

Preserving Harmonised and Producer-driven EPR Systems in the EU: Joint Industry Concerns on Emerging State-run PRO Models

Brussels, 26 January 2026 - The undersigned organisations wish to express their concern about a growing trend in several Member States to establish State-run Producer Responsibility Organisations (PROs) within new or existing Extended Producer Responsibility (EPR) schemes.

This development raises concerns in relation to three core and interlinked principles that industry has consistently defended when designing effective EPR systems:

1. **EPR systems must remain producer-driven, transparent and accountable**, as required by Article 8a of the Waste Framework Directive;
2. **Harmonisation across the EU is essential** to ensure a functioning Single Market and to reduce unnecessary administrative burdens;
3. **A clear separation of roles between regulator, supervisor and operator** is needed to uphold good governance and avoid conflicts of interest.

1. Designing EPRs that preserve producer responsibility and good governance

EPR is a cornerstone of the EU's circular economy framework, designed to ensure that producers take responsibility for the end-of-life management of the products they place on the market. Article 8a of the Waste Framework Directive establishes minimum requirements for the governance, transparency and performance of EPR schemes and PROs.

For the purposes of this paper, "producer-driven" EPR systems refer to governance models in which producers, as defined under the Waste Framework Directive, retain effective decision-making responsibility within PROs, while allowing for the involvement of other industry actors.

Recent developments in several Member States, however, show increasing interest in assigning PRO functions to State-owned or State-controlled bodies. Similar models have already appeared in other waste streams, including packaging and batteries. Expanding

these approaches to new sectors, such as textiles, risks weakening core EPR governance principles if roles and responsibilities are not clearly separated.

When the State acts simultaneously as regulator, supervisor and operator, structural conflicts of interest may arise. Experience from sectors where State-run schemes exist has highlighted risks such as:

- reduced transparency and limited accountability regarding the use of EPR fees;
- weaker incentives to invest efficiently in collection, sorting and recycling infrastructure;
- situations in which EPR fees function as de facto public revenue rather than as targeted funding to improve system performance.

Beyond governance concerns, the design of PRO models also has important implications for investment and financing conditions. From an investor perspective, predictable governance structures, transparent fee-setting mechanisms and safeguards against political interference are essential to mobilise private capital for waste collection, sorting and recycling infrastructure. Where EPR fees are perceived as quasi-fiscal instruments or where their reinvestment into system performance is unclear, investment decisions may be delayed or scaled down, ultimately increasing system costs.

Producer-driven PROs, by contrast, have an intrinsic incentive to improve operational efficiency and reduce the financial burden on producers over time. This is consistent with the role of EPR as a targeted and transitional instrument to address market failures, rather than as a permanent intervention in the market. Such outcomes are less likely where responsibility for organising EPR systems is transferred away from producers.

Producer-driven governance also strengthens the feedback loop between product design choices and end-of-life management costs. In practice, these models are better positioned to apply eco-modulated fees that reward recyclability, durability and material efficiency, thereby creating tangible incentives for upstream innovation. More centralised or uniform approaches may prioritise administrative simplicity at the expense of behavioural incentives and the preventive function of EPR schemes, a risk that is particularly relevant in emerging EPR streams such as textiles.

Taken together, these factors risk contradicting the polluter-pays principle and undermining EPR as an effective policy tool.

2. Designing EPRs that support EU harmonisation and the Single Market

Divergent national approaches to EPR governance already impose significant administrative and compliance burdens on companies operating across multiple Member States, particularly SMEs.

Industry has repeatedly called for greater EU-level alignment of EPR features, including governance rules, reporting obligations and operational requirements. These concerns were raised in the Environmental Omnibus and the Circular Economy Act consultation:

- harmonised EPR principles across Member States;
- a One-Stop Shop for registration and reporting;
- predictable and transparent governance structures.

Introducing State-run PRO models at national level risks further fragmenting the EPR landscape at a time when greater consistency and legal certainty are urgently needed to support investment, circularity and the smooth functioning of the Single Market.

The objective of harmonisation is to ensure that waste management systems operate as efficiently and cost-effectively as possible, while providing legal certainty for economic operators across the EU, rather than to prescribe specific geographical or industrial outcomes.

3. Calls for action to safeguard effective and credible EPR systems

Our intention is not to criticise any specific national initiative, but to underline the importance of a coherent, predictable and harmonised approach to EPR across the EU.

We therefore call on European and national policymakers to ensure that EPR systems:

- **remain producer-driven, transparent and accountable**, in line with Article 8a of the Waste Framework Directive;
- **are operated through governance models that prioritise reinvestment, performance and accountability**, with clear oversight, transparency and measurable performance objectives;
- **avoid State-run PRO models where the separation of regulatory and operational roles is insufficient**, as such models risk weakening governance and fragmenting the Single Market.

Clear financial separation between EPR fees and public budgets is essential to maintain transparency, fiscal discipline and trust in EPR systems, and to avoid perceptions of EPR fees functioning as de facto taxes rather than earmarked contributions to improve system performance.

Finally, governance models that combine regulatory authority with operational control may also raise legal uncertainty, including potential competition or State aid concerns, which can further discourage long-term investment and undermine harmonisation objectives.

A predictable and harmonised EPR framework is essential to drive investment in circularity, support competitiveness, and achieve the EU's environmental objectives.

The undersigned organisations stand ready to work with European institutions and Member States to safeguard effective, harmonised and producer-driven EPR systems that uphold circularity, environmental integrity and a level playing field across the Single Market.

List of signatories:

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GRS Pro

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