



# EPR in Chile: Reflections from an international perspective

Presentation of Dr. Fritz Flanderka, Santiago October 1st, 2024

# I. Introduction

# Personal Background

Dr. Fritz Flanderka

- Professional Background - Lawyer
- 1993-2005 Chief Representative of the first existing PRO “Der Grüne Punkt – Duales System Deutschland AG“
- 1995-2005 Managing Director “Packaging Recycling Organisation Europe”, Brussels
- 2005-present Managing Director “Reclay Group”, running several PROs
- Board member “Raan Group”
- Numerous specialist publications on EPR (including commentary on the German Packaging Act)





**23.000**  
Clients worldwide



**246**  
Colleagues worldwide



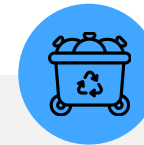
**275.000.000 €**  
Annual turnover in 2022



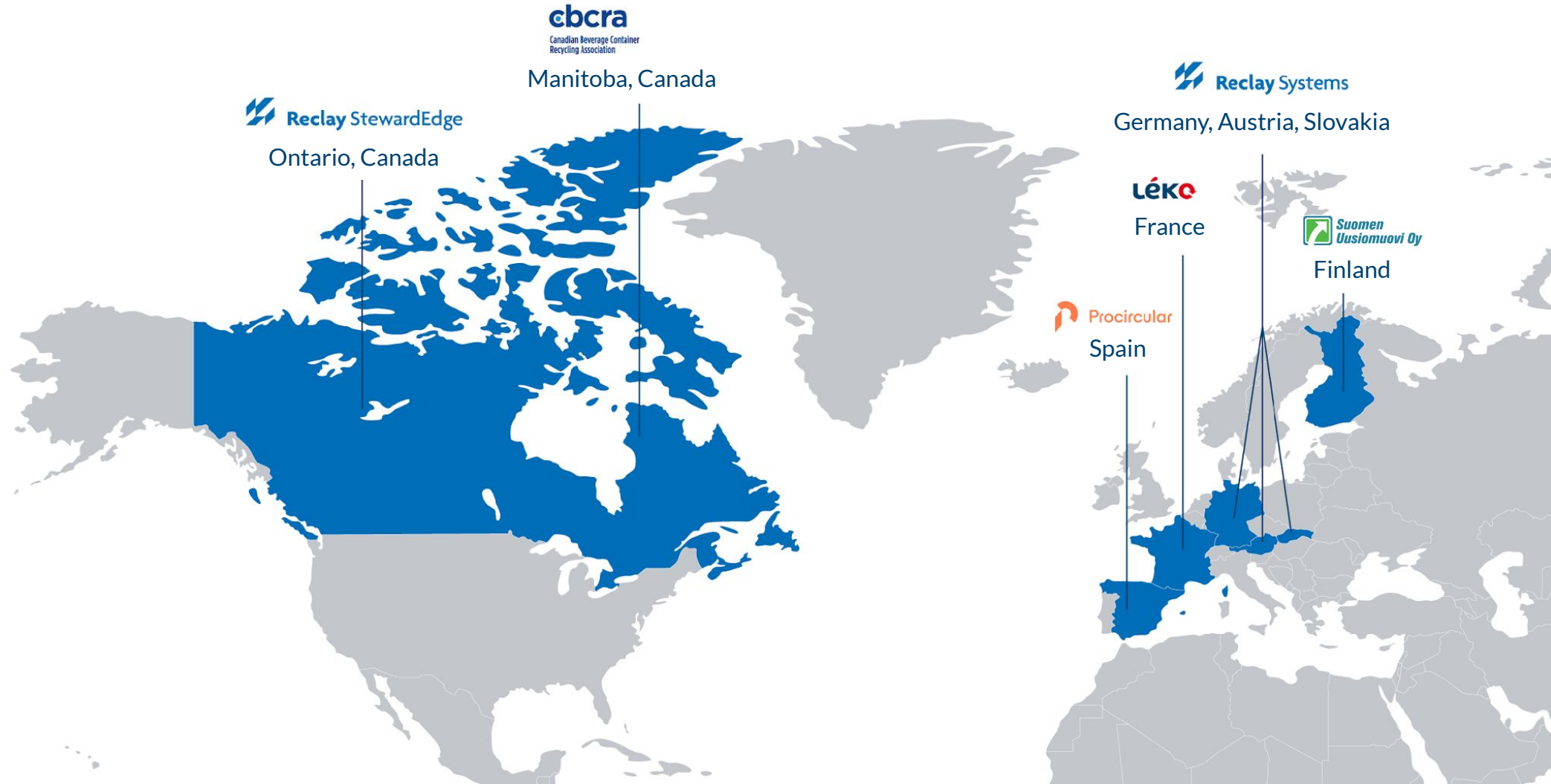
**7**  
Countries



**10**  
Offices



**"1.000.000 t**  
waste collected in 2023



## II. EPR as a catalyst for innovation in circularity





# Success stories of EPR for innovation in circularity

## Collection rates:

- In 2008, the EU Battery Directive set a minimum collection target of 25% for portable batteries. By 2021, the collection rate reached approximately 48%.

