

Financing Europe's circular economy: EU Recyclers' recommendations for effective EPR schemes



EU Recyclers' recommendations for effective Extended Producer Responsibility (EPR) schemes

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Executive Summary

Extended Producer Responsibility Schemes have the potential to serve as an effective mechanism for financing the environmentally sound management of products at their end of their life cycle. Over the past decades, EPR schemes have contributed to significant improvements in waste collection and recycling rates across several sectors. Despite these advances, the implementation of EPR schemes across Member States continues to expose substantial structural challenges related to governance transparency, cost allocation and market functioning. Existing systems are often characterised by fragmented and insufficiently representative governance structures, inconsistent financing mechanisms, excessive administrative burdens, market distortions, insufficient transparency and weak enforcement. In many cases, Producer Responsibility Organisations (PROs) are primarily incentivised to minimise costs for producers rather than maximise environmental performance or circularity outcomes. This dynamic undermines investment certainty for recyclers and waste management operators while weakening incentives for eco-design and recycled material uptake.

The targeted revision of EPR schemes under the Circular Economy Act therefore represents an important opportunity to establish a clear, consistent, and competition-friendly framework that remains adaptable to national contexts. It is essential to redesign EPR systems so that they fully contribute to Europe's circular economy, industrial competitiveness and strategic autonomy objectives. In this regard, effective EPR schemes can play a key role in supporting the objective of doubling the Circular Materials Use Rate (CMUR) to 24% by 2030, as outlined in the Clean Industrial Deal (CID).

To fully unlock the circularity potential of EPR schemes and establish them as a cornerstone of EU environmental policy and strategic autonomy objectives, Recycling Europe calls for a comprehensive reform of existing EPR frameworks and in particular, for the following measures:

1. **Evidence-based and product-specific implementation of EPR schemes**, applying EPR schemes only where market failures occur, where existing waste management systems fail to meet EU environmental targets (e.g., low recycling rates, negative-value waste streams).
2. **Ensuring transparency and full cost coverage** of treatment costs, together with measures supporting a shift towards circularity.

3. **Strengthening EPR governance and value-chain representation**, ensuring that all actors of the value chain, including recyclers and reuse operators, are represented within the governing executive bodies of Producer Responsibility Organisations (PROs) to promote an industrial approach to resource circularity, foster best practices and mitigate conflicts of interests.
4. **Simplification of administrative burden and digitalisation of audits and data collection**. Duplicative or unnecessary audits conducted by PROs should be avoided, and reporting requirements should be streamlined through the use of a single shared platform for all PROs operating within the same sector.
5. **Preserving competition through financial EPR Models instead of operational models**. This will also help incentivise better services and higher performances, and avoid market distortion or excessive concentration of power.
6. **Ensuring recyclers' access to and control over waste at end-of-life**, thereby supporting EU circularity and strategic autonomy objectives.
7. **Eco-modulation of the EPR fees** based on recycled content, recyclability, European preference, to fully leverage eco-design.
8. **Strengthening enforcement and preventing free-riding** by monitoring all actors involved in EPR schemes and by conditioning market access on the registration of producers in a dedicated registry.
9. **Coherent harmonisation for efficient interaction between national and EU levels**, clearly defining national and EU competences under the principle of subsidiarity and efficiency, to prevent free-riding, facilitate compliance, and account for national specificities.

This position paper therefore outlines Recycling Europe's recommendations for the effective design of EPR systems in Europe by examining the structural shortcomings of existing schemes and proposing a coherent framework aimed at improving environmental performance while reinforcing the competitiveness and resilience of Europe's recycling industry and advancing the EU's environmental and strategic autonomy objectives.

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1. Evidence-based and product-specific implementation of EPR schemes

EPR schemes should not be regarded as a one-size-fits-all solution applicable to every waste stream. The EPR schemes currently implemented across Europe – such as packaging, e-waste, batteries, tyres, end-of-life vehicles, textiles - vary greatly in terms of lifespan, processing volumes, and intrinsic material value. As a result, some waste streams generate high-value materials **and may not require additional EPR schemes to ensure effective collection and treatment** once the targets set by EU legislation are reached. In contrast, establishing minimum requirements at EU level and ensuring their enforcement at national level has already proven effective in securing adequate collection and positive treatment outcomes.

