

Position on Differentiated EPR Costs

Brussels, 3 June 2016

As stated in our position paper of 8 February 2016, DIGITALEUROPE supports the Commission's initiative to address the challenges of moving to a Circular Economy¹.

- **Recycling fees should reflect real end of life costs of electronics recycling.** Under EPR manufacturers should receive economic incentives to improve their product design to facilitate easy treatment and recycling. In particular, we welcome any reduction in costs relating to the end-of-life treatment that can help make secondary raw materials more competitive. Such an approach should be harmonised between Member States to provide consistent incentives and rewards to manufacturers. Overall, differentiated recycling costs should be used as a tool to cover end of life costs of products and compensate for the efforts of manufacturers addressing the End of Life (EoL) aspects of their products, but not to incentivise broader aspects of environmental performance of EEE.

In order to ensure an effective approach, it is essential that the following requirements are met:

1. It is important that harmonized criteria are established and applied consistently across the EU.
2. Reporting requirements for equipment should not be more complex than current requirements. In addition, differentiation of recycling costs should not create new administrative requirements (for example to visibly display fees on invoices or at point of sale). Additional administrative burdens are contrary to efforts to increase the competitiveness of the EU and will act as a disincentive for differentiation of recycling costs.
3. It is important that criteria underlying recycling cost differentiations are consistent with internationally 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. Impact assessments need to be good practice for the establishment of such criteria.
4. Producer's financial contributions should be based on the real costs of treatment. This would provide incentives for greater recyclability. Currently recycling costs are not accurately reflected in producer fees in all schemes. For example, some of the criteria set forth in the French 'modulated fees' system are unrelated to recycling costs. To this extent, the French model falls short of being a role model for European harmonisation.

¹ See "Reaction to the Circular Economy Package", Brussels, 8 February 2016

Below please find our amendment proposals to WFD Art. 8a (4b), which takes into account the need for EPR fees to be based on real end-of-life recycling costs and harmonised across the EU

1. Article 8a Paragraph 4b: Differentiated Costs

4. Member States shall take the necessary measures to ensure that the financial contributions paid by the producer to comply with its extended producer responsibility obligations:

(b) are modulated on the basis of the real end-of-life cost of individual products or groups of similar products, notably by taking into account their re-usability and recyclability;

2. DIGITALEUROPE Suggested Text for Art 8a

4. Member States shall take the necessary measures to ensure that the financial contributions paid by the producer to comply with its extended producer responsibility obligations:

(b) are based on the real end-of-life cost of individual products or groups of similar products.

The European Commission shall undertake a study by [enter 1 year after the publication of the Directive] comparing the real end of life costs of electrical and electronic equipment to the financial contributions paid by the producer to comply with its extended producer responsibility obligations.

(c) are differentiated to encourage the re-usability and recyclability of products; on the basis of actual environmental impacts and the available recycling practices and technologies.

In order to ensure uniform criteria for the differentiation of financial contributions paid by producers as specified by paragraph 4(c), the Commission shall adopt implementing measures by [enter 2 years after the publication of the Directive]. The Commission shall be empowered to update these measures in order to adapt to scientific and technical progress. Before these measures are adopted, the Commission shall, inter alia, consult producers of EEE, recyclers, treatment operators and environmental organisations and employees' and consumer associations.

3. Justification

Our proposed alternative text is based on these key principles.

1. The financial contributions paid by the producer should be based on the real end-of-life cost of products

It is important that the financial contributions paid by the producer should be based on the real end-of-life cost of products. This would provide incentives for greater reusability and recyclability.

Currently recycling costs are not accurately reflected in producer fees in all schemes. In some countries this has led to costs being charged to producers that are far in excess of the real end of life costs. Some of the criteria set forth in the French ‘modulated fees’ system are unrelated to recycling costs. To this extent, the French model falls short of being a role model for European harmonisation.

2. The criteria used to differentiate the financial contributions paid by producers, should be harmonised between Member States

Under EPR manufacturers should receive economic incentives to encourage increased reusability, recyclability and ease of treatment of products. However it is vital that if criteria are used to differentiate the financial contributions paid by producers, these should be harmonised between Member States and where possible be compatible with internationally recognised environmental product labels and certification schemes to provide consistent incentives and rewards to manufacturers.

Harmonisation of these criteria will also provide a scale of incentive that would drive improvements towards design for the circular economy. If different member States adopt different criteria, a patchwork of different criteria will be unlikely to generate a sufficient scale of incentives to drive changes towards design for the circular economy. Such an approach would merely create a large administrative burden for producers, with no environmental benefit. Therefore we have suggested that the Commission develop harmonised criteria either through a comitology process or through a CENELEC standard.

3. The criteria used to differentiate the financial contributions paid by producers, should be developed in partnership with producers and other key stakeholders.

We propose the Commission develop implementing measures to deliver harmonised criteria. This could be in the form of a CENELEC standard or equivalent; and should be developed in partnership with producers and other stakeholders, and based on a transparent process and robust data.

4. The criteria used to differentiate the financial contributions paid by producers, should be updated regularly to adapt to technological change.

The technological development of EEE is changing at a fast pace. Therefore we recommend that such an implementing measure can be updated on a regular basis; to take account of this technological change.

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ABOUT DIGITALEUROPE

DIGITALEUROPE represents the digital technology industry in Europe. Our members include some of the world's largest IT, telecoms and consumer electronics companies and national associations from every part of Europe. DIGITALEUROPE wants European businesses and citizens to benefit fully from digital technologies and for Europe to grow, attract and sustain the world's best digital technology companies.

DIGITALEUROPE ensures industry participation in the development and implementation of EU policies. DIGITALEUROPE's members include 61 corporate members and 37 national trade associations from across Europe. Our website provides further information on our recent news and activities: <http://www.digitaleurope.org>

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Austria: IOÖ

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Teknikföretagen i Sverige,

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Turkey: Digital Turkey Platform, ECID

Ukraine: IT UKRAINE

United Kingdom: techUK