



Moscow, May 2012

Position Paper

Regarding: Draft Law “On the Amendment of RF Federal Law “On Industrial and Consumer Wastes” and other RF Legislative Acts in Terms of the Provision of Economic Incentives for Waste Management”

The Association of European Businesses (hereinafter, “AEB”) represents the interests of more than 600 European companies conducting business operations within the territory of the Russian Federation. AEB works actively to improve the country’s investment climate and bolster the status of Russia as one of the world’s leading business centres.

Today, particular emphasis is placed worldwide on matters of efficient waste management. In the Russian Federation, a draft law **on the Amendment of RF Federal Law “On Industrial and Consumer Waste” and other RF Legislative Acts in Terms of the Provision of Economic Incentives for Waste Management** has been drawn up and passed the first reading “

The aforementioned draft law touches upon the interests of state and society as well as those of the business community. Moreover, the law will certainly have an impact on further development of the investment climate in the Russian Federation. Being environmentally-responsible companies, AEB members recognise responsibility they bear for the collection and recycling of goods that have lost their consumer attributes, as well as their respective packaging, as mandated by the current version of the draft law. AEB members think it would be prudent to ensure that the law formalizes the industry-specific principle of waste management expected to be set forth in the respective bylaws designed to regulate the procedure in specific industries with the participation of producers and end consumers.

AEB representatives express their readiness to engage in a constructive discussion of the draft law and its further amendments based on the positive experience amassed by EU member states, with due consideration of its adaptation to Russian conditions, as well as to render further assistance to the process of its implementation.

In this connection, AEB deems it necessary to ensure that all participants in the legislative process and all interested parties are aware of its position on the aforementioned draft law and its ongoing development by formulating a number of principles on the subject.

Principle of subsidiarity

Under this approach, management of the system established for the collection and recycling of waste and packing materials takes place at the minimum possible level (the level of producers and importers), provided such actions remain expedient and efficient.

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Principle of variability in insuring producer's responsibility

The principle of variability encompasses the possibility to take a given approach to the collection and recycling of waste and packaging based on whether or not the activity is profitable. AEB believes that the operations involved in the collection and recycling of waste and packaging should generate a profit, which presupposes the control through respective non-profit or commercial organizations. Another approach, entailing state participation, is possible only under the condition if the activity on waste recycling cannot be organised by market's participants. This approach presupposes that the producer and the importer render a fixed payment for waste management, while the state uses the financial resources collected to manage the system by engaging producer-importer representatives to control its proper functioning.

Industrial principle

This principle envisages the refusal from a single, set fee based on the suggested retail price per good (product) unit for all goods that lost their consumer attributes, as well as their respective packaging. Instead, AEB suggests differentiate a fee rate for goods that lost their consumer attributes, as well as their respective packaging taking into account actual expenses. AEB is also of the opinion that it would be expedient to have such fees established by federal law.

The fee rate should be sufficient to cover the actual costs involved in arranging for efficient waste-disposal services within a given industry.

Principle of transparency

Financing of the activities connected to recycling of goods lost their consumer attributes, as well as their respective packaging should be implemented openly and transparently. Regulating in the field of waste management should be based on clear, justified and achievable aims.

Aside from the aforementioned principles, AEB members believe it is necessary to:

- arrange for harmonization of the process involved in the collection and recycling of goods that have lost their consumer attributes, as well as their respective packaging, with the applicable law of the Customs Union,

- envisage a sufficiently-long transition period (from three to five years) as required for the smooth integration of the activity on waste management for goods lost their consumer attributes, as well as their respective packaging ,

- ensure a single approach to such operations – for Russian producers as well as importers bringing products into the country from abroad,

- elaborate and adopt a bylaw prescribing the order of management, return and payment of the deposit packing materials at the federal level but not at the level of the Russian Federation subjects, as the current version of the draft law prescribes,

- carry out analysis of laws and bylaws regulating collection and recycling of goods that have lost their consumer attributes, as well as their respective packaging, with the aim to adjust them to the new requirements. In particular, terms of norming, licensing and reporting on waste management should be amended. It is necessary to remove current barriers for waste management operating.

- introduce a legal ban on burial of wastes suitable for recycling.

AEB members are ready to participate in the Working Group on Natural Resources, Environmental Management and Ecology of the RF State Duma and sees a clear need for cooperation between the European and Russian business communities on the creation of an effective system for the collection and recycling of goods that have lost their consumer attributes, as well as their respective packaging, that

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factor in the interests of the state, the business community and society at large. AEB thinks it is appropriate to form expert groups which could include representatives of certain industries (producers of groups of goods) who together with representatives of state bodies could elaborate common approaches to the organisation of collection and recycling of goods that have lost their consumer attributes, as well as their respective packaging for a particular industry.

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