Recycling Europe therefore calls for a targeted and evidence-based approach to the implementation of EPR schemes.

Before introducing any new EPR schemes, policymakers should carry out a comprehensive assessment of the efficiency of the existing collection, sorting, and recycling value chain for a given waste stream to determine whether market failures genuinely exist, and whether EPR represents the most proportionate and effective policy instrument. Alternative policy instruments — such as collection and recycling targets, recycled content requirements — may offer a more appropriate and proportionate approach while avoiding additional costs, further administrative burdens, and unnecessary distortions of the free market.

In line with the **principle of subsidiarity**, new EPR schemes should only be introduced when environmental targets set by legislation are not met through existing competitive waste management and recycling value chains. The design and implementation of EPR schemes must also adequately account for the specific economic, operational and institutional circumstances of each Member State.

Sector-specific circumstances must also be carefully considered. In particular, Recycling Europe believes that:

- In the case of **agricultural plastics**, Recycling Europe believes that the establishment of an EPR system scheme could be appropriate, given the high levels of contamination with soil, sand, and organic residues, as well as their potential to fragment into microplastics. However, such a scheme should be limited to black plastics (such as mulch films, irrigation pipes and tubing, and silage or bale wrap films) due to their particular operational complexity and environmental risks. For the rest of agricultural plastics there is already a well-functioning market, and should therefore not be unnecessarily disrupted.
- Similarly, while **tyre** collection rates are already high across many Member States, improvements in recycling rates may be better achieved through other policy tools or through enhanced traceability and reporting obligations on recycling rates, rather than through the establishment of an EU-wide EPR scheme. Transparent reporting and traceability mechanisms are needed to clearly distinguish used tyres reintroduced onto the market (for reuse or retreading) from those discarded as end-of-life tyres (ELTs). Without such differentiation, recovered tyres, including those originating from end-of-life vehicles, may escape EPR obligations and create significant risks of free-riding.
- By contrast, for **mattresses**, where collection and recycling systems remain underdeveloped and significant market failures persist, an EPR scheme could ensure sufficient incentives for separate collection and recycling. Addressing this market failure has become even more important as the textile fraction of mattresses increasingly faces the same structural challenges affecting the broader textiles recycling industry.

2. Ensuring transparency and full cost coverage of treatment costs and measures supporting a shift towards circularity

In many sectors, representatives from the recycling industry and waste management operators are excluded from the governance bodies of PROs, which are typically composed solely of producers financially contributing to the scheme. Consequently, PROs tend to align their strategies primarily with producers' interests - namely, cost reduction, often at the expense of the most environmentally sound approaches - and become market tools designed to serve producer-driven objectives.

This dynamic is evident, for instance, in the design of tendering processes that prioritise cost minimisation or revenue optimisation over environmental performance. Such approaches can lead to weak requirements on design for recyclability, limited environmental and safety standards, and insufficient funding for proper waste treatment operations.

These issues are particularly pronounced in EPR schemes where multiple PROs compete. In such contexts, producers may reduce EPR fees to remain competitive and attract more members, intensifying downward pressure on funding levels. As a result, financial contributions to waste management operators are often inadequate to fully cover the costs of treatment, significantly undermining the effectiveness and environmental objectives of EPR schemes.

Article 8a(4)(c) of the Waste Framework Directive stipulates that *“in the case of extended producer responsibility schemes established to attain waste management targets and objectives established under legislative acts of the Union, the producers of products bear at least 80 % of the necessary costs, and provided that the remaining costs are borne by original waste producers or distributors.^{1”}*

However, the absence of a clear legal definition of **“necessary costs”** creates risk of underfunding and leads to unpredictable revenue streams for recyclers. Recycling Europe therefore proposes that ‘necessary costs’ should be understood those required to shift the economic balance away from landfilling and incineration towards reuse and recycling. In this sense, they should encompass all the costs required for **waste management** (collection, sorting, treatment) and **recycling**, as well as the **investments to support circularity** (R&D, innovation, eco-design, market development for recycled materials, and consumers’ awareness campaigns on proper waste collection and sorting.).

