

## **Improvement of Extended Producer Responsibility (EPR) crucial for circular economy**

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Ecopreneur.eu and its member organizations believe that Extended Producer Responsibility (EPR) is crucial for realizing the circular economy. As stated in our general position on the EU Circular Economy Package (CEP) d.d. 2 December 2015, we ask for ambitious implementation of the current proposal from the European Commission, including ambitious goals along the full circle, economic incentives for producers and consumers favouring circular products and services, mandatory Green Public Procurement with integration of circularity, an EU Directive for circular design, and attractive research programs.

With respect to EPR, we are very glad that it is incorporated in the CEP. What we ask for is **improvement and extension of existing EPR schemes to incentivize companies to implement circular business models**. Under EPR, manufacturers should receive economic incentives for circular design considerations facilitating circular business models such as performance based contracting, maintenance, reuse, recycling, cradle-to-cradle, sharing platforms, 3D printing and digitisation. In particular, we welcome any levy scheme that can help make clean (non toxic) secondary raw materials more competitive.

In the view of the sustainable pioneers in our membership, in order to ensure an effective approach, it is essential that the following requirements are met:

1. **Enforcement of existing waste regulations** in relation to EPR schemes. Currently, companies pay a levy to a Producer Responsibility Organization (PRO) under EPR schemes without any guarantee that the materials in their products will re-enter the EU economy. Active enforcement of waste regulations is necessary to prevent fraud, including illegal waste shipments outside the EU. If this condition is not met, companies will dislike EPR schemes to such an extent that EPR will be ineffective to drive circular innovation. Clear provisions for market surveillance shall be defined and implemented at member state and at EU level.
2. **Differentiation of levies down to product and company level** is needed to incentivize companies to implement circular business models. If not, pioneering companies will pay for the waste produced by the laggards. In addition, a substantial differentiation is needed to make the scheme truly rewarding for pioneers. Existing third party certified take back schemes shall be taken into account for fee modulation or exemptions.
3. Ensure that **harmonized criteria** are established and applied consistently across the EU, including calculation schemes for the height of levies. Scopes, fees and calculation modes (e.g. for packaging and Waste of Electric and Electronic Equipment) often vary from one country to another, in many cases without information on the fee calculation. The criteria should be able to determine which product or service is (more) circular.

4. **Extend EPR schemes to cover more and more products and sectors**, starting with the ones producing the most waste and litter. While EPR should be part of a policy mix including VAT differentiation and circular design requirements in Ecodesign, it is a necessary element for mainstreaming circular economy in *all* products and sectors. For products with a very long life span, such as in the building sector, a first step could be the introduction of a building passport to allow future identification of products.
5. **Mandatory investment of the EPR funds in the circular economy.** The government should oversee and enforce that PROs actually do so. One way would be to introduce a bonus/malus system whereby companies can receive a bonus for products and services which are more circular, while companies with linear products and services pay a levy.
6. **Additional administrative burdens should be minimised**, specifically for SMEs. However, we do accept additional obligations to increase transparency about the product content and waste management costs to the user/consumer, such as to visibly display fees on invoices or at point of sale.
7. Producer's financial contributions should be primarily based on the real costs of treatment, but **modulated fees may involve other considerations** such as the impact of waste in the environment, including litter, which is unjustly ignored by most EPR schemes. In all cases the fees should be transparent, consistent (see also point 8) and easily explained to consumers. Sustainable manufacturers in our membership are keen to work in partnership with policy makers in the development of these provisions.
8. For each product and sector, it is important that criteria underlying recycling cost differentiations are **consistent with the relevant recognized environmental product labels and certification schemes**, both in technical content and required documentation. All criteria must be based on a transparent process and robust data. Environmental waste risk, impact assessment and future resource scarcity assessments need to be good practice for the establishment of such criteria.
9. **Proposals should help to boost ecodesign and markets for secondary raw materials**, including the prevention of waste before management, demanding design for recycling, and improving green public procurement. Examples exist for e.g. recycled plastic packaging. Secondary materials must be able to compete with virgin material on quality (also in the context of REACH and Classification, Labelling and Packaging regulation) and price. It is important to provide incentives for manufacturers to increase use of recycled materials in products in order to increase market demand and drive toward a more circular economy. It is also necessary to incentivise the producers of secondary raw materials to provide higher quality and quantity of secondary raw materials. In addition, international quality standards for secondary materials should be established to encourage global harmonization.

10. **Initiate research on precycling**<sup>1</sup>, a small fee paid by producers according to the waste-risk of their products, as a way forward for EPR. Crucially, precycling can realise the system change towards a circular economy by changing the base for the fee from waste management cost to the risk of waste in the environment, and ensures investment of funds in circular economy activities. Also, in the context of circular economy beyond EPR, initiate research on a product-based materials information system as a tool for transparency, and step on research on a tax shift as promoted by [Ex'Tax](#). So far, Horizon 2020 calls and member states research policies have failed to support this type of research, even though it lies at the heart of the circular economy.

#### **About Ecopreneur.eu**

[Ecopreneur.eu](#) is the new European Sustainable Business Federation of 6 national associations whose common aim is a new economic framework in which sustainability is promoted, the environment respected and ecological principles are followed. Ecopreneur.eu represents over 2000 sustainable companies - mostly SMEs.

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<sup>1</sup> <http://www.govsgocircular.com/cases/extending-producer-responsibility-with-precycling-premiums/>