OECD Global Forum on
Extended Producer Responsibility

BIAC key messages

In many OECD countries, the concept of “extended producer responsibility” (EPR) has been an established principle of environmental policy since the middle of the 1990s. EPR is an environmental policy approach in which the responsibility of producers for their products is extended to include the social costs of waste management, including the environmental impact of waste disposal of their products. In many countries, extended producer responsibility policies are playing an important role in supporting national resource efficiency strategies. The OECD has made an active contribution to the discussions and published a Guidance Manual on EPR in 2001. To take stock of developments since then, the OECD is organizing a Global Forum on "Promoting Sustainable Materials Management through Extended Producer Responsibility." A key expected outcome of the Global Forum is a set of guiding principles for the use and design of EPRs.

Bearing in mind that EPR involves a number of different actors, including producers, retailers, distributors, producer responsibility organizations and the recycling industry, a number of different challenges have to be addressed, which vary depending on the actor. BIAC looks forward to actively participating in the Forum and would like to contribute the following key messages to the discussions:

- BIAC supports socially acceptable, environmentally sound, and cost effective integrated solid waste management. It should combine waste and end-of-life product management options that overall are best suited to the local conditions and materials concerned, and be designed so as to benefit from economies of scale. A sector-by-sector evaluation is an important element of making this determination.

- Companies worldwide have been implementing EPR for a number of years, taking concerted action to reduce raw material use in packaging and products, and consider this to be a key aspect of product design and stewardship. Efforts to encourage extended product responsibility should be characterized by flexibility, recognizing that different product lines will dictate different relative responsibilities assigned along the life-cycle. One size will not fit for all.
- There needs to be freedom to choose how to meet the legal responsibility. Obligated industry needs to be able to choose its means of compliance. This provides an incentive to cost and resource efficiency. The options available should include self-compliance or collective compliance.

- The business community supports coordinated, multi-faceted approaches to waste handling which include, but are not limited to: recycling, composting, recovery, incineration (including for energy), and landfilling. These should be determined and combined appropriately for particular locality needs, based on sanitation requirements, sound environmental science, and cost-efficiency, taking into account the concerned industries and sectors, to ensure political and societal acceptance.

- EPR involves a shared responsibility:
  
  - Manufacturers have the responsibility to continuously improve the environmental quality of their products through both inventions and innovation, consistent with consumer needs (such as product performance and consumer protection) and other issues.
  
  - Governments have the overall responsibility to provide a public policy framework for solid waste management systems, to plan and implement an integrated system that deals with the solid waste stream and offers the best overall environmental and economic efficiencies. They must also educate their constituents on the proper use of the integrated waste management systems they provide.
  
  - Consumers should dispose of products properly, using the recycling and reuse services provided by the community whenever available.
  
  - Retailers, distributors and other businesses also have special responsibilities for wastes and end-of-life products as part of their role in the total product life-cycle.
  
  - Actors can only be accountable for what they can actually control. If legal responsibility is imposed, then the obligated industry must have sufficient oversight over the process to gauge performance and ensure its own compliance.

- EPR schemes should also include access to raw materials and resource efficiency dimensions. EPR requirements should therefore include quality standards from collection through preparation for recovery, and finally material recovery. National recovery schemes should be obliged to meet the following minimum criteria:
  
  - Full coverage of geography, population and packaging materials
  
  - No “cherry-picking” of packaging materials, for example by focusing only on large volumes and ignoring smaller fractions with high scrap values
  
  - Provide transparent and accurate data/numbers
  
  - Fair allocation of costs between materials, also taking into account their scrap values
- Transparent minimum requirements for all EPR schemes. Common obligations will help ensure a level playing field.

- While usually effective at transferring the financial burden for parts of waste management to the private sector, there is a risk that EPRs - when poorly implemented - may lead to sub-optimal levels of material recovery, absence of environmental incentives, excessive costs, disruption of existing material markets, as well as rent-seeking. Hence, there appears to be a significant need for guidance in the use of EPR schemes across major OECD and emerging market economies.

- Transparent and accurate reporting of EPR schemes is necessary to ensure non-discrimination, cost efficiency and flexibility. Transparency must be enhanced across different EPR schemes, and flows should be measured and monitored across the entire recycling chain, from collection to preparation for material recovery and final material recovery. In order to verify compliance and ensure enforcement of different provisions/requirements, EPR schemes must undergo regular third party reviews.

- With current high prices of raw materials and increased efficiencies in the collection and recycling of certain waste streams, we are reaching a point where for some categories, the revenues derived from the recovered materials outweigh the cost of collection, treatment and management. This trend was certainly not anticipated when the concept of EPR was first developed and EPR was adopted as the main vehicle for waste management in subsequent legislation.

- This new situation where some streams represent a value and where commercial actors are engaged in collecting and recycling significant volumes next to producers, raises a number of questions that need to be addressed. Should producers or their appointed producer responsibility organizations compete with commercial collectors and recyclers for access to waste streams? How to ensure fair access to the waste? Should there be some specific requirements for an actor to be allowed market access? And should the EPR principle be adapted to match this new reality?

- Competition should be encouraged provided that all waste flows are properly treated and the corresponding volumes reported. A key challenge is rather around the reporting of these volumes that, while being treated, are simply not reported and hence not counted towards the achievement of the minimum collection rate. Producers shall never be made responsible for achieving the national collection rates as they have no enforcement power on other collectors.

- It is important to ensure fair competition between multiple EPR schemes and discourage free riders at national level. Competition between schemes and/or within one scheme at tendering level can incentivize efficiency. As mentioned in the OECD Guidance Manual, the framework of the EPR program should be designed to have as neutral an effect as possible on competition. There should not be any barriers to entry for new EPR schemes or for producers to change their contracted EPR scheme.

- As illustrated by OECD analysis, competitive neutrality, i.e. ensuring that state-owned and private businesses compete on a level playing field, is essential to use resources
effectively within the economy and thus achieve growth and development. Drawing on experience from private industry alongside state-owned enterprises, existing recyclers should be given an equal opportunity to participate in EPR schemes especially those that impose fees on recyclables or that hold producers financially responsible.

- It is important to ensure clarity at key stages of the recycling value chain confirming who owns the end-of-life goods and the materials derived from them, to improve both economic efficiency and incentives to recycle, as recyclable materials have increasing value in a circular economy. Where EPR schemes have become economically self-sustaining, we recommend removing fees on recyclables and discharging producers’ financial responsibility.

- Manufacturers Product Design should take into account waste prevention and waste minimization by facilitating repair; dismantling for replacement of parts and thus enable depollution and material recycling. It is important to respect the confidentiality of know-how and R&D recyclers by creating an intermediate entity for audits and traceability.

- It is also important to raise consumer awareness in order to assist proper sorting for waste management purposes. Education in partnership with other actors is a shared responsibility.