In this regard, Recycling Europe calls for a revision of Article 8a, to stipulate that producers must bear all necessary costs, thereby ensuring full cost coverage.

It is equally essential that **PROs ensure full transparency regarding the costs and expenditures associated with each operation**. In addition, contracts between PROs and recyclers should include a review mechanism allowing for the periodic adjustment of EPR fees, so they remain aligned with prevailing market conditions and actual operational costs.

Given the high volatility of materials value, **EPR fees should be based on the market value of materials at the time a new EU EPR scheme comes into effect, rather than on market conditions prevailing when the EPR is decided by EU legislation.**

Where PRO funding does not reflect actual operational costs, particularly in specific individual circumstances, and therefore fails to fully cover the necessary costs of waste treatment, recyclers and waste management companies should have **the right to charge a residual fee.**

¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02008L0098-20251016>

Furthermore, the assessment of necessary costs should be carried out and regularly updated by an independent third party rather than by the PROs themselves. An arbitration mechanism should be established to enable recyclers, waste management companies and final waste holders to request a revision of fundings levels where these are considered insufficient.

Finally, PROs should operate on a **non-profit basis**. Beyond improving cost proportionality and addressing governance concerns, this would help ensure EPR schemes are genuinely oriented towards circularity objectives by minimising the environmental footprint of products and promoting design for recycling. PROs should also be mandated to develop **technical studies and invest in R&D** to support the increased uptake of recycled materials by producers, as is already the case for some streams.

3. Strengthening EPR governance and value-chain representation

Current governance structures within many EPR systems fail to reflect the diversity of actors involved in circular value chains. Recyclers and reuse operators possess critical operational expertise regarding waste treatment, material recovery and recyclability challenges, yet they are frequently excluded from strategic governance structures.

To establish more balanced and value-chain oriented governance and to ensure that EPR schemes effectively support the transition towards a competitive circular economy, **Recycling Europe calls for adequate representation of the waste management and recycling sectors within the governance bodies of Producer Responsibility Organisations (PROs)**, with meaningful decision-making powers. Such representation should be ensured provided that the actors concerned are not directly involved, as company representatives, in tendering procedures launched under EPR schemes, to avoid conflicts of interest.

Including recyclers and waste management operators in PRO governance would significantly improve the effectiveness and operational efficiency of EPR schemes by integrating the expertise of actors directly involved in collection, sorting and recycling activities, as well as the operational costs borne throughout the recycling process. A more value-chain-oriented governance approach would strengthen coordination between producers and recyclers, facilitate recyclability assessments, support the development of effective eco-modulation criteria, and foster better industrial planning and long-term investment certainty across the circular value chain.

4. Simplification of administrative burden and digitalisation of audits and data collection

The expansion of EPR obligations should not lead to disproportionate administrative burdens for recycling and waste management operators. Recycling is already one of the most heavily regulated and supervised industrial sectors due to environmental and public health considerations, with some recycling industrial sites currently subject to multiple audits and inspections per month. Therefore, the further expansion of EPR schemes risks significantly increasing administrative complexity and compliance costs across the sector.

In line with the EU's ongoing efforts to reduce administrative burden of environment legislation, Recycling Europe calls for audits and inspections carried out by PROs and competent authorities to be reduced, pooled and simplified wherever possible. Recyclers already operate under waste treatment permits and frequently hold multiple ISO or EN certifications. Against this backdrop, **duplicative or unnecessary audits conducted by PROs should be avoided.**

Regarding **data collection**, the role of PROs should be strictly limited to the core functions of the EPR schemes, namely for auditing purposes, monitoring waste management operators, traceability of waste flows and assessing the overall EPR performance. However, where a PRO and a waste operator mutually agree to provide additional data to generate relevant operational information, such cooperation should remain possible. At the same time, all data collection systems must safeguard the confidentiality of any sensitive information provided, and for this purpose, data collection through a public entity should be preferred, where appropriate.

