

2025-05-26 Principles for EPR Financing and Fees

APPLiA recommends a set of core principles for the financing and fee structures within Extended Producer Responsibility (EPR) schemes. Our recommendations emphasise harmonisation across the EU and a direct link between fees and actual end-of-life management and treatment costs.

1. **Simplification, Harmonisation, and Digitalisation of EPR Compliance:** A harmonised EPR framework across the EU is paramount to reduce administrative burdens, create a level playing field, and ensure consistency in implementing EPR obligations. Manufacturers face a complex patchwork of varying national EPR requirements, creating significant administrative costs and diverting resources from innovation. Harmonisation and digitalisation would drastically reduce these overheads, as targeted by APPLiA's "Recommendations for the next Omnibus Simplification Package." Harmonised EPR rules are also critical to combat free-riding by online and third-country sellers and to support an open, competitive Single Market by ensuring consistent requirements, facilitating cross-border trade. Requirements and formats for reporting and registration need to be the same in all EU Member States, to simplify the process of company reporting and registration, and to also allow the information to be compiled and reviewed centrally, e.g. by the EU Commission, in a comparative way.
2. **Flexibility and efficiency:** Our industry has experience with EPR for 20 years. EPR for electronic waste was introduced with the WEEE Directive (2002) and further developed within the WEEE II Directive (2012). According to the WEEE Directive, producers can fulfil their obligations by handling WEEE individually or by participating in a collective recycling system together with other producers. In this spirit, industry should be able to continue to choose its means of operational compliance from a range of possibilities. This is not in contradiction with the basic financial producer responsibility as defined in the WEEE legislation, whereby each producer is legally obliged to finance the recycling of the products it has produced. The establishment of the operational recycling system should be left to producers to choose. Such flexibility will help in driving the cost and resource efficiency of the system. Today, most EPR is fulfilled through recycling schemes that are collective to some degree, known as Producer Responsibility Organisations (PROs). PROs are a tool for producers to fulfil their EPR obligations.
Producers must be entitled to take an active operational role in fulfilling their legal obligations, to establish the necessary recycling operation and thereby control the compliance costs and to ensure that treatment is undertaken correctly and (cost) efficiently. This means being given the freedom to control how separate collection and sorting for recycling/recovery are organised at the applicable national or regional level, and ultimately to drive cost-effectiveness and efficient use of resources. As there is a free market for producers to place new products on the European market, there should also be a free market for dealing with the recycling of waste products. The market for new products stimulates innovation and competition while protecting health, safety

and the environment. The same should be true for the waste and recycling market: it should not be hampered by too restrictive rules limiting competition, but instead set the right requirements ensuring that all waste is correctly collected and treated, providing a sufficient competitive economic environment for all involved actors, including producer compliance schemes.

3. **All actors:** WEEE legislation must set a clear definition of the roles and responsibilities of all WEEE actors involved in waste management, including producers, importers placing goods on the market of the Union, compliance schemes, private and public waste operators, and any commercial/economy operators undertaking operations on behalf of local authorities, as well as any independent WEEE collector. Valuable WEEE is often diverted to unregistered or informal channels by commercial collectors, driven by commodity material prices. This "leaked" WEEE is not accounted for, and its material revenues do not offset costs for less valuable streams, making it harder for EPR schemes to operate cost-effectively and meet targets. There is, in reality, informal and uncontrolled cherry picking going on with some WEEE categories.
4. **Recycling standards:** All collected WEEE, irrespective of the collecting actor, must be recycled according to the requirements of applicable minimum treatment standards, such as the CENELEC EN 50625 series, to ensure fair competition among recyclers and justified costs for PROs and to ensure environmental protection.
5. **All WEEE flows reporting:** All WEEE collected by any actor within the EU must be properly reported to ensure accurate tracking and accountability. Otherwise, some amounts of WEEE will continue to appear as "missing".
6. **Improving Efficiency and Data:** APPLiA supports better coordination between national registries with harmonised reporting, to ensure that no actors are escaping their obligations.
7. **Fair Competition and Transparency in Schemes:** Where feasible and appropriate within the national context, fair competition among EPR schemes should be ensured. Minimum transparency regarding the functioning of schemes and any actors undertaking waste management operations on their behalf is critical, while safeguarding sensitive commercial information. EPR schemes should be transparent to the authorities about how fees are allocated and used, and they should report on their performance.
8. **Cost Coverage and the Net Cost Principle:** EPR financial contributions paid by producers must cover the *necessary* costs for the collection, transport, treatment, recovery, and environmentally sound disposal of WEEE as well as the overhead costs and communication campaigns. These costs should be established transparently, managed cost-efficiently, and not exceed what is genuinely required for these services. Crucially, any incurred cost must be *net*, taking into account revenues from recovered materials, sales of secondary raw materials, or prepared-for-reuse products. Public waste management operators undertaking tasks for PROs should not be able to

demand a "blank cheque"; cost details must align with market levels and be benchmarked. Fees should cover ongoing operational costs without generating profits or substantial reserves.

A key challenge is ensuring producer contributions strictly cover necessary costs, with revenues from recovered materials properly deducted. There's a risk of public waste operators seeking excessive payments if costs are not transparently benchmarked against market levels.

9. **Eco-Modulation of Fees: ESPR as the Preferred Instrument**

The Ecodesign for Sustainable Products Regulation (ESPR) is a more appropriate and effective instrument for addressing product design aspects for home appliances, rather than relying on the eco-modulation of WEEE fees.

