

New approach to regulating extended producer responsibility in Russia

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At the end of 2020, the Russian government's administration approved a concept for improving the notion of extended producer responsibility (the "Concept").

The Concept could already have a short-term effect on the producers and importers of goods and packaging (the "Producers") operating in Russia, depending on when the laws required for the Concept's implementation are adopted.

Background

Extended Producer responsibility ("EPR") refers to a waste management regulation mechanism that creates an obligation among Producers to ensure that the recycling of used goods and packaging is conducted in accordance with approved standards.

In Russia, the EPR mechanism was introduced in 2015. It was envisaged that Producers either organise their own facilities to recycle waste from the use of goods and packaging, or conclude appropriate agreements with specialised recycling companies, either directly or with the involvement of associations created by them. Producers must confirm compliance with these obligations through annual reports on the implementation of recycling standards. If recycling requirements are not met, Producers must make a special payment (i.e. the environmental fee) to the budget at the approved rates.

However, in practice, the EPR mechanism that was introduced in Russia did not work as planned. For the five years it has been in place, there has been no significant increase in the number of waste recycling facilities and no increase in recycling capacity, and reported volumes often did not correspond to the real ones. Together with the lack of proper administration and control (which the Concept openly acknowledges) and low collection of environmental fees, this prompted the government to revise its existing approach to the regulation of EPR.

Main provisions of the Concept

The Concept is designed to solve the above problems.

In particular, the Concept proposes the following primary measures to improve the EPR mechanism:

- create a special information system and registers to monitor and control activities that ensure waste is recycled;
- make it impossible for Producers to fulfil their obligation to recycle waste by involving associations to this end when these do not have recycling facilities;
- gradually increase (by at least 10% per year) the recycling rate for all types of goods, except for packaging which should be fully recycled from 1 January 2022;
- revise environmental fee rates from 1 January 2022, taking into account the specifics of waste recycling;
- calculate the environmental fee based on a double recycling rate in order to encourage Producers to implement recycling rates with their own resources; and
- create various measures to stimulate the recycling of waste from the use of goods and packaging (e.g. state support measures, preferences in public procurement, cancellation of personal income tax when selling waste).

The first stage in the implementation of the Concept is to develop an appropriate regulatory legal framework. In January 2021, a [draft federal law](#)* was introduced to the State Duma, which is aimed at requiring Producers to recycle 100% of packaging waste. In the near future, we can expect the introduction and consideration of other bills to implement the provisions of the Concept.

Comments

The new approach to EPR regulation found in the Concept will undoubtedly have a significant impact on all Producers operating in Russia.

For example, the transition to full recycling of packaging waste announced for 1 January 2022 – if not revised during the current year – is likely to lead to an increase in environmental fee payments. This is because, in the current situation, compliance with this recycling requirement seems difficult to achieve.

Producers should assess and choose the most preferable means for recycling waste from the use of goods and packaging. They should decide whether to:

- create their own capacities;
- conclude an agreement with a recycling company; or
- pay the environmental fee.

For more information on this eAlert, please contact CMS Russia experts [Dr. Thomas Heidemann](#), [Dmitry Bogdanov](#), [Ophelia Amirova](#) or your regular contact at CMS Russia.

** In Russian*

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