These tasks should be carried out in line with a "**say-it-once**" principle, streamlining reporting by using a single shared platform for all PROs within the same sector. This platform must also be fully interoperable with the traceability software already in use by operators, enabling seamless data exchange. By eliminating redundant reporting requirements and simplifying processes, this approach improves efficiency and reduces the administrative burden for all stakeholders involved.

5. Preserving competition through financial EPR models instead of operational models

Across the EU, two distinct EPR models can currently be observed. In some Member States, EPR schemes operate as financial models, whereby producers contribute fees to a PRO to finance the collection and sound management of waste. In others, PROs follow an operational model, combining both financing and the direct management of waste-related activities – practically having complete control over the supply chain. To safeguard free market principles, preserve competition and ensure compliance with EU competition law, Recycling Europe supports financial EPR

schemes as the preferred model. PROs should not act as market operators or provide commercial services such as waste collection and treatment, traceability platforms, consultancy or advisory services, as this risks creating market distortions, conflicts of interest and excessive concentration of power within the value chain.

Therefore, Recycling Europe calls for the Waste Framework Directive and sector-specific waste legislation to explicitly prohibit PROs from engaging in any operational role on the market as this could lead to a monopoly or oligopoly situation undermining the recycling industry to invest and innovate.

When a PRO enters the market as an active recycler, it ceases to be a neutral system operator and becomes a market competitor, thereby abusing its dominant position. In such cases, the tenders issued by PROs restrict market access to the selected bidders only. Since PROs primarily seek to reduce costs, the existing local network, built in connection with waste providers and downstream industrial users, becomes completely disrupted. This results in environmental inconsistencies, such as the closure of newly built plants that had previously secured contract and made significant investments, or the use of inefficient, non-optimised transport routes. This represents a clear conflict of interest and constitutes a breach of competition law, particularly Article 102 of the Treaty on the Functioning of the European Union (TFEU). **The role of PROs must be strictly limited to the facilitation and/or financing of reuse and recycling processes and ensure fair competition among actors in the market.**

In addition, policymakers must ensure that EPR schemes prioritise environmental objectives and prevent mandatory contracts between waste management operators and PROs as a supply strategy for producers to meet recycled content obligations. Recycling Europe considers that these contracts should not be imposed by law. However, where Member States do require them, they must be governed by fair, transparent and non-discriminatory rules.

6. Ensuring recyclers' access to and control over waste at the end-of-life stage

Access to end-of-life waste streams is a prerequisite for a competitive recycling industry and a well-functioning circular economy. EPR schemes should therefore ensure fair and non-discriminatory access to waste for authorised recycling operators. The waste producer or the waste holder must retain the freedom to ensure the proper management of their waste by: (a) managing it themselves, where duly authorised; (b) transferring it to the public waste management system or EPR schemes; or (c) handing it over to an authorised waste management operator. This choice belongs to the final holder as the owner of the product/waste and must therefore be fully respected.

At the same time, it is essential to guarantee **non-discriminatory access to waste streams for authorised waste management and recycling companies responsible for collecting and processing the waste at the end-of-life phase.** Restricting such access would create massive uncertainty and lead to the fragmentation of recyclers, both of which would be detrimental to investment and innovation. Additionally, this would lead to a radical concentration of

ownership of circular materials in the hands of a small number of actors, with adverse effects on prices and on innovation.

7. Eco-modulation of EPR fees based on recycled content, recyclability, European preference, to fully leverage eco-design

Around 80% of a product's environmental footprint is determined at design stage. However, despite the growing number of EPR schemes covering different waste streams, they have largely failed to drive design for recycling. Numerous non-recyclable products, including multi-layered and multi-material packaging as well as tyres containing sealants (for puncture prevention), foams (for noise reduction) or non-removable batteries, are still placed on the market. Products that disregard design-for-recycling principles ultimately hinder effective recycling at end-of-life.

