

# Extended Producer Responsibility (EPR) under the Circular Economy Act: Ensuring fairness, material neutrality, and circular performance for rigid metal packaging

## Executive Summary

Metal Packaging Europe (MPE) welcomes the European Commission's ambition to strengthen Extended Producer Responsibility (EPR) within the Circular Economy Act (CEA). Current EPR systems across the EU remain highly fragmented, resulting in unequal treatment of materials, inefficiencies, and unfair competition.

Rigid metal packaging (steel and aluminium) demonstrates consistently high recycling rates across Member States: 82% for steel packaging and 76,3% for aluminium beverage cans. However, the lack of transparency in cost allocation and governance often leads to cross-subsidisation of other, less-recyclable material streams, undermining both environmental and economic objectives.

The CEA should harmonise minimum EPR requirements, ensure material neutrality, and reward recyclability and circular performance of materials.

### Key requests

The Circular Economy Act must ensure:

- **Harmonised minimum requirements**
- **Strict material neutrality**
- **Transparent, cost-based fee setting reflecting material performance and real cost**
- **Stop cross-subsidisation between materials**
- **Eco-modulation based on recyclability and circular performance**

## 1. The problem: fragmented and inefficient EPR systems

Analysis of national EPR schemes highlights several structural issues:

### ➤ Lack of harmonisation

EPR systems remain highly fragmented across Member States, with significant differences in governance models, cost coverage methodologies, and fee modulation criteria. Diverging interpretations of "full cost coverage" and eligible costs further reduce transparency and consistency across the internal market.

### ➤ Cross-subsidisation between materials

Costs are often shared across material streams, leading to cross-subsidisation where high-performing materials, such as metals, compensate for those with lower recycling performance. The lack of transparent, material-specific cost allocation distorts incentives and obscures the true cost of waste management.

### ➤ Misaligned eco-modulation

Eco-modulation criteria vary widely between countries and are frequently based on product-level characteristics rather than actual material recyclability. This limits

their effectiveness in driving improved environmental outcomes and creates inconsistencies across systems.

These issues collectively create administrative burdens, market distortions, and unfair competitive conditions, with high-performing materials at risk of cross-subsidising poorer performers and facing potential double charging, particularly where Deposit Return Systems are in place.

## 2. The case for rigid metal packaging

Rigid metal packaging is a fully circular material due to the following:

- **Permanent material:** can be recycled infinitely without losing intrinsic properties
- **High recycling rates** across the EU: 82% for steel packaging and 76,3% for aluminium beverage cans in 2023.
- **Efficient sorting and recycling infrastructure already in place**
- **Strong contribution to EU circular economy objectives and decarbonisation agenda**, as secondary materials are less carbon-intensive.

## 3. Policy recommendations for the Circular Economy Act

- **Apply the net-cost material-specific principle**

EPR systems shall ensure that financial contributions are determined based on material-specific cost allocation, reflecting the actual costs of waste collection, sorting, and recycling for each material.

Financial contributions shall be eco-modulated, where applicable, in accordance with the recyclability and circular performance of packaging at the material level.

- **Apply eco-modulation of EPR fees based on recyclability**

Financial contributions shall be modulated, where applicable, in accordance with the recyclability and circular performance of packaging at the material level.

Where Member States apply modulation of financial contributions in EPR systems, in accordance with Article 8a(4) of Directive 2008/98/EC and Article 6 (4d), such modulation shall:

- Be based on objective and measurable criteria related to recyclability and circular performance;
- Be applied within each material category.

Eco-modulation shall not:

- Result in cross-subsidisation between materials;
- Be used as a mechanism to finance reuse or waste prevention measures.

- **Stop cross-subsidisation**

EPR systems shall ensure that financial contributions paid by producers for a given packaging material shall not be used to finance the management, treatment, or system costs of other materials or systems.

In particular, Member States shall ensure that:

- No cross-subsidisation occurs between packaging materials;
- No financial transfers occur that distort material neutrality or competition.

- **No waste prevention and reuse financing**

Financial contributions under Extended Producer Responsibility schemes should not be used to finance activities related to waste prevention, reuse systems, or reuse infrastructure.

EPR schemes shall not:

- Impose additional financial contributions on single-use packaging to support reuse or prevention measures of unrelated packaging;
- Require producers of single-use packaging to finance systems or infrastructure unrelated to the management of the specific waste stream.

Measures related to waste prevention and reuse shall be financed through separate policy instruments.

- **Relationship with deposit return systems and reuse systems**

The Commission and Member States shall ensure that:

- Deposit Return Systems (DRS) operate as separate systems dedicated to the collection of specific packaging streams;
- Costs associated with DRS are not duplicated within EPR schemes.

The Commission shall ensure that reuse systems are not financed through financial contributions collected under EPR schemes for single-use packaging.

- **Transparency and verification**

The Commission shall ensure that Producer Responsibility Organisations:

- Publish detailed information on cost allocation and financial flows;
- Demonstrate compliance with no cross-subsidisation and no financing of waste prevention and reuse;
- Are subject to independent audits.

#### 4. Strategic outcome for the EU

The revision of EPR under the Circular Economy Act is a critical opportunity to correct existing inefficiencies. A truly harmonised EPR framework is not only a technical necessity, but a strategic imperative for Europe. Without it, fragmentation will continue to undermine the Single Market, distort competition between materials, and weaken the credibility of circular economy policies. By setting clear, common rules, the European Union can unlock better recycling performance, reduce unnecessary burdens on businesses, and create the stable investment conditions needed to scale up recycling infrastructure. Getting EPR right means ensuring that it rewards performance, preserves fairness, and delivers tangible results for Europe's circular economy.



MPE is the united voice of Europe's rigid metal packaging industry (steel and aluminium), bringing together manufacturers, suppliers, and national associations ([metalpackagingeurope.org](http://metalpackagingeurope.org)). We position and support the positive attributes and image of metal packaging through joint advocacy, marketing, sustainability and technical initiatives.

The European metal packaging industry produces over 200 billion units annually across 650 manufacturing sites, directly employs more than 60,000 people and plays a vital role in the Circular Economy, supporting numerous value chains and applications, including beverages, food, chemicals, aerosols and others.