and can only be held in the register of circular polymer units. As a consequence, those CPUs can only be transferred within that register. This is reflected in the provision that CPUs can only be transferred between undertakings that have an account in the register of circular polymer units.

Article 9.11.3.4

As far as the transfer (i.e. sale) of CPUs is concerned, a deficit in the account is not permitted. An account holder can therefore never transfer (sell) more CPUs than they have in their account in the register. This also means that if a deficit has arisen as a result of the amortisation of CPUs by the board of the NEa, either to meet the annual obligation (see Article 9.11.2.5(2)) or as a result of incorrect entry (see Article 9.11.4.10(1)), no CPUs can be transferred to another account holder before the deficit has been remedied. If an account holder has a deficit in its account, it can of course receive (buy) CPUs to supplement its deficit. However, it can only transfer (sell) CPUs again if its balance is positive.

Article 9.11.3.5

The transfer of CPUs takes place through what is known as the delivery. with this article determining how the delivery takes place. The provision that transitions other than transfers, which require delivery by transfer to the recipient’s account, only take effect against third parties after the transition has been registered, contributes to keeping the register up to date. In order for the acquiring party to assert rights over the CPUs, those CPUs must have been credited to its account in the register.

Article 9.11.3.6

This Article provides security to the party who has obtained one or more CPUs by being credited to their account in the register. What matters is the certainty that those CPUs are now belong to it. Since the contract underlying the supply is not part of the register of circular polymer units and the NEa’s administration cannot have any insight into it, it is not desirable that circumstances outside the register may have an impact on the number of CPUs held in an account in the register of circular polymer units. This is provided for in this provision.

Article 9.11.3.7

CPUs exist only within the register of circular polymer units, are by their nature of a temporary nature, are therefore hardly suitable as a means of redress and will generally constitute only a limited part of the assets of the undertaking on whose behalf they are held. This means the possibility of establishing a lien on a CPU is not desirable. In addition, if it were possible to establish a lien on a CPU that should have to be performed by entering that lien in the register of circular polymer units (Article 98 of Book 3 of the Civil Code). However, the register of circular polymer units is not able to show that a right of lien is established on a CPU. The above is also a reason to exclude the establishment of usufruct and the laying of attachment.

Article 9.11.4.1

This article forms the basis for the creation of CPUs. Circular polymers that meet the requirements set out in Article 9.11.4.2 may be entered in the register of circular polymer units. That entry shall lead to the issuance of CPUs by the board of the emission authority. Therefore, as entry in the accounts is a prerequisite for conversion into CPUs, only circular polymers can be converted into CPUs.

Paragraph 2 aims to prevent the entry of circular polymers for which the entry as a polymer processor is not subject to an annual obligation. Circular polymers can be registered while it is not yet completely clear whether the polymer processor is subject to an annual obligation for these circular polymers. This may differ per calendar year, which makes it unclear for polymer processors that are around the threshold of the annual obligation whether they can enter circular polymers. For that reason, paragraph 2 stipulates that these circular polymers can also be entered in the accounts for two consecutive years after an annual obligation has been applicable.

Article 9.11.4.2

On the basis of this article, various categories of circular polymers can be designated by order in council that can be entered in the register. These are categories of recyclate or bio-based polymers. On the basis of paragraph 2, entry in the register is subject to requirements for the designated type or types of circular polymers. Requirements for certification may, for example, be laid down in or pursuant to this order in council, in combination with Chapter 11a of the Environmental Management Act.

Article 9.11.4.3

The manner in which the entry maker can demonstrate that the quantity entered meets the requirements for the circular polymers will be determined by or pursuant to the order in council. In addition, it will be recorded at or pursuant to order in council which data the entry maker must indicate at the time of entry. Examples include the category of circular polymers or the origin of their raw material. Failure to provide the said data results in the inability to enter the amount of circular polymers concerned in the account.

Article 9.11.4.4

Paragraph 1 provides that CPUs are to be entered in the register upon entry in the register of a quantity of circular polymers supplied to or pursuant to order in council. Furthermore, pursuant to paragraph 2 of this order in council, a multiplier can also be assigned to the amount of circular polymers in order to stimulate or, on the contrary, inhibit the purchase of a certain category of circular polymers.

Article 9.11.4.5

The NEa periodically publishes the number of CPUs issued in the preceding period, which provides all market participants with insight into the size of the market for CPUs.

Article 9.11.4.6

Between 1 January and 1 May, the NEa board shall not issue CPUs directly for quantities of circular polymers entered in the accounts during that period. However, CPUs shall be issued directly for quantities delivered in the previous calendar year and entered in the accounts between 1 January and 1 March. The reason for this is that the processors of polymers have until 1 March to comply with the annual obligation for the previous year. That annual obligation should be met by having sufficient CPUs. If CPUs issued in the current year are entered in the register until 1 May, it cannot be prevented that the annual obligation from the previous year is filled with those CPUs. Borrowing this from a subsequent year is not desirable.

