

CAN INTERNATIONAL COMPLIANCE REPORTING BE HARMONIZED?

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Introduction

In the last few years, extended producer responsibility (EPR) programs have been established throughout many OECD Countries. Industries selling products on a global basis are now attempting to comply with these programs. Since each of these programs is different in its methods of determining fees, responsible parties, data requirements, labeling requirements and other reporting requirements, the message sent to manufacturers or producers is confusing at best and has limited the effectiveness of these programs. Additionally, in many cases the cost of preparing and complying with these requirements exceeds the fees paid. (See “*How Manufacturers Are Responding to Extended Producer Responsibility Programs and How These Programs Can be Made More Effective*” submitted for the 12/98 Washington DC OECD workshop)

This paper discusses ways to simplify and harmonize the reporting requirements for industries participating in EPR programs. Simplified and harmonized reporting will improve compliance, reduce compliance costs, reduce paperwork, improve data accuracy and send a clear message to producers on how to improve their packaging and products.

The extended producer responsibility programs, established in many OECD Countries, are now serving as models worldwide. Most producers selling products on a global basis are now attempting to comply with these programs. By keeping the programs simple (“KISS”), you will send a clear message regarding your program goals and reduce administrative costs for the third party organizations, government regulatory agencies and the regulated community. Reporting requirements for industries should be limited to the amount of packaging they place on the market. This would include the weight and material type(s) of their packaging. They should be required to submit data that shows that they pay their fair share.

Consider implementation factors during program design

Just as the EU now requires manufacturers to consider how their packaging and products will be managed after their useful life as they design their packaging and products, governments must consider how their EPR programs will affect producers and other responsible parties. Program complexities, inconsistent definitions, elaborate reporting requirements and placing requirements on industry segments that have no control over product and packaging design increase costs, reduce effectiveness and produce data of limited value.

In establishing EPR programs, do not rely on producer fee reporting requirements to satisfy all of the data requirements necessary to monitor the EPR program.

Third party organizations or government regulatory agencies can supplement their data needs using surveys, studies and selective report auditing.

Limit reporting requirements to the industry sector that controls the product and packaging

Don't make industry sectors report data that has no meaning to them and that they have no control over. For example, the United Kingdom has increased the amount of reporting entities ten fold (now all raw material manufacturers, converters, packagers and retailers must submit reports). A retailer in the UK needs detailed packaging data on every item it sells. In some cases this can be more than 100,000 different items. A corrugated box manufacturer in the UK must know where its clients sell their products packed in its boxes. Since, in both cases the data must be derived from a third party, the cost of data collection is very high and the accuracy of the data reports is very poor. Only the producer can easily obtain the data required by most third party organizations and government regulatory agencies. Further, the fees paid by each sector become so diluted that the economical justification to modify the packaging (by the product manufacturer) is diminished.

Figure 1
DATA THAT PRODUCERS CAN PROVIDE

For the product

- Sales by country by month
- Declared weight and/or volume of the product
- Product to package ratio

For the packaging

Data by packaging component

- Packaging Category
 - Primary, secondary, transport, insert, etc.
 - Material Type (standard definitions must be established)
 - Plastic by resin type(1-7 only)
 - Paper
 - Corrugated
 - Paperboard
 - Flexible paper
 - Glass
 - Clear
 - Brown
 - Green
 - Other
 - Aluminum
 - Steel
 - Other Metals
 - Wood
 - Textiles
 - Ceramic/pottery
 - Laminates and Composites
- Number of uses
 - reusable or refillable
- Recycled content
 - Pre-Consumer
 - Post-Consumer

What data and indicators from the producers are needed to monitor the progress of an EPR program?

1. Inventory the Responsible Entities

One of the most important factors is to insure that all regulated entities are paying their fair share of costs (again regulated entities should be limited to producers and importers). A survey conducted by the Austrian ministry has found that half of all Austrian companies are ignoring the packaging waste law. Those companies paying their fair share and incurring the cost of the regulatory burden want to be assured that they are paying the lowest possible costs. This will only happen if all responsible entities pay their fair share. Therefore, one of the most important elements of a program is to identify all regulated parties and insure that they all participate in the compliance program. Free riders not only increase the fees that the other regulated parties must pay; they also reduce the incentive of others to submit accurate reports.

