

## Towards a common approach to modulated fees

A fee, also known as a compliance or service fee, is a financial contribution for packaging placed on the market by the obliged companies that participate in the recovery system for packaging through a compliance scheme. Within EXPRA, these schemes are not-for-profit and present distinct features in their approach to modulated fees.

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The fees established by said schemes have, over the past 20 years, been structured to optimise packaging quantities and boost recyclability. Through their weight-based fee, expressed in €/ton or €/Kg, the non-profit schemes incentivise the efficient and effective use of resources. This results in a low contribution for the use of low material quantity in the design of a packaging solution. In addition, these fees are based on specific packaging materials, which reflect their environmental economic net cost. This leads to a low fee for a high material percentage that can easily be recovered or recycled.

It must be noted that EU Member States have implemented the European Packaging and Packaging Directive in different ways by allocating different obligations to the obliged industry. The ensuing compliance fees are, in turn, influenced by multiple factors that should be taken into account when comparing the relative fees across the various European schemes<sup>1</sup>.

Among others, these factors include the existing collection and recovery infrastructure in the waste management sector, the packaging waste sources - whether household or commercial/industrial -, the waste management cost share borne by the industry (costs for collection, sorting and recovery of used packaging), the national recycling target and the effect of derogations, the collection systems being used (bring systems or door-to-door collection), the geographic location and population density, and the number of companies participating in the scheme.

The recently-revised Waste Framework Directive introduced a number of changes, among which the concept of 'EPR schemes'. Under their scope, eco-modulation has become an obligation to boost packaging recyclability under the general, minimum requirements outlined for these schemes. In addition, the Directive calls for a harmonised modulation application that the Commission will seek for via specific guidelines and, where necessary, complementary legal acts.

This is because, despite the differences in the contribution levels, a common framework would safeguard the internal market and prevent additional complexity being imposed on producers' reporting obligations. At the same time, however, some flexibilities would need to be allowed to account for the countries' specific situations.

EXPRA's views on how the above should be dealt with, are outlined below.

### 1. Guiding principles

Under the overarching premise that *no modulation fee regime shall affect the effectiveness and efficiency of EPR schemes*, the following principles should lay the foundation for a common approach:

- Reflect the real effective and efficient management cost of the concerned packaging;
- Be based on appropriate, real and measurable technical references;

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<sup>1</sup> An overview can be found [here](#).

- Be minimally based on a packaging LCA approach, or ideally a full packaging LCA, considering at least impacts from material collection through to the end-of-life treatment and according to standard ISO 14040-14044;
- Avoid market restrictions and distorting the free flow of products;
- Encourage innovation and R&D;
- Be transparent, affordable and administratively simple.

## 2. Towards further modulation if and when necessary

The new Waste Directive calls for the fees to be modulated, where possible, for individual products or groups of similar products. EXPRA is currently conducting a research on the various approaches that could be feasible and comparable, with a specific focus on the “product category”<sup>2</sup>.

A first assessment of this exercise shows that some compliance schemes have already moved on to introducing additional fee modulation. The latter generally follows an approach based on the “shared balance sheet according to the economic cost of packaging recyclability”. Within it, we recognise a classification of the contribution levels, per either sub-material or subtype of packaging recyclability, based on an LCA approach.

### Example

€ x TON x MATERIAL x

Sub-material (according to Decision 129/1997/EC)	
<b>Plastic</b>	PP, PET, PS, HDPE, LDPE...
<b>Paper</b>	Paper, board, corrugated, composite
<b>Metal</b>	ALU, FE
<b>Glass</b>	Green, white, brown
<b>Wood</b>	Wood, cork

  

Subtype of packaging (according to PPWD art. 3 and annex II)	
<b>Plastic</b>	Bottle, flask, wrap film trays, crates, bags...
<b>Paper</b>	Box, cartons, pallet, bags, beverage cartons
<b>Metal</b>	Can, pallet, foil, barrel...
<b>Glass</b>	Bottle, jar...
<b>Wood</b>	Pallet, crates, caps

## 3. Additional criteria for a harmonised approach to further modulation

These principles should pivot around the recyclability criteria. In this light, the eco-modulation would reflect a ‘recyclable’ vs ‘non-recyclable packaging’ norm. A common definition for ‘recyclability’ would thus be required, which could follow the harmonised standard EN 13430 requirements, already in place. These encompass:

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<sup>2</sup> Article 8a.4 (b) of Directive 2018/851 requests that, in the case of collective fulfilment of extended producer responsibility obligations, [fees] are modulated, where possible, for individual products or groups of similar products. EXPRA has been working on the latter category.

- a. The packaging material being sortable
- b. The existence of one or more recyclers
- c. The existence of one or more companies using the secondary raw material
- d. That there is a minimum available quantity
- e. That the packaging material is compatible with industrially-available known sorting and recycling technologies

#### *4. Outside of fee modulation*

Outside of an eco-modulation scheme, some EXPRA members adopt rewarding programmes<sup>3</sup> to reduce the environmental impact of certain prevention measures based on 'bonus criteria'. These are applied to each packaging solution and may not have a direct impact on the management costs of the different packaging waste streams.

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<sup>3</sup> <http://www.expra.eu/uploads/EXPRA%20WG%20Sustainability%20and%20Packaging%20Leaflet%202018.pdf>  
<http://www.expra.eu/en/Sustainability/sustainability-drops-news-from-expra-members>