

Towards a common approach to modulated fees

Obligated-industry owned, non-profit packaging EPR schemes have historically modulated their fees based on the economic viability of recyclability. They have done so as a means to meet the EU packaging recycling targets, for which they are responsible on behalf of their producers, in an effective way. On this basis, the Extended Producer Responsibility Alliance (EXPRA) outlines its views on how this modulation could be recognised in future within the scope of Extended Producer Responsibility.

Page | 1

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.

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, they have incentivised the efficient and effective use of resources. This has resulted in lower contributions for lower material quantities in packaging design. In addition, these fees have also been based on specific packaging materials, which reflect the latter's environmental economic net cost. This had led to lower fees for higher material percentages that could be easily recovered or recycled.

Also, 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 have, in turn, been influenced by multiple factors that should be taken into account when comparing the relative fees across the various European schemes¹.

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.

Just recently, the new 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 this modulation to be applied in a harmonised fashion, which the Commission will pursue via specific guidelines and, where necessary, complementary legal acts.

The above responds to the fact that the contribution levels differ across countries. A common framework would therefore be needed to safeguard the internal market and prevent additional complexity being imposed on producers' reporting obligations. At the same time, some flexibilities would need to be allowed to account for specific situations within the Member States.

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

¹ An overview can be found [here](#).

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: Page | 2

- Reflect the real effective and efficient management cost of the concerned packaging;
- Be based on appropriate, real and measurable technical references;
- Be minimally based on a packaging LCA approach, or ideally a full packaging LCA, considering at least the 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, feasible 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”².

A first assessment of this exercise shows that some EXPRA compliance schemes (AFVALFONDS Verpakkingen/The Netherlands, CONAI/Italy, ECOEMBES/Spain, EEQ/Canda, FOST PLUS/ Belgium, GD/CYPRUS, VALORLUX/Luxembourg,) have already moved onto 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 and/or subtype of packaging recyclability, based on an LCA approach.

Example

€ x TON x MATERIAL x



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

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

² 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.

The latest assessment, that include also other EXPRA compliance schemes, moved onto further fee modulation, shows that the granularity level of the modulation, is characterized by a “traffic light” approach: green/fully in compliance with the criteria, orange/partial in compliance with the criteria, red/ not in compliance with the criteria.

That approach reflects the design for recycling, according to standard or guidelines at European or National level, as well as the on top economically viability and respective net cost of post consumption management.

3. Criteria for a harmonised approach to further modulation

Any additional 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. The latter could follow the harmonised standard EN 13430 requirements, which are already in place.

These principles would encompass:

- 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 programmes³ to reduce the environmental impact of packaging through certain prevention measures based on ‘bonus criteria’, that include also the recycled content. These are applied to each packaging solution or recognized within national AWARD for sustainable packaging design, but this feature has no effect on the management costs of the different packaging waste streams.

In reference to the packaging essential requirements, the EPR fee level amount modulation shall not be considered as additional packaging essential requirement because of the different nature of cost. While, the EPR product classification falling in the fee level could be considered as reference of effective Country state of art of recyclability for ER assessment.

*** **

³ <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>