

SUMMARY REPORT

Expert talk: “Eco-modulation of EPR fees as a tool towards a circular economy”

9 October 2018 | EURACTIV network office, Brussels

In the wake of the European Commission’s setup of EU guidelines for an eco-modulation of EPR fees – to be presented in 2019 – this expert talk aimed to kick-off the stakeholder exchange to provide a first orientation on the status quo, consolidate different ongoing discussions, and to map the way forward by identifying and debating crossroads and open questions.

Around 70 EU and national experts from along the value chain gathered in the EURACTIV networking office to discuss challenges and opportunities that should be considered when setting up EU rules.

Moderator Katrina Sichel welcomed all participants and introduced the topic and objectives of the event that was co-organised by three industry associations: PROsPA (Producer Responsibility Organisations Packaging Alliance) and EXPRA (Extended Producer Responsibility Alliance) are alliances for cooperation and exchange between leading packaging recovery organisations (PRO) in Europe. EPRO (European Association of Plastics Recycling and Recovery Organisations) is a pan-European partnership of specialist organisations that are working to develop and deliver efficient solutions for the sustainable management of plastics resources.

The expert talk was opened by **Silvija Aile, Deputy Head of Unit Waste Management & Secondary Raw Materials of the European Commission’s DG Environment**, who provided an overview of the policy framework for the eco-modulation of EPR fees and of the agenda ahead. She explained that for the setup of EU guidelines, the European Commission will focus on eco-criteria as set out in the WFD, Art. 8 (4)(b): durability, reparability, re-usability, recyclability and the presence of hazardous substances. To further define these criteria and make them operational for national implementation, the European Commission will run a one-year external study that will be launched over the next weeks. In parallel, the European Commission will review the essential requirements for packaging to bring them in line with circular economy criteria and improve their effectiveness. Both processes will include stakeholder consultations and Ms. Aile encouraged all participants to take part in the further discussions. She also ensured that questions and recommendations from the expert talk will feed into the Commission’s work. Referring to the fact that many policies and regulations are coming up in the waste and plastics field, Ms. Aile underlined that it was very important to deal with these issues in parallel to ensure consistency of rules and incentives.

The expert talk proceeded with two roundtables, tackling shared visions and best practices from national developments and guidance on the way forward with a focus on added value and limits of EU rules on eco-modulation.

Roundtable 1: Setting the scene “Sharing visions and best practices: finding a common framework for EU guidelines on eco-modulation of EPR fees”

Antonino Furfari, Managing Director of Plastics Recyclers Europe (PRE), outlined that design for recycling was a prerequisite to achieve higher recycling targets and that high-quality recycling would not work without high quality collection and sorting. The example of PET was raised as a best-practice. Mr. Furfari called for harmonised rules at EU level while mentioning the important role of market forces to drive quality and implementation.

Amanda Fuso Nerini, Chair of EXPRA Sustainability & Packaging Working Group shared insights from the experiences in EXPRA, stating that some members had already implemented or evaluated eco-modulation of EPR fees, taking into account sortability and recyclability criteria as a fair improvement of the current weight and material of packaging criteria. Ms. Nerini underlined that there already was a lot of best-practices at national levels and asked the European Commission to refer to the state of the art instead of reinventing the wheels. For the implementation of sortability and recyclability criteria, Ms. Nerini referred to the already existing and EU harmonised standard packaging essential requirement on recyclability. She stressed that the decision about the methodology should be left to national EPR schemes and industry who are the experts in that field.

Alexandra Lange, Head of European and International Affairs of CITEO, the company in charge of the Extended Producer Responsibility schemes for household packaging and for graphic & printed paper in France, underlined that eco-modulation of EPR fees was a tool to guide producers towards eco-design which needed to be supported by strong services to make it really happen. Considering experiences from the French system of eco-modulation, Ms. Lange stressed that the question of hazardous substances should be dealt with at regulatory level and that material concerns should not fall within the scope of eco-modulated EPR fees. Special attention should also be paid to the risk of erecting trade-barriers on the internal market. Therefore, national eco-modulation provisions should only be viable when replicable in other member states. Ms. Lange stated, however, that she was very optimistic that eco-design will be further pushed by industry, with the support of Producer Responsibility Organisations (PROs) as experts and service providers.

Peter Börkey, Environment Directorate, OECD, explained that the OECD was working on EPR for many years and has assessed how it can be an instrument to incentivise sustainable product design. He made clear that EPR so far has not materialized when it comes to eco-design. He reasoned that incentivising price effects have been completely diluted because of producers' collective fulfilment of EPR. Mr. Börkey stressed the need for full cost coverage and raised some open questions that should be considered when setting up eco-modulation guidelines: How can we find a balance between harmonisation and the recognition of different national contexts? Do benefits of fee modulation justify the costs? What are low-hanging fruits? Despite these challenges, Mr. Börkey was also very optimistic that there was a way forward for eco-modulation of EPR fees as national processes would show that it was feasible.

