

RECOMMENDATIONS FOR AN EFFECTIVE EXTENDED PRODUCER RESPONSIBILITY IMPLEMENTATION AND POLICY IN MALAYSIA

EXECUTIVE SUMMARY

Introduction

- The Malaysian Recycling Alliance (MARELA) understands that we have a significant responsibility to act, and seek collective and individual actions, to address the challenge of packaging waste.
- Initially started as a group of 10 leading packaging producers and brand owners, we formed MARELA as an industry-led multi-material collection and recycling alliance that aims, through collective action, to improve packaging waste management in Malaysia. Starting as a voluntary platform, MARELA welcomes players from the obliged industry to join as contributors.
- Citing Organisation for Economic Co-operation and Development (OECD)'s Definition: Extended Producer Responsibility (EPR) is most commonly defined as 'an environmental policy approach in which a producer's responsibility for a product is extended to the post-consumer stage of a product's life cycle'. An EPR policy is characterised by:
 - The shifting of responsibility (physically or economically; fully or partially) upstream towards the producer and away from the municipalities; and
 - The provision of incentives to producers to take into account environmental considerations when designing their products.

- There is no single "most successful" setup. Each EPR system needs to be tailored to the specific requirements of the country and its success is determined through an effective and efficient organisation, financing, administration and control of the system.
- MARELA, in its position as the Producer Responsibility Organisation (PRO), is the most important element in a functioning EPR scheme.

Critical elements of an effective EPR policy

- **Material Scope:**
To take an inclusive approach to include all post-consumer packaging categories (plastics, metal, paper-based packaging, glass)
- **Obliged Industry:**
All producers/brand owners with products inputs to the market.
- **Financial Model / Material revenue:**
"Net cost" principle. Revenue from the sale of collected materials should always be credited to the system to offset the collection obligation. EPR fees to obligated industries should reflect the actual cost of collection and sorting as well as material revenue differentiated by material type, meaning costs and revenues are allocated back to specific materials and cross-subsidization of materials is avoided.

- **Roles and responsibilities:**

Clear assignment of roles and responsibilities of national and municipal governments, industry, waste operators and consumers.

- **Data and monitoring:**

There should be comprehensive data collection on waste streams along the value chain to enable fact-based decisions; and effective monitoring and controlling systems with sufficient data documentation.

- **Effective implementation:**

Leveraging on an effective waste segregation at source foundation, and focusing on optimizing current infrastructure, addressing gaps in eco system.

Critical success factors for an effective EPR legislation in Malaysia

- **Obligated industry:**

EPR is *applied to all producers, importers, and retailers (including online retailers, & e-commerce companies)* of packaged goods and to *all the packaging materials and types they use* (including service packaging) in order to ensure a level playing field for all companies.

- **Mandatory reporting:**

Obligated industry has to report the amount and nature of all packaging inputs to the market.

- **Government:**

Local, State or Federal governments shall be in charge of securing municipal waste management in an environmentally sound manner including clear and tangible enforcement rights once the EPR system becomes mandatory.

- **Industry-led PRO:**

EPR implementation can be more effective and efficient when it is executed through an Industry-led PRO that also takes the role of the fund management body where obliged industry takes the direct management responsibility and ownership of the fund management.

- **CEPA:**

Accompanied by targeted related *consumer education and awareness programme* on waste separation and anti-littering behaviour.

- **Incentives for sustainability:**

Through the Consumer Groups Forum (CGF) approach known as “eco-modulation”. Variable on a case-by-case basis.

- **Healthy local recycling value chain:**

To ensure the successful recycling of all collected material, recyclers should be monitored and contracted to recycle local material collected by the EPR scheme.