The ESPR is specifically designed to integrate ecodesign principles to enhance sustainability and circularity. It will establish comprehensive ecodesign requirements covering crucial material efficiency aspects such as durability, reliability, reparability, upgradability, recyclability, the presence of hazardous substances, recycled content, and design for disassembly.

These ESPR elements closely mirror the criteria introduced by the Waste Framework Directive (Article 8a(4)(b)) for eco-modulation of EPR fees (e.g., durability, reparability, recyclability, presence of hazardous substances). Tasking ESPR with design-related requirements prevents duplication and potential inconsistencies that could arise from also using WEEE fee modulation for the same purpose. Product design requirements should be regulated under ESPR (a product regulation), not WEEE legislation (waste management legislation). A [study](#) by dss+ (formerly Sofies), commissioned by the WEEE Forum, highlighted significant concerns, demonstrating that it is inherently challenging, if not impossible, to create a wide, comprehensive, and ambitious eco-modulation scheme that discernibly influences consumer and producer behaviour without EPR financial contributions exceeding the actual costs of cost-efficient waste management services.

Practical Challenges and Negative Impacts of Fee Modulation:

- **Limited Efficacy and High Costs:** It is inherently challenging, if not impossible, to create a comprehensive eco-modulation scheme that influences producer and consumer behaviour without EPR contributions exceeding actual cost-efficient waste management service costs. The European Commission should thoroughly assess existing systems, like in France, before mandating broader implementation.
- **Long-Lifespan Products:** Applying eco-modulated fees to products with long lifespans (e.g., 15+ years for refrigeration) is problematic. It is unclear today what recycling technologies will be relevant when such products have come to their end-of-life. Charging manufacturers based on uncertain future recyclability when the product is placed on the market effectively becomes a tax with no steering effect. Applying fees at end-of-life creates significant administrative burdens in identifying product age and the liable producer.
- **Administrative Burden and Risk of Misuse:** Eco-modulation systems impose significant administrative tasks on producers and Producer Responsibility Organisations (PROs). The French system, for instance, requires pre-

registration that is out of sync with marketing efforts and, to reduce complexity, does not pass the modulation to retailers or consumers. These types of systems are also highly susceptible to misuse, which in turn demands intricate compliance verification. We would recommend that the French system be studied by the European Commission to understand the complexities and challenges for producers.

- **Flawed System Logic:** There is often no direct link between the newly placed products (basis for modulation) and the WEEE being collected and treated during the same year. Improved characteristics of new products do not mean that the WEEE currently being collected (~15-year-old appliances) have the same advantages.
- **Limited Incentive:** The financial yield from modulation is often questionable in its ability to incentivise producers to invest in design changes or influence consumer purchasing decisions, especially if the treatment component of the fee (which can sometimes be a revenue) is small.

Conditions if Eco-Modulation is Introduced: Should a system of eco-modulation nevertheless be introduced, APPLiA recommends that it *must* be harmonised at the Union level to prevent a fragmented internal market. Furthermore, any such modulation must be strictly limited to the *actual net recycling/treatment costs*. Expenses related to collection, sorting, logistics, communication, and general overheads do not typically vary based on specific EEE unit characteristics and should be excluded. The French system reportedly manipulated bonus amounts, which increased the administrative burden and financial risk for PROs.

10. **Enforcement & Control:** Ensure efficient enforcement by surveillance authorities at the national level, which is necessary to monitor and control the recovery industry in order to ensure compliance.

- **Addressing Free-Riding:** Ensure robust measures to ensure all producers, importers, and actors selling via online platforms, placing EEE on the EU market, contribute fairly to the system to combat the significant problem of "free-riding". There is a particular risk that online sellers and platforms do not comply with their EPR obligations. It is not acceptable that EU-based producers have to bear the financial load for the recycling of products from free riders, while 'free-riders' (particularly some online marketplaces or overseas sellers) place appliances on the market without contributing. This distorts competition, increases costs for compliant producers, and reduces funds available to EPR schemes.
- **Historical WEEE and Orphan Products:** Managing costs for appliances sold before EPR schemes were fully established or from producers no longer in business can create funding uncertainties, often falling back on current compliant producers. This can be a concern if new product categories are added to the WEEE legislation. For appliances, this is no longer an issue as the WEEE obligations were introduced more than 20 years ago.
- **EU Central EPR Clearing House:** Explore the creation of an EU Central EPR Clearing House to identify and coordinate efforts against free-riding, better harmonise producer registry and transparent allocation of EPR contributions for

producers selling in multiple Member States (a "one-stop-shop" approach for registration/reporting). This could be a foundational element for advanced verification and enforcement.

- Responsibility for Targets: Ensure that Member States remain the only obligated party to meet collection targets, and that the target is established realistically for each Member State based on the amount of WEEE that is generated in reality in the Member State.
- Cooperation & Consumer information: Member States should ensure that producers, distributors, municipalities, consumers and any actor handling WEEE play an active role in communication plans to increase the separate collection of all EPR waste streams. Member States should also establish adequate monitoring and enforcement means and organise a formal and regular dialogue between the involved actors.

A so-called visible fee should not be mandatorily required by the WEEE legislation. Instead, a visible fee should continue to be allowed, as is currently the case, as an option for each PRO to finance its operations.