Eco-modulation of EPR fees based on specific design features that make products more easily recyclable and based on the content of recycled materials is crucial to promote eco-design and stimulate demand for recycled materials. **The eco-modulation of fees based on recycled content prior or above mandatory targets (PPWR, SUPD, ELVR), recyclability and European preference should be implemented in all EPR schemes**, in particular plastics EPR schemes, to reward those manufacturers with high environmental ambitions and drive demand for sustainable and circular products. For products covered by the **Ecodesign for Sustainable Products Regulation (ESPR)**, such as textiles and tyres, eco-modulation should be based on the design requirements defined in Article 5 of the Regulation. **Therefore, Recycling Europe supports scaling up the minimum requirements for design for circularity under article 8a of the WFD to make it a core principle of EPR.**

The introduction of a European preference can serve as a powerful lever to support EU strategic autonomy and circularity ambitions. This could be achieved by integrating criteria into PRO requirements that prioritise -or set minimum thresholds for- recycled materials originating from the EU, and by modulating EPR fees accordingly — for example, applying lower contributions to products manufactured in Europe using EU-sourced recycled materials. It is also essential to introduce traceability obligations and verification methods to prove that recycled materials genuinely originate from Europe, and not from uncertified or falsely labelled recyclates from non-EU countries. European preference can be established through geographic requirements, such as the French packaging legislation that modulates the use of recycled plastic sourced from within a 1,500 km radius, making sure that the distance aligns with the EU internal market for recyclates².

² Arrêté du 5 septembre 2025 fixant les modulations applicables aux contributions financières versées par les producteurs lorsqu'ils incorporent des matières plastiques recyclées ([available here](#))

In line with the polluter-pays principle, **second-hand products such as textiles used Electrical and Electronic Equipment (EEE) must be exempted from EPR fees**, as it would undermine practices related to the right application of the waste hierarchy.

Transparency is key to developing trust amongst circular value-chain and to avoid EPR fees from being a pretext to increase prices and generate inflation. **Recycling Europe recommends that visible fees** (meaning EPR fees appearing separately on products invoice) **become mandatory for all EPR schemes**. Similarly, when PROs provide funding to businesses and recyclers, this funding must be clearly stated, for information purposes, on invoices issued to waste users. Improved transparency will allow for better monitoring of the costs required to ensure products are recycled properly and to a high standard. If PROs increase their fees, it should be clearly shown how these funds are used. Similarly, if fees are reduced, it should be easy to see how this impacts the recycling process.

8. Strengthening enforcement and preventing free-riding

The effectiveness and financial sustainability of EPR schemes depend on robust monitoring and enforcement mechanisms capable of preventing free-riding across the entire value chain. This issue has become increasingly significant with the rapid growth of e-commerce platforms and ultra-fast fashion imports from non-EU countries and primarily China, sold online. As pointed out by several Member States, non-EU online marketplaces often bypass EPR obligations, thereby creating an uneven level playing field, and leaving waste management underfunded.

Addressing 'free riding' is therefore essential not only because it creates unfair competition and underfunds recycling systems, but also because it puts additional pressure on compliant producers and recyclers. **Recycling Europe consequently calls for strengthened monitoring, control, and enforcement mechanisms covering all actors involved in EPR schemes in order to secure a level playing field and ensure that all producers placing products on the EU market contribute fairly to end-of-life management costs.**

In this context, the national authorised representative (AR) requirement for foreign producers in EPR schemes should be maintained, as currently foreseen under the Batteries and Waste Batteries Regulation, the Packaging and Packaging Waste Regulation (PPWR) and the targeted revision of WFD for textile waste. Removing the authorised representative, together with national declaration obligations for product providers, would significantly increase the risk of free-riding for producers covered by a given EPR scheme, and weaken the enforceability of EPR obligations across Member States.

Member States must also ensure the existence of adequate enforcement mechanisms, including financial sanctions, to ensure that PROs strictly respect targets set by legislation and the proper application of the waste hierarchy. At the same time, PROs should provide **transparent and public disclosure of information** - for example through detailed annual reports - on the use of EPR-collected fees, activities undertaken, and the objectives and targets of the EPR

scheme. Additionally, PROs should provide clear information and incentives to ensure consumers properly manage end-of-life materials, as improper disposal directly prevents recycling.