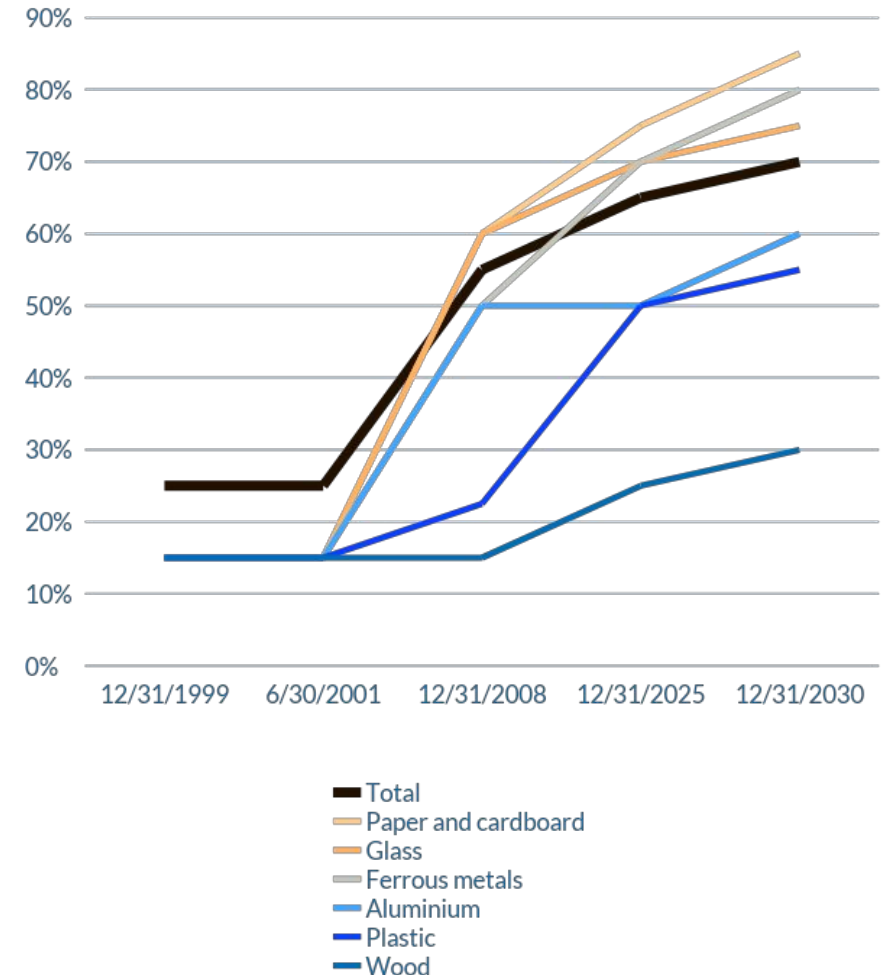
## Recycling rates:

- The German Packaging Act has led to a significant increase in recycling. In 2021, 67,9% of packaging was being recycled, compared to a target of 63%.

## Environmental benefits:

- Taiwan's EPR scheme for e-waste has led to a significant decrease of hazardous materials in landfills. With a collection rate of over 60% in 2018, Taiwan was able to recover high amounts of valuable resources and prevent harmful substances being released into nature.

Required recycling rates per packaging type over time in the EU





# III. 10 Theses for EPR-Implementation

# 01

## EPR is not a science

EPR is based on experience, gathered by practical implementation. It is the quintessence of try and error of the last twenty years, in particular in the OECD member countries. Hence, there is no right or wrong. EPR either works or not.

# 02

## There are no EPR blueprints

No EPR system can be applied to all products, however some principles are transferable. The only decisive factors are appropriate design and acceptance by the population and the affected parties.

Each system (packaging, WEEE,..) must be geared towards the specific conditions of Chile and possibly regionally differentiated.

# 03

## EPR always starts with the definition and identification of the Obligated Stakeholders

Exact definition and classification of the obliged parties is key to the success of an EPR-program.