Article 9.11.4.7

Registered circular polymers may not be supplied to another supplier for re-entry in the register. Because the physical flow of circular polymers is not tracked, this may mean that circular polymers are passed on, but then stripped of the sustainability characteristics.

Article 9.11.4.8

That article provides that the board of the emission authority is not required to credit CPUs if it has information that a quantity of circular polymers entered in the accounts does not meet the requirements laid down in this. In case of doubt, the issue may be suspended in order to give the entry maker the opportunity to dispel that doubt. If it is certain that the quantity entered in the accounts is not satisfactory, the crediting of the CPUs will be refused. This is preferable to the ex post correction on the basis of Article 9.11.4.10.

Article 9.11.4.9

Paragraph 1

The verifier’s declaration will be submitted to the NEa board before 1 June of the calendar year following the calendar year in which the circular polymers were delivered. The entry maker does not have to wait until 1 June, it may also submit a statement from a verifier immediately after entry. The entry maker may choose to have a declaration drawn up for each quantity or to have a declaration drawn up at the end of the year covering all circular polymers entered by it in a calendar year.

Paragraph 2

If part of the recorded circular polymers meets the requirements and part does not, the verifier may choose to issue a declaration for the part that does. The verifier will not issue a declaration for non-compliant booked circular polymers. In the event of a breach of this standard, the board of the NEa may impose an administrative fine on the verifier (Article 18.16s(1) of the Environmental Management Act).

Paragraph 3

The retention period of 5 years is linked to the power of the NEa’s board to adjust the number of CPUs issued for up to 5 years if it is found that the annual report entered or the number of CPUs issued was incorrect.

Paragraph 4

The requirements to be set by or pursuant order in council concern, for example, the independence and possible accreditation of the verifier and the framework of standards against which the verifier must assess during the verification.

Article 9.11.4.10

Paragraph 1

This article gives the NEa board the power to automatically determine entries in the register. This may be the case if monitoring or verification reveals that incorrect data were entered at the time of entry in the accounts.

Being able to adjust entries makes it possible to purchase any unduly issued CPUs and contributes to the accuracy of the reports made on the basis of the register.

Paragraphs 2 and 4

The consequence of the ex officio determination of a quantity of circular polymers or the category may be that the entry maker is entitled to fewer CPUs than the number of CPUs already issued immediately after the enrolment. In those cases, this paragraph provides that the number of over-issued CPUs is to be deducted from the account of the entry maker.

This ultimately results in the number of CPUs existing in the register corresponding to the quantity of circular polymers duly entered in the register. A deficit in the account must be covered. The account holder is given the time to do so until 1 June following the calendar year in which the deficit arose. A consequence of a deficit is that no CPUs can be transferred by the account holder with the deficit (see Article 9.11.3.4).

Paragraph 3

The automatic determination may also have the effect that the quantity of circular polymers entered in the accounts was lower than the quantity of circular polymers supplied by the entry maker. This paragraph provides that the board of the NEa may reconcile the quantity of circular polymers entered in the accounts with the quantity delivered. When entering the number of CPUs under-received for each type into the account of the recorder in the register, the board of the emission authority shall take the applicable savings rules into account.

Paragraph 5

The rules on the application of paragraph 1 include the type of information on the basis of which the board of the NEa may decide to determine the number of entries of circular polymer units ex officio.

Article 9.11.4.11

The NEa publishes an annual overview of the registered circular polymers. The data mentioned in this overview are determined by order in council. This concerns, for instance, the indication of the total quantity, nature and origin of the circular polymers entered in the accounts.

Article 9.11.5.1

The Circular Polymer Units Register is the core instrument for the obligation for polymer processors. The register facilitates compliance with that obligation and the transfer between undertakings of the CPUs necessary for that compliance. The register is modelled on the system of trading in renewable fuel units in Title 9.7 of the Environmental Management and Allowances Act, as laid down in Chapter 16 of the Environmental Management Act. The NEa is responsible for implementing and monitoring that system and has gained experience and knowledge in this field. It was for

this reason decided to entrust the management of the Renewable Polymers Register to the NEa.

Article 9.11.5.2

The rules on the operation, organisation, availability and security of the register to be laid down by ministerial order concern, inter alia, the times at which the register is available and the conditions under which account holders are granted access to their account. The power to lay down conditions for the use of the register concerns the what are known as the conditions of use. These include liability for errors in the registration.