9. Coherent harmonisation for efficient interaction between national and EU levels

EU harmonisation

Harmonising requirements at EU level is crucial to simplify compliance, prevent free-riding, reduce unnecessary administrative burdens, and ensure consistent data collection across all Member States. By establishing a unified framework, the EU can create a level playing field and foster a true single market for waste, benefiting both economic efficiency and environmental sustainability.

At the same time, it should preserve sufficient flexibility for national authorities to adapt EPR schemes to local waste management systems, market conditions and legal frameworks.

To achieve this balance, Recycling Europe calls for **greater harmonisation of several elements of EU-wide EPR schemes**. This includes establishing harmonized minimum criteria for the eco-modulation of EPR fees based on recyclability, recycled content and European preference, thereby strengthening incentives for circular product design and the uptake of recycled materials. Harmonised reporting via a dedicated platform ensuring the confidentiality of sensitive data submitted, and monitoring requirements for PROs are also needed to improve transparency, enable meaningful performance comparisons and ensure effective oversight of EPR schemes across Member States. In addition, PROs should be subject to regular reviews of their performance, governance and market interventions to prevent market distortions. To this end, their interventions should remain necessary, proportionate, and demonstrably linked to environmental objectives that cannot be achieved through less intrusive means. Moreover, recyclers and reuse operators should be adequately represented in PRO governing bodies with meaningful decision-making powers, ensuring that EPR schemes reflect the realities of the entire value chain. Finally, Recycling Europe calls for financial EPR schemes over operational models, as they are better suited to preserving competition, encouraging innovation and preventing excessive market concentration. At the same time, Member States should retain responsibility for determining EPR fee levels, organising waste management systems and regulating PROs, reflecting differences in infrastructure, operational costs and national legal frameworks.

National level

Certain features must be regulated at the Member State level to maintain relevance and effectiveness, given the diversity of national contexts. Harmonization in the following areas would be counterproductive:

- **Waste Management Modalities:** Local waste management practices are deeply tied to the unique structures of each municipality, including citizen-institution relationships and regional infrastructure. Attempting to harmonize these modalities risks creating inefficiencies and opening a complex, unresolved debate.
- **EPR Fees:** While the rules for eco-modulation should be harmonized to ensure consistency in environmental incentives, the actual fee amounts paid by producers and the funding received by recyclers must remain nationally determined. These figures depend on country-specific factors such as energy costs, labor expenses, and operational conditions, which vary widely across Member States.
- **The regulation of PROs:** Regulating PROs at the national level allows Member States to align EPR schemes with their specific legal frameworks, institutional structures, and local waste management specificities, while ensuring effective enforcement, inclusive governance and tailored solutions to national challenges.

Conclusion

Europe's circular economy ambitions require EPR systems that are fair, transparent, competitive, balanced and genuinely circular. Future EPR frameworks must move beyond narrow cost-minimisation approaches and instead support long-term investments, eco-design, recycling innovation and domestic markets for recycled materials. To achieve this, EPR systems must ensure full cost coverage, balanced governance, fair competition and strong enforcement mechanisms.

The Circular Economy Act provides a unique opportunity to establish a modern EPR framework capable of supporting both Europe's environmental ambitions and its industrial resilience and competitiveness. Effective EPR systems should ultimately serve the entire circular value chain, including producers, recyclers, reuse operators, waste managers and consumers, while contributing to Europe's competitiveness and strategic autonomy in an increasingly resource-constrained world.

Note to editor: Recycling Europe, (previously EuRIC), is the voice of Europe's recyclers including 84 national federations and companies across 24 EU & EFTA countries, plus the UK. From metals and paper to plastics, packaging, textiles, tyres, ships, construction & demolition waste, WEEE and ELVs, our members transform waste into resources—powering Europe's circular economy, ensuring resource autonomy, and boosting competitiveness and sustainable industrialisation across the continent. For press-related enquiries, please contact Zoi Didili, Recycling Europe's Senior Communications Advisor, by email at zdidili@recyclingeurope.org or by phone at +32 (0) 489 09 46.