SVENSKT NÄRINGSLIV
SWEDISH ENTERPRISE

Rethink EPR to foster competitiveness

The Packaging and Packaging Waste Regulation (PPWR) aims to reduce packaging waste, increase recyclability and reuse, and strengthen the circular economy across the EU. These objectives are widely supported by Swedish business, as is the use of EPR fees to finance and further improve the collection, sorting and recycling of waste. Effective producer responsibility systems are necessary to increase recycling rates, make sure all producers pay their dues to the system and secure the clean material streams needed for a competitive circular economy.

However, as implementation of the PPWR has begun, serious concerns have emerged regarding the practical feasibility, cost and administrative burden of the authorised representatives in the regulation, which is particularly true for small and medium-sized enterprises (SMEs). Thousands of companies report that the rules will discourage cross-border expansion within the EU, while some warn that compliance costs and administrative obligations could threaten the viability of their businesses altogether. [1]

Without targeted simplifications, guidance and proportionality measures, parts of the PPWR will be a significant barrier to growth, innovation and cross-border trade within the Single Market. **We call for an immediate suspension of the PPWR requirement to appoint national authorised representatives. At the same time, the definition of "producer" needs to be clear and harmonised to ensure that companies can easily determine their obligations and are only held responsible for activities under their control.**

However, these urgent actions are not enough to create a harmonised system that restores legal certainty, reduces administrative burdens, and supports a well-functioning Single Market. **We urge the Commission to seize the opportunity presented by the Circular Economy Act to undertake a comprehensive reform of the EPR framework, harmonising requirements across the EU and establishing a genuine one-stop shop for registration, reporting and compliance. The reform should also simplify and clarify the allocation of responsibilities, ensure that obligations rest with the appropriate actor, and keep compliance requirements proportionate and manageable for businesses.**

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[1] Public consultation on national producer register requirements

What needs to be done?

To lessen the administrative burden for companies, facilitate market surveillance and produce the large, clean material streams needed to promote a circular economy, all existing and future **EPRs must be harmonised across member states** with special regard to:

- **What information and data to report**, including
    - Scope and definition of concerned article/materials and identification of products
    - Datapoints to be reported for each product/material
    - Criteria and reporting requirements for eco-modulation
- **When and how often reporting should occur**
- **Who should comply with the reporting**
    - A clear and harmonised definition of "producer" is needed to ensure that companies can easily determine their obligations and are held responsible only for activities under their control
- **How the PRO is organised,** including
    - Transparency of fees
    - A non-profit setup

It is important to note that harmonising the fields in 27 national registers is not enough. **An EU one-stop-shop is needed**. Companies should be able to register once, report once and fulfil their obligations through a common digital EU platform, instead of navigating 27 different national systems.

The need for national authorised representatives is a direct consequence of fragmented national EPR systems. **A harmonised EU one-stop-shop would remove the need of authorised representatives for EU-based companies and limit non-EU companies to a single authorised representative within the Union.** Market surveillance authorities would benefit from improved oversight through a common EU platform providing access to producer data across Member States. This would strengthen enforcement while reducing unnecessary compliance costs.

How to do it!

Reporting requirements vary significantly across the EU. Both the type of data and the frequency of reporting required differs, generating unnecessary administrative costs for companies without providing environmental benefits. **We recommend the adoption of harmonised minimum reporting requirements at EU level. Furthermore, we recommend streamlining EPR reporting obligations to an annual frequency across all Member States**. This would significantly simplify compliance efforts and reduce the administrative burden

Scope and definitions need to be harmonised. At present, Member States apply varying definitions to the same product categories, resulting in confusion and inconsistent

interpretations of what falls within the scope of an EPR scheme. **We recommend establishing clear and consistent definitions at the EU level.**

Eco-modulation rules must be harmonised across EU to make it worthwhile for companies to make sustainable design choices. Currently, national schemes apply different criteria, such as percentages of recycled content or material type, which creates conflicting or inconsistent requirements across markets and greatly increase the administrative costs of reporting. Without harmonised eco-modulation, the same product may be treated differently depending on the country, undermining both effectiveness and impact of sustainable design choices. **We recommend common European standards for which criteria that constitutes Eco-modulation and common standards for how it is calculated and for which differentiated fees are based upon, such as bonus–malus,** to ensure fairness and consistency across the Single Market.

