

EPR and Circular Economy Paper Series

Implementing EPR across continents: Importance of Contextualising General Principles

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Introduction

Extended Producer Responsibility (EPR) is a policy principle that originated in Sweden in 1990. EPR shifts the responsibility for waste management from municipalities to producers, integrating waste management costs into the product price. Since it was introduced in Europe, it has influenced environmental policies globally, for instance, in Japan, Korea, and Canada. For the discussion in this paper, EPR can be considered as a way of addressing the rising problems with waste and resource use.

New approaches were needed to address rising costs of waste management and to address the environmental and resource degradation, both directly resulting from rapidly increasing consumption. Similar problems were destined to happen globally as consumption levels were rising in many countries. EPR promised to be an essential part of the necessary development by moving the costs of waste management and recycling from the end-of-life to the introduction of products on the market. This would mean that instead of being a stand-alone cost, these costs would be an often-minor part of the purchasing costs.

The EPR principle became one of the topics for several international projects to support the environmental work in Asia and other continents. Experienced and knowledgeable European (as well as for instance Japanese) consultants were getting more and more involved in such projects in several different Asian countries.

However, as often when it comes to international cooperation, we must ask ourselves how to best transfer knowledge from our own countries to another country. So, a relevant issue is to identify some of the main features that can be expected to influence the introduction of EPR in the various Asian contexts.

As special focus of EPR is on waste management, we can start by outlining some of the differences and similarities between the continents on these issues. However, we may first start by saying that also the experiences from various European countries show to us that EPR often needs some national adaptation, and the implementation of the various European countries have several differences. This said, we can suspect that many experts build their knowledge on experiences from one or a limited number of countries, and there is sometimes in such international projects a tendency to present solutions you are used to as the best approach also in other countries and situations.

Very often the municipalities, or other authorities with limited geographical coverage, are the ones who have the formal responsibility for a well-functioning waste management from private households and in a similar way from some other minor waste producers with household-like waste. This is to be expected in Europe as well as in Asia. However, the economic situation of municipalities varies considerably. In many European countries, municipalities can raise income by taxes and fees paid

by the private households. So, citizens are typically paying for the waste management through fees paid directly to the municipality or as part of the rent by the tenants, and then as a municipal fee by the property owners. Municipalities do not want to raise taxes and fees, but may be necessitated to do so, when important tasks need more financing. EPR opened an opportunity of a new source of financing that would not influence the burden on citizens based on decisions by municipal politicians.

Political economy

In Asia it is common that the budgets of the municipalities are more restricted. We can assume that many taxes and fees are more of a national question and many incomes enter the national budget rather than the municipal. The local fees for waste management are often decided more by political considerations of affordability for the population, than the needs for cost coverage. They are typically also decided on a higher level, that is often decided nationally. Consequently, budgets for waste collection are often not enough to support a good coverage of waste collection and we frequently see that not the whole population is covered by any formal waste collection. This is especially true for rural populations and towns.

In addition, to collect waste-related fees is a problem that several European countries have met. When it comes to electricity, the responsible entity could cut off non-paying residents, while when it comes to waste collection, such a measure would lead to hygienic and environmental problems. Several European countries are therefore bundling waste fees with electricity or water bills. Similar and maybe even more drastic problems could be expected in many Asian countries.

When it comes to investments in for instance landfills or treatment facilities, the situation is typically that these investments can't be financed by local money but need grants from national sources or are financed by loans based on national endorsements. It is in such cases not surprising that many municipalities are not having landfills of reasonable standards and, even less, other waste treatment facilities.

EPR offers an opportunity for a different financing. Basically, instead of directly raising money for waste management, you are obliging citizens to pay extra when buying products for consumption. So, we are expecting citizens to cover the waste management costs as part of the purchasing costs. We must then ask ourselves if such costs paid by every consumer are politically acceptable in the country in question, or they will be regulated to a level where they do not cover the real costs for a reasonably well working system. This points to the political difference of making it possible for people to consume in the modern society, and to have money available for mitigating enough of the environmental challenges following a modern consumption level.

Informal sector

An issue that is much more met in the Asian context than in Europe is the presence of an informal sector, collecting and treating waste. In the absence of well-working municipal systems, the informal sectors play an important role in collecting waste. While there are examples of such informal collectors being paid by citizens to remove waste, the more typical scenario is that informal collectors live from profits derived from the waste. The economy for certain types of waste may be such that the last owner expects payment for his old product (often the case with metal and electronic items) before he lets the collector take them. In other cases, the informal sector will just collect products/materials that can give profit when sold. Such waste may then be sold to the informal recycling sector or sometimes to more formalised entities. Informal recycling operations are often of low environmental standards and not the most efficient when it comes to resource extraction.

The above discussed situation means that a typical discussion among experts in this area, is how you could benefit from an informal sector collecting waste in a low-cost way, and then secure that the further treatment and in particular the material recycling is made in safer and more efficient manners than are offered by informal recyclers.

It must also be remembered that the issues around the informal sectors are not only a question about environmental and resource conservation, but also a livelihood issues for poor and uneducated sections of the population. It is often spoken about formalising the informal sector, but less research shows how such formalisation would go beyond forming cooperatives and other measures that may not be able to compete with large waste management companies once financial resources are available to pay for such services.

Governance

Governance is a particular issue of big concern in waste management, as well as in many other areas of economic activities. The need for regulating and enforcing reasonable rules have been exemplified in Europe and are not less in other continents. Our modern level of consumption makes a reasonable waste management a challenge not the least when it comes to costs. We are today talking about considerable money that is needed to achieve a reasonably well-working waste management system, securing good environmental standards and sensible management of resources. While totally transparent systems are difficult to achieve, any EPR system must consider how to avoid negative consequences of bad governance.

Producer Responsibility Organisations (PROs)

To manage the EPR system we often see the formation of PROs (producer responsibility organisations). These should support the companies by taking the tasks of using the money received from the producers and use them to fulfil the legal requirements of the EPR system. While competition between PROs could spur efficiency, it is a challenge to secure a level playing field and achieve good quality results if governments can't allocate necessary resources for enforcing fairness and quality.

Conclusion

What is important to remember when working in countries in Asia, as well as abroad in general, is that your personal experiences of good approaches may not fit as well in other contexts. You should probably not prescribe solutions but rather transfer experiences that can be useful as input for local discussions. To the extent possible, there should be an attempt to educate and discuss various approaches and experiences, instead of prescribing solutions.



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