Position Paper on Extended Producer Responsibility

Call for the setting-up of a multi-stakeholder group for the simplification and harmonisation of EPR

The tool of Extended Producer Responsibility represents an increasingly strategic policy instrument to accompany the transition to a circular economy. The European Union and Member States have recognised the role of EPR can play in supporting the growth of more sustainable practices throughout a product's life. While successful EPR schemes are leading to positive improvements, the continued development of new rules and different approaches and practices have led to an important fragmentation between – and sometimes within - countries, creating increasing complexity for companies to contribute to the transition to a circular economy and meet their obligations.

Ecommerce Europe believes that an overhaul of EPR in the EU is needed. Considering the diversity of approaches and stakeholders involved in the well-functioning of EPR, a truly harmonised, European approach would need to be developed within a multi-stakeholder dialogue, piloted at EU level, gathering all relevant sectoral representatives and relevant authorities.

A complex EPR landscape

The EPR landscape in Europe is extremely fragmented, with a wide variety of systems and rules from one Member State to another, and sometimes within a given Member State with different compliance schemes or procedures and for different product categories. Ongoing developments show further risks of fragmentation in the EU, as Governments take new initiatives in this field (e.g. new reporting and compliance rules; differences in eco-modulation fee; differences between waste streams and extension to new waste categories…). These developments at national level, without sufficient coordination or basis for harmonization, risks reinforcing existing barriers to trade and the contribution to EPR in the EU.

This complexity makes EPR obligations difficult to understand and highly resource-intensive to implement for companies, especially SMEs. According to a study, commissioned by the European Parliament's Committee for Internal Market and Consumers, EPR schemes are also typically designed for and target larger players, which means that the administrative and financial burden of registering can be too high for SMEs selling only small volumes. As illustrated in Ecommerce Europe's campaign on Extended Producer Responsibility policies that work for SMEs, fulfilling these administrative requirements means up to 300 reports submitted every year, which equates to almost 40 working days per year to comply with e-waste, batteries and packaging rules. Adding costs for registration, project management, reporting costs, today, a small and medium-sized enterprise intending to sell 1 mobile phone unit in each of the current 27 EU markets could face administrative costs equivalent to 140K Euro, while the actual recycling fees can be as low as 1 Eurocent.

The EPR systems also often fail to address the changes brought by digitalisation and the growth of cross-border digital commerce. The growth of digital commerce and the platform economy have led to the development of more complex value-chains and atomized trading flows. EPR systems were designed to incentivise producers trading in mass volumes, which does not reflect today's retail landscape.

This complex landscape has clear consequences on companies' ability to trade cross-border due to the compliance challenges, but also to an extent enables intentional non-compliance or free-riding. The reasons behind the lack of contribution and compliance with EPR are diverse, and it is, therefore, crucial to approach the issue from a broad perspective, not only addressing intentional free-riding but also the challenges behind SMEs not being aware or able to contribute.

Addressing the fragmentation and complexity of EPR systems requires a broad assessment of current practices, as well as the involvement of a wide range of stakeholders that can contribute to defining better solutions.

Way forward

Ecommerce Europe believes that there should be a **common effort to harmonise and simplify EPR systems** in Europe. Many fruitful projects and discussions are taking place on the back of various policy developments, and there is a clear opportunity to channel those discussions within a dedicated forum, where stakeholders could take stock of best practices, but also contribute to designing a solution for the future of EPR in the EU.

Firstly, discussions around the future of EPR should focus on **simplification**, for fee calculation, compliance fee payment procedures, and easier product information reporting obligations. This will become increasingly important as EPR is extended to new waste categories as well, and therefore impact a wider range of companies in the EU.

Secondly, the focus should be on further **harmonisation** across Member States. Harmonisation should cover at least the scope and definitions of EPR systems; scheme registration; who should comply with the reporting; when, how and how often should the reporting occur and finally eco-modulation criteria. Building on harmonisation effort, companies across the EU would in the long term greatly benefit from **an ambitious one-stop-shop solution** that could facilitate one single registration and reporting across all Member States for companies operating across borders (either through a unique EU register and reporting system or through the automatic sharing of registration and reporting data).

Finally, it is important to engage in a discussion on how EPR systems can **adapt to digitalisation**. On one hand, the **reporting systems must function digitally**, and the harmonisation process must be accompanied by significant effort in terms of standardisation if systems can ever reach a sufficient level of interoperability to build a one-stop-shop solution. On the other hand, **digitalisation and the platform economy have led to the development of new and various business models which challenge the way EPR systems are designed to work**. There cannot be one-size-fits-all solutions to address this new reality, considering the different models, and how these shape the roles and responsibility of actors on the value-chain, the type of data being shared and accessible regarding products and so on.

Additionally, harmonised, simple, and digital solutions to measure the efficiency of EPR schemes across the EU would **support the contribution of EPR schemes in providing high-quality affordable secondary material to producers.**

Ecommerce Europe also supports additional discussions on the best practices in terms of consumer **awareness and education on recycling and sorting instructions**. Companies and consumers would benefit from harmonised and simplified rules for communicating information (e.g. harmonising recycling symbols and material codes; limiting the use of text on packaging…) and for broader awareness programs that would engage a wide range of stakeholders. More generally, a discussion on the responsibility and contribution of different actors in educating consumers (beyond just the use of product packaging) would be beneficial to EPR systems in the EU.

Because this process is complex and requires the contribution of various stakeholders to define solutions that are fit-for-purpose, but also implementable across the EU, Ecommerce Europe believes that it is crucial **to set-up a broad multi-stakeholder group to define the future of EPR**. This group could be composed of representatives of the civil society, sectoral representatives, representatives of EPR systems, national authorities and other relevant parties, piloted by the European Commission.

We call on the European Commission to lay the foundation for setting up this ambitious project as part of upcoming policy proposals on Circular Economy, such as the Sustainable Product Initiative, the revision of the Packaging and Packaging Waste Directive or the revision of the Waste Framework Directive.