It is highly unlikely that the introduction of authorised representatives will effectively address the problem of free-riders. Companies that deliberately avoid registering with a Producer Responsibility Organisation (PRO) are equally unlikely to comply with a requirement to appoint an authorised representative. Instead, the measure primarily increases costs and administrative complexity for law-abiding businesses. **The legitimate enforcement needs of market surveillance authorities would be better served through a harmonised EU-wide registration system than by authorised representatives.** Under such a model, EU-based companies would register directly and pay the different EPR fees across Member States, while non-EU companies would appoint a single authorised representative within the Union and pay the fees accordingly. This would improve transparency, support enforcement across the Single Market and significantly reduce compliance burdens**.**

Fee transparency is necessary to lower costs and foster trust in the system. Whilst a harmonisation of fees across the EU will not be feasible due to local differences, **Producer Responsibility Organisations (PROs) should be required to justify and demonstrate their fee structures with full transparency.** Fees should be set in accordance with the actual costs of collection, sorting and recycling of each individual waste stream.

- PROs should be non-profit, retaining only the capital needed to cover the waste management, including necessary future investments, information and research.
- Fee structures should be fully transparent, justified and linked directly to actual waste management costs, and reinvested in waste management operations.
- Costs and revenues across the waste and reverse-logistics value chain should be traceable, including transparent publication of offsetting revenues from recycled materials.
- Collection, recycling and recovery targets should be clearly defined and monitored.

Company Examples

KANG is a small innovative company with five employees selling sustainable ski poles designed, developed and produced in Åre, Sweden. Whilst the ski poles can be transported and sold freely at the single market, the packaging cannot. **Every time KANG expand their business to a new EU Member State they must find and join a local Producer Responsibility Organization (PRO)** and start regular reporting on the type and amount of packaging they place on the market. The administrative burden of local registration and reporting far outweigh the fee paid to cover the recycling of the packaging for small producers and discourage expansion to new markets. **EU wide harmonisation of PRO reporting requirement and a one-stop-shop for reporting would go a long way towards solving the issue.**

IKEA offers a wide range of home furnishing products in all EU Member States. The offer includes not only furniture, but also electronics, textiles and batteries, all products falling under extended producer responsibility schemes (EPRs). In addition, packaging is also covered by EPRs. None of these schemes are harmonised EU wide. For every product and every country IKEA has to find and join a local Producer Responsibility Organization (PRO). In order to meet compliance requirements across the EU, **IKEA must participate in and report to over 100 PROs**. Due to the lack of harmonisation in reporting standards, the company must submit varying data sets, at different intervals, to all these organizations for the same products. This creates a significant administrative burden. **EU wide harmonisation of PRO reporting requirement and a one-stop-shop for reporting would go a long way towards solving the issue.**

Husqvarna Group offers a wide range of forest, park, garden and construction products across the EU. The same product can reach the national market in several ways: through own legal entities, independent distributors, large retailers selling across borders, or own online sales, often within the same Member State. Each route makes a different company the producer, and online sales add further complexity through the authorised representative requirement. As a result**, EPR compliance in a single Member State can involve around 25 separate business relationships with up to eight different PROs.** Multiplied across the EU, this means managing an nearly unattainable amount of data, contracts and registrations between companies, depleting resources that would be better spent on improved recycling. **EU wide harmonisation of PRO reporting requirement and a one-stop-shop for reporting would go a long way towards solving the issue.**

For more information contact:
Stina Wallström
Senior Trade Expert, Confederation of Swedish Enterprise
Stina.wallstrom@svensktnaringsliv.se
+46 70 852 69 39