2. Track the amount of packaging waste placed on the market

Simply put, third party organizations and government regulatory entities need to know how much packaging waste (weight) by material type(s) is placed on the market in a particular country. They do not need to know each packaging element (caps, tubes, bottles, jars, baskets, boxes, or casket) or whether the box contained rice, flour or dehydrated soups. Producers should be expected to submit accurate data on the amount of packaging material they place on the market. Figure 1 lists those data elements that producers can easily obtain and that should be part of their environmental packaging database. Most importantly, using these reporting elements to set fees sends the clearest messages to producers. For example, if a particular material type is difficult to dispose of, the fees on that material type should be higher, therefore, sending a clear message to the producer.

If a third party organization or government regulatory entity needs specific data on the waste generation by an industry sector or the type of packaging material used by a particular industry, it should conduct an independent survey. This will be much less costly than requiring every regulated entity to submit this data.

Figure 2 lists data elements that are more difficult to acquire by producers and are not normally part of their environmental packaging database. These unique requirements can force producers to spend large sums of money obtaining the data, modifying their packaging databases and filing excessively complex reports. Additionally, collection and review of many of these data elements do little to encourage packaging change or

Figure 2 DATA THAT IS REQUIRED BY SOME COUNTRIES WHICH IS DIFFICULT TO OBTAIN	
Empty Space Ratio	Korea
Packaging Elements	Belgium
Shelf Area or Volume	Germany
Rigid Container	France

modifications.

For example, Korea's new packaging regulations require that you determine the "empty space ratio" on each package sold. The information needed to calculate the "empty space ratio" is contained in a five page formula requiring data elements not previously used by any other country packaging report and not easily available. In France, the fees for rigid containers are calculated differently from those of other types of packaging. Both these requirements add complexity to report filing and make data processing very difficult.

Figure 3
HARMONIZED DEFINITIONS ARE NEEDED

Materials types
Fiber requirements for paper
Definitions of laminates and composites

3. Standardize definitions

Standardized packaging definitions will reduce international data requirements and reduce the cost to prepare reports. Figure 3 shows areas where harmonized definitions are needed. By standardizing material definitions, reporting on an international basis would be simplified and would

reduce the required data manipulation and improve data accuracy. Compromising on a uniform fiber limit standard would send a clear message to manufacturers on how to improve the recyclability of their products. For example, in the EU alone the same piece of paperboard can be defined as paper in France, composite in Germany, aluminum in Spain and other in Belgium. Figure 4 shows the amount of fiber required for a paperboard carton to be classified as paper. If we could agree to use 80% or 85% as a standard, we would reduce reporting costs and improve packaging design.

If the material is classified as laminated you pay larger fees, but the allowable limits are so variable that packaging designers do not know which standard to use. Further, maintaining a packaging database that can interpret these different standards can be difficult if not impossible to track.

4. Allow for electronic (Internet) reporting

To save paper and to make reporting easier, third party organizations and government regulatory agencies should allow electronic (Internet) reporting. Each third party organization and government

Figure 4
THE AMOUNT OF FIBER REQUIRED BY THE MAJOR COUNTRIES FOR A PAPERBOARD CARTON TO BE CLASSIFIED AS PAPER

Austria	80%
Belgium	85%
Denmark	90%
France	50%
Germany	95%
Korea	70%
Luxembourg	85%
Spain	*
Sweden	50%
UK	50%

* You pay the fee for the highest cost material that represents 15% or more of the paperboard carton

regulatory agency should have a web-based system that would allow all packaging reports to be completed and all payments to be made on the Internet.

5. Keep program simple (“KISS”) and send a clear message

Simple straightforward programs send the clearest messages, cost the least to comply with and are the easiest to administer. By establishing a universal set of packaging data elements (material types, weight, declared contents, etc.) with standardized definitions, industries can easily and with the least expense maintain their packaging databases. Third party organizations and government regulatory agencies will benefit from better compliance and improved data quality.