The **discussion among panellist and the audience** highlighted the need to keep the right balance between two things: firstly, the harmonisation of eco-modulation criteria, that provide strong incentives and stable and predictable price effects for producers and secondly, keeping flexibility for material innovation and to consider national circumstances that are still very divergent across Europe. **Silvija Aile** informed that the European Commission's

objective was to identify as many harmonised principles as possible but that it has not yet been decided at what level of detail the Commission will go there. Eco-modulation on the grounds of recyclability was identified as a low hanging fruit, considering current national developments as well as industry efforts and platforms already in place. At the centre of debate was also the question of effective implementation at national level. Lack of quality standards and infrastructures for sorting and recycling were identified as key challenges together with the landscape of differing EPR schemes. **Silvija Aile** stated that it was the role of the member states to provide the right infrastructure to achieve recycling targets. She agreed that in a situation of competition between different PROs it must be ensured that there was no race to the bottom for eco-design.

The first roundtable and exchange with participants showed that there was a lot of open questions, ranging from overall scope to the implementation methodology, that must be taken into account when setting up EU guidelines for the eco-modulation of EPR fees.

After the morning session, participants had the chance to network and discuss identified challenges over lunch.

Whereas the first roundtable set the scene by opening up the debate and pointing towards best-practices and challenges, the second roundtable aimed at guiding the way forward by identifying do's and don'ts for EU guidelines on eco-modulation of EPR fees.

Roundtable 2: Guiding the way forward “Added value and limits of EU rules on eco-modulation – how to face open questions and major challenges”

Peter Sundt, Secretary General of EPRO, the European Association of Plastics Recycling that also includes non-European members (Canada, South Africa), called upon the industry to be proactive and take up the challenge. He mentioned that the three co-organisers will continue their cooperation and work on eco-modulation of EPR fees. Mr. Sundt underlined that any eco-modulation model shall consider that the markets are dynamic, and sorting and recycling technologies are improving. He pleaded that modulation of license fees should be as simple and non-bureaucratic as possible to avoid that existing well-functioning EPR schemes are strengthened and not harmed. Mr. Sundt concluded that eco-modulation of EPR fees was only one instrument from the toolbox to efficiently reach recycling targets and that stakeholders should be open-minded when developing solutions.

Virginia Janssens, Managing Director from EUROPEN, the European Organization for Packaging and the Environment representing the obliged industry, emphasised that clear definitions and clear ideas of the scope of EPR were a precondition for the discussion about eco-modulation of EPR fees. She also pointed towards other materials, such as textiles, that will be affected by EU rules and that should therefore be recognised in debates about eco-design criteria. Referring to a lack of clear ideas of existing principles, such as eco-design for recycling and life cycle assessment, Ms. Janssens questioned if it was the right time to eco-modulate EPR fees. She called upon the Commission to first define clear visions and missions before coming up with EU guidelines for eco-modulation of EPR fees.

Joachim Quoden, Managing Director, EXPRA, underlined that eco-modulation would add on the already complex setting of EPR fees. Mr. Quoden stated that EPR costs were already on the rise and that policy makers should base fee modulation provisions on fact-based impact assessments and not on feelings or social media attention to secure transparency, affordability and to avoid additional administrative burden for industry. To achieve that, Mr.

Quoden pointed towards the need to set-up a structured dialogue between European EPR schemes, as it should be the obliged industry respective their PRO's to decide and fix the way how the fees are modulated.

Helmut Schmitz, Director Communication and Public Affairs, DSD, the German Der Grüne Punkt-Group, a service provider for EPR, suppliers of secondary raw materials for plastics, producer of plastic recyclates, stressed that there was a need for a common set of eco-criteria reflecting the EU Circular Economy agenda and objectives. Mr. Schmitz underlined that it is very important to take into consideration national infrastructures and frontrunning companies that must be sure that their business models and investments pay off. He called upon the Commission to make sure that national key players and experts have a say in the development of guidelines for the eco-modulation of EPR fees and proposed to set up a regular roundtable or an expert group to guide impact assessments in the further process.

The following **discussion among participants and speakers** focused on the following questions: which stakeholders should be involved? Who should be the driver of the debate? Which platforms could be used to facilitate stakeholder dialogue? There were different opinions on the role of consumers for successful implementation of eco-modulated fees. While some participants took the opinion that the price signal of EPR fees was not primarily directed towards consumers, many participants agreed that the success of eco-modulated EPR fees would also depend on consumers, their motivation to engage in sorting and separate collection and their advocacy towards policy makers. It was stated that consumers should be properly informed about eco-design and end-of-life treatment of products and packaging. The idea was raised to provide EPR fee bonuses for producers that invest in consumer awareness campaigns, following the example of France. The EPR Club was presented and brought up as an example of a stakeholder platform covering all member states and different products and materials. Concerning the question of which stakeholder groups should drive the process of eco-modulation, audience and speakers mainly agreed that the industry (EPR schemes, obliged industry and waste management industry) should come up with solutions. It was, however, noted that industry and markets will only deliver and develop the right incentives when clear policy guidelines and objectives are provided.

Katrina Sichel gave the last word to **Silvija Aile** who thanked all participants for taking part in the discussion and providing their valuable expertise. Ms. Aile ensured that she would take up the ideas and concerns raised and involve all key stakeholders in the process. She encouraged all participants to engage in dialogue and advocacy and informed that within the Commission's Unit on Waste Management and Secondary Materials, Ms. Małgorzata Golebiewska would work on the guidelines for eco-modulation and would take care of the upcoming study.