

## Joint Industry Statement on State-run Producer Responsibility Organisations

The undersigned organisations deplore the recognition of state-run producer responsibility organisations (PROs) in the final text of the revised Waste Framework Directive (WFD), a regrettable precedent also set in the new Packaging and Packaging Waste Regulation and Batteries Regulation.

In our experience, state-run PROs fail to exercise the core function of a PRO, which is to fulfil producers' responsibilities to meet recycling targets on their behalf. Assigning producers' responsibilities to state-owned operators is a paradox. It will also harm PROs' effectiveness, worsen transparency and increase administrative costs, at the detriment of investments in municipal waste collection, sorting and recycling. Extended Producer Responsibility (EPR) fees charged by state-owned PROs are almost always a form of taxation, where the money collected from producers becomes another source of revenue for state budgets, without any guarantee of being used for the purpose they are intended for, in line with the *polluter pays* principle. In fact, they cannot be considered EPR as intended by the Waste Framework Directive if they contradict the general minimum requirements for EPR schemes set in Article 8a of this Directive.

Recognising the possibility for Member States to switch from private to state-run PROs can reverse progress made thanks to the 2018 revisions of the Waste Framework Directive and Packaging and Packaging Waste Directive, which made EPR schemes for household and commercial/industrial packaging mandatory in all Member States. At a time where two-thirds of Member States are expected to miss their 2025 packaging recycling targets<sup>1</sup>, there is an urgent need for governments to demonstrate that they are serious about the transition to a circular economy. To ensure their effectiveness, *all* PROs must meet the minimum requirements set down in Article 8a.3 of the WFD and they must work for or on behalf of producers. Hungary and Croatia have already chosen to by-pass producer responsibility, worsening their recycling performance<sup>2</sup>. Poland is next in line, as it is in the process of modifying its national laws to repeal the existing PROs system to adopt a state-run one.

Undermining separate collection, sorting and recycling will have tangible impacts on the environment, on businesses and consumers. Recycling rates will decrease instead of increasing. Producers will not be put in a position to meet the *recyclability at scale* obligations mandated by the Packaging and Packaging Waste Regulation, which could lead to potential market bans for certain types of packaging. This will affect the cost and availability of consumer products.

The undersigned organisations therefore call on EU legislators to adopt new legislative measures, in the context of the upcoming Circular Economy Act, to prohibit state-run PROs and rule out the possibility for exemptions from the minimum requirements for PROs. We also call on the European Commission to urgently address the risk of a state-run PRO being established in Poland, by initiating a dialogue with the Polish government on the EPR law under discussion at national level.

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<sup>1</sup>See [COM/2023/304 final](#) and the Infringement Package from July 2024, [here](#).

<sup>2</sup> See, as a reference, the data for Hungary, available [here](#). According to EUROSTAT data, Hungary's packaging recycling rate was 42.2% in 2022, well below the EU average of 65.4%.