



## Position of the Chamber of Digital Economy on the Waste Framework Directive (WFD)

The Chamber of Digital Economy wishes to express its position with respect to the Waste Framework Directive (WFD) talks that started last week. We support the revision of the Waste Framework Directive (WFD) as an important step towards a sustainable circular economy, particularly in the textile sector, as set out in the EU Textile Strategy. Nevertheless, we are deeply concerned about some of the changes proposed by the Council as part of the revision of the Waste Framework Directive, particularly concerning the possibility of modulating Extended Producer Responsibility (EPR) fees based on criteria not directly related to environmental protection. In our view, such an approach could lead to serious disruption in the single market and undermine the principle of equal competition, thus jeopardising the effective implementation of the circular economy in the European Union. Given the above, we would like to present an analysis and recommendations that, in the e-Chamber's view, require special attention.

### General remarks

#### 1. Violation of the "polluter pays" principle by additional eco-modulation criteria:

The main objective of Extended Producer Responsibility (EPR) is to charge producers for the costs arising from the actual environmental impact of their products, in line with the "polluter pays" principle. The Council's proposal, which provides for the possibility of modulating fees on the basis of criteria such as the number of stock-keeping units (SKUs) or the frequency of updating garment collections, introduces criteria that are inadequate given the actual environmental impact. These charges should reflect the actual environmental burden, as opposed to playing the role of economic instruments that favour certain business models.

In particular, the attempt to use EPR to curb the practices of "ultra-fast fashion" manufacturers (i.e. direct-to-consumer companies delivering products in small parcels from Asia) leads to a paradoxical situation, i.e. products with identical environmental impacts but marketed differently would be treated differently in the EU market. This model violates the fundamental EPR principle of "polluter pays", as products should only be judged by their actual environmental impact, regardless of the entrepreneur's business model.

#### 2. Risk of internal market fragmentation and breach of the equal competition principles:

Allowing Member States to apply different, non-environmentally related eco-modulation criteria leads to significant fragmentation of the internal market. This approach poses a risky situation where products with identical environmental impacts may be treated differently in terms of EPR charges, depending on the Member State.



Such a lack of harmonisation encourages protectionist practices, contrary to the principles of free movement of goods and a level playing field.

Additional charges based on non-environmental criteria, such as size or frequency of garment collection replacement, could particularly affect retailers offering multi-brand products for which they already pay EPR charges. Such regulations may place an additional burden on sellers, regardless of the actual environmental quality of the products offered. As a result, a protectionist approach favouring local brands in some Member States is hitting thousands of European businesses, including many SMEs relying on multi-brand retailers and distributors to expand their presence in the EU market and support business growth across the EU.

### **3. Excessive administrative burdens on businesses, including SMEs:**

The proposed changes favouring local operators in selected Member States pose a significant threat to the operations of European companies involved in cross-border activities. Small and medium-sized enterprises that rely on online platforms and multi-brand distributors to expand their presence in new markets are particularly affected. Modulating EPR fees based on business criteria rather than the actual environmental characteristics of products introduces inequalities and leads to unjustified burdens that may discourage cross-border activities.

### **4. There is no clear scientific evidence to justify the new criteria:**

The introduction of “extrinsic durability” criteria is not based on measurable environmental indicators. PEFCR research shows that the main reasons for throwing away clothing are quality (37%), lack of perceived value (35%), and poor fit (28%). In light of this data, modulation of fees based on non-environmental characteristics can lead to inefficient allocation of resources as well as misleading signals to producers and consumers.

#### **The e-Chamber’s recommendation:**

##### **1. Implementation of eco-modulation criteria limited to environmental criteria only:**

We recommend that the Council’s proposal for the possibility to charge eco-modulation fees based on non-environmental criteria (extrinsic durability) be rejected. At the same time, we call for the EPR eco-modulation criteria to be limited only to the environmental characteristics of products, such as durability, recyclability, recycled content, and repairability. This will mean that EPR is consistent with its core principles, ensuring that the charges reflect the true environmental impact of the products.

##### **2. Harmonisation of eco-modulation rules at the European Union level:**

We recommend the adoption of harmonised criteria for the modulation of EPR fees at the EU level to ensure a level playing field and eliminate the risk of internal market fragmentation



in regulatory terms. Harmonised rules will prevent the undesirable effects of protectionism and unjustified barriers to the free movement of goods.

### **3. Impact assessment and transparency in decision-making:**

We call for an obligation to assess the impact of new proposals on business, especially SMEs. Transparency with respect to consultations with the industrial sector and the scientific basis of the modulation criteria are key to avoiding unintended outcomes and unnecessary burdens on business and ensuring that EPR is consistent with its original intent.

### **Summary**

As the Chamber of Digital Economy, we fully support the objectives of the Waste Framework Directive, believing that EPR will contribute to improving environmental performance and developing a circular economy in the textile sector. Nonetheless, we are concerned about the changes allowing Member States to modulate EPR fees based on criteria unrelated to environmental impact. We believe that uniform modulation rules based on measurable environmental indicators are crucial for equal competition and regulatory harmonisation in the EU.

We ask that our comments and recommendations be taken into consideration in further efforts to revise the Directive to avoid unintended impacts on the internal market and businesses. We are open to further discussions and cooperation to achieve common environmental goals.

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The Chamber of Digital Economy

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