As a rule, this would be the distributor which puts products on the market of Chile first (i.e., “the company which puts products into circulation first”). This approach comprises the importer.

For exact identification, a duty to register in combination with a sales ban has proven itself.

# Quick Detour: the Producer Register

- Public EPR registers have proven to be a powerful tool to increase participation in the system and reduce free riding
- An EPR register has two main objectives:
  - **Transparency:** The register is a publicly accessible overview, where all producers need to register themselves
  - **Monitoring compliance:** The register enables the authorities and other stakeholders to assess the producers' compliance with the law.  
**Prohibition of sale for those who are not registered**
- **Proven result:** In Germany, the number of participating companies has increased from 20.000 to 700.000 since the introduction of the register

# O4

## Shared Responsibility means No Responsibility

Approaches which foresee a shared responsibility along the value chain have not proven themselves. Likewise, the choice between or the combination of different fulfilment methods should be critically considered. They tend to shift responsibilities in a way that at the end an effective enforcement is no longer feasible.

# 05

## Simplicity before Justice

Many EPR-regulations aim at treating all obliged stakeholders equally from the start. Consequently, a network of complex regulations applies to smallest distributors to the same extent as to multinational corporations.

A proven approach are thresholds as of which a company must comply with the regulations. Behind it is the consideration that in general approx. 20% of the obliged companies represent 80% of the market volume.

# 06

## Monopoly or Competition

In the beginning and still in most EPR-regulations the application is in the hand of organizational industry units, dominated by monopolistic structures.

The introduction of competition on system operator level has demonstrably led to an improved cost situation, which has triggered a current global trend to competitive approaches. However, these EPR design models are even more complex and more difficult to control, due to the necessary coordination efforts.



# Quick Detour: Risks of Competition

## Risks when starting with competition:

- Risk of cherry Picking - Establishment of local collection systems; no nationwide collection and no coverage of non-profitable materials
- Higher effort for the government to monitor and control the different players which simultaneously increases the risk of fraud
- Costs for collection must be somehow divided between PROs, which is complex in practice
- Price pressure due to competition leads to:
  - Increase of the risk of insolvency and system collapse
  - No investment into sustainable, but not directly profitable areas

# 07

## Balance between Self-Organization & Government Supervision

EPR generally led to industry execution of waste financing and management. In practice, however, government control is still strongly required.

A proven instrument in these cases has been entrusting the necessary public control to a government run agency.

## National government



- Establishing and maintaining the legal framework of EPR legislation
- Ensuring that targets for waste collection and recycling are appropriate
- Enforcing compliance with EPR obligations by producers, PROs and other stakeholders

## Authorized Authority



- Regulates and controls:
  - System participation of producers
  - PRO approval and achievement of the targets
  - Sorting and recycling facilities, either directly through approval or indirectly through the PRO

# Quick detour: Audits to ensure Compliance

- In order to ensure compliance, the control of at least the following is necessary:
  - Every **producer** must submit annual declarations about the volumes that they placed on the market
  - **PROs** must demonstrate their operations to the authorized authority with an annual **mass flow verification**. Mass flow verification must verify the continuous flow of all materials throughout the entire year
  - **Sorting and recycling facilities** must prove certification, before a PRO may operate with them

# Integration of Municipalities

Municipalities can be involved in various ways in the EPR system. However, involvement in general is crucial for the acceptance of the local collection system.

In Chile, where municipalities may only voluntarily participate, the PRO should still agree with municipalities on collection modalities and potential payments for the management of collection areas and conduction of consumer education

# 09

## Consumer Education is Key to changing Consumer Behavior

EPR separates certain products from the general waste stream. As a rule, this is done through a separate collection (door-to-door collection, bring system or deposit system).

Such separate collection systems require the involvement of the end user. Both national and local publicity actions are essential for the necessary change in consumer behavior. The financing for those consumer education programs should be supplied by the PROs.

# 10

## Involvement of the Informal Sector

The particularity of Chile compared to existing EPR applications in Europe is the challenge of integrating the informal sector. This can be done both at the level of collection and recycling. One could include an obligation for the PRO to include the informal sector in its operations.

## Wrap up

- As one of the first countries in Latin America, Chile has made a significant step by incorporated a mandatory EPR system by law
- Due to their complexity, every EPR system faces challenges during its initial stages. However, over 30 years of EPR experience from around the world can help Chile in overcoming these and achieving its mid- and long-term goals faster and successfully.





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**Thank you for your attention!**