Article 9.11.5.3

Paragraph 1 and 2

The accounts in the Circular Polymer Units Register have three possible facilities: entry, annual obligation and transfer. Which facility an account holder receives in its account depends on its role. This is laid down in the various article paragraphs.

Paragraph 3

The limitation to one account per undertaking is dictated by the limitation of the savings option (see Article 9.11.5.6). Having more accounts makes it possible for a undertaking to bypass those savings restrictions. The second sentence means that a undertaking that is both an entry maker and a processor of polymers receives an account with the associated facilities, i.e. a entry facility, an annual obligation facility and a transfer facility.

Paragraph 4

The rules on opening, maintaining and managing the account to be laid down by ministerial order relate, inter alia, to the data to be provided at the time of opening, the access to the account by employees of the undertaking and any obligations relating to handling the login codes and the like.

Article 9.11.5.4

This article means that the board of the NEa is not always obliged to open or maintain an account.

Subsection A The board of the NEa shall not be required to accept the application to open an account if the applicant does not possess at least one of the capacities referred to in Article 9.11.5.3 (polymer processor, recorder or trader).

Subection B If the board suspects that fraudulent actions are being carried out with an account, it should be possible to (temporarily) block that account or a facility of that account pending the outcome of an investigation.

Subsection C The outcome of the investigation into fraudulent transactions might be that the account is closed. Even if the account holder has lost the capacity to hold an account, the board of the NEa may close the account.

By order in council, further rules are given regarding the refusal to open an account and the blocking and closing of accounts. It will in any case be stipulated that an account can only be closed if there are no longer any obligations linked to that account; the annual obligation(s) must be met, including any increases in respect of previous years.

Article 9.11.5.5

This provision provides for the power to pass on the costs of the electronic register of circular polymers to users. The fee to be paid by the users will not exceed the amount necessary to cover the costs of the registry.

Article 9.11.5.6

CPUs can be saved. For the polymer processor, it can save part of the number of CPUs in its account after compliance with the annual obligation. Entrants will be able to save part of the number of CPUs in their account on 1 June. A limit is set by order in council on the number of CPUs to be saved. That limit will still be determined, and may be different for the different categories of account holders.

Article 9.11.6.1

This Bill provides for the power of the NEa to monitor all links in the chain of sustainability in the Netherlands, with a particular focus on the link of the processor of circular polymers. At this link in the chain, the NEa can verify the nature and amount of raw material received for the circular polymers, and the amount of circular polymers processed per polymer processor in the polymer applications covered by the annual obligation.

Article I, Subsections B and C, Article II

These provisions govern enforcement in Chapter 18 of the Wm and in the Economic Offences Act.

This amending provision in Article I(B) regulates the administrative enforcement of Articles 9.11.1.6, 9.11.1.7(1), (2), (4) and (6) and 9.11.1.8. Pursuant to Article 18.1a of the Wm, Article 18.4 of the Environment and Planning Act has been declared applicable mutatis mutandis with regard to the enforcement of the provisions of or pursuant to the Environmental Management Act. This allows the ILT, under the mandate of the Minister for Infrastructure and Water Management, to impose an administrative enforcement order and, in view of Article 5:32 of the General Administrative Law Act, also to impose an administrative penalty order.

These provisions are further explained in section 6.4 of the general part of the explanatory memorandum.

Article III

As indicated in the general section of the explanatory memorandum, the law will be reviewed 2 years after its entry into force. This is provided for in this provision.

Article IV

The proposed provision in part A stipulates that after the entry into force of this Law (intended on 1 January 2027) polymer processors will report on the intended calendar year 2026 in the reporting register. The 6-week period is the same period that polymer processors have after the entry into force of this Law to report under Article 9.11.1.6(1). Although there is no obligation for polymer processors to collect data for the reporting register in the calendar year 2026, polymer processors are informed about the obligation that this provision regulates prior to the entry into force of this Act. A more detailed explanation of this is found in the general part of the explanatory memorandum.

The proposed provision in part B stipulates that the verification obligation in Article 9.11.1.8 does not yet apply to the calendar year 2026. This is because there is no obligation for polymer processors to collect data for the reporting register in the calendar year 2026.

Article V

This provision provides that this Act shall enter into force on a date to be determined by Royal Decree. The general part of the Explanatory Memorandum indicates that entry into force is foreseen for 1 January 2027. With this date of entry into force, the fixed moment of change of 1 January is maintained. The minimum implementation period of 2 months is also respected, since the Bill is expected to be published in the Bulletin of Acts and Decrees before 1 November 2026.

STATE SECRETARY FOR INFRASTRUCTURE AND WATER MANAGEMENT – PUBLIC TRANSPORT AND ENVIRONMENT,