



CLEAN BUSINESS

2017 was designated as the Year of Ecology in Russia, and it is symbolic that it starts with the introduction of new charges for producers and importers who fail to recycle their product packaging and products that have lost their consumer properties. In addition, we see a reform intended to put a stop to disposal of waste containing valuable components, including plastics, which can be 100% recycled.

What will it mean?

INITIALLY THE PRINCIPLE OF EXTENDED RESPONSIBILITY WAS SUPPOSED TO ENCOURAGE COMPANIES TO VOLUNTARILY RECYCLE WASTE AND CREATE THEIR OWN FULL WASTE MANAGEMENT CHAINS. CURRENTLY, MANY ORGANISATIONS FEEL READY TO DO SO.

Environmental charges were announced long ago. Although they were formally introduced back in 2015, it is only now that the Russian companies are beginning to calculate and pay them. Producers and importers are required to recycle products that have lost their consumer properties and the delivery packaging.

Businesses have two options: either resolve the issue themselves (for example, Coca-Cola), or pay the government. The proceeds are expected to be spent on the regional waste management programmes. The list of products and packaging to be recycled was approved by Government Order No. 1886-r dated 24 September 2015 and includes woodwork, paper and cardboard items, sanitary products and toiletries, oil products, tyres, household appliances, batteries, as well as plastic, glass and metal containers.

“Legally speaking, the payment of environmental charges and compliance with the extended responsibility principle will mostly be the burden of packaged goods producers. But there are some nuances. For example, if a producer sells empty containers directly to retail consumers, the company will be the one responsible for recycling, as its goods are not used in any further production processes. If, however, another batch of the same containers is sold to a food manufacturer for juice filling, the environmental responsibility will be borne by the latter,” says Lyubov Melanevskaya, Executive Director of RusPEC.

Environmental charges will be administered by Rospirodoznadzor (Russian environmental watchdog), which will receive payments and monitor records. “In 2017, we plan to collect over RUB 6 bn,” said Sergei Donskoi, Minister of Natural Resources, during December’s State Council meeting on environmental development for future generations. It is possible that the list of goods to be recycled will be gradually extended. “This will generate considerable amounts of money: RUB 300 bn,” the Minister said.

How is it supposed to work?

Another document (Government Order No. 2491-r dated 4 December 2015) sets out requirements for the volume of goods to be recycled. For some product categories there are zero requirements, which means that currently no environmental charges are levied. For other products, the charges are introduced gradually. For example, as regards polymer film, the figure for 2016 was 5%, while for 2017 it is 10%. It means that a company shipping goods in this kind of packaging has not paid anything yet, but will have to either pay charges for 5% of the materials used in 2016, or recycle them.

BIAXPLEN IS ACTIVELY WORKING TO REDUCE FILM THICKNESS AND, CONSEQUENTLY, PACKAGING WEIGHT. NEW SOLUTIONS WILL HELP CLIENTS DECREASE ENVIRONMENTAL CHARGES.

Environmental charges will be reported on as prescribed by Government Decree No. 1342 dated 8 December 2015. The reporting form is similar to reporting charts, with columns added for recycling requirements to calculate companies' extent of liability. On the one hand, this ensures document consistency, but on the other, due to the use of codes for goods, this may prove to be tricky.

Lyubov Melanevskaya notes that initially the principle of extended responsibility was supposed to encourage companies to voluntarily recycle waste and create their own full waste management chains. Currently, many organisations feel ready to do so. The only thing that holds them back is the ambiguous wording of the law that leaves a possibility for their efforts to be overlooked by the government. That is why the reporting system needs to be – and is being – clarified. “The legal terminology is somewhat confusing right now. For instance, the reporting period has alternative definitions in different regulations: it can be both the period when the packaging was used and the year in which the producer or importer manufactured it. It is also not clear how to define the “fulfilment point for recycling obligations” (the point in time at which the volume of materials received from the company is determined): some think it should be right before the processing stage (as suggested by the international practice), while others suppose it should come right after the processing stage (however, the volume at this point significantly depends on the processing technologies used, and producers have no say in that). I would like to stress that the ultimate definitions will greatly affect the volumes to account for and, consequently, the amount of environmental charges,” Lyubov Melanevskaya says.



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Enterprises are currently going to great lengths to figure out all the new developments. “Our company has already received a number of requests from consumers, including FMCG companies, who want to be prepared in advance. They are mostly interested in the list of products the charges will apply to, the amount of future payments, the recycling options and the prospects of engaging the BOPP film producers in the process, since BOPP is the preferred material for soft packaging products in the food and non-food sectors,” said

Natalya Malkova, Chief of Multinational Sales at BIAXPEN (part of SIBUR). BIAXPEN is the largest Russian producer of biaxially-oriented polypropylene (BOPP) and CPP films, which are widely used in the production of packaging.

Soft packaging can be recycled and used to manufacture new polymer products, as it is made of several layers of film held together with special glue or melted polyethylene. It is 100% recyclable. “Our products are 100% recyclable, because film waste is recycled into polymer regranulate (recycled polypropylene granules). This material is in high demand in various industries, including manufacturing, industrial production and construction. To some extent, regranulate may also be used in the production of film of certain types,” says Natalya Malkova. The situation is somewhat more difficult with metallised films. Their waste is ground, pressed and sold as briquettes to processors having the right technology to use this type of raw materials.

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In addition, the company is actively working to reduce film thickness and, consequently, packaging weight. New solutions will help clients decrease environmental charges. Moreover, this will have a positive effect on the environment through lower waste generation. “Film thickness reduction is currently a key trend in the market,” Natalya Malkova adds.

However, there are some difficulties. “Since BIAXPEN has several consumer segments (including food and non-food sectors), it is of critical importance to us which films will be used as recycled materials. If it is something in direct contact with food (like potato chip bags), then the packaging can be fully recycled. If it is external packaging of a cigarette pack, it will be hard to recycle it because of the complexity of the waste separation process, given the underdeveloped state of waste separation and recycling in Russia,” makes a point Natalya Malkova.

According to experts, recycling of any multi-layer waste is challenging. “Let us take a look at a shampoo bottle. It is clear that it is made of blow-moulded high-density polyethylene. It can be easily identified in the waste flow and used for recycling. However, multi-layer waste, such as a film-wrapped cigarette pack or a mayonnaise pack, is much less popular as its recycling process is complex. Besides, such waste is not easily identifiable in the flow,” says Konstantin Rzaev, President of RosVtorPlast, the Association of Recycled Plastic Processors.



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What is the point?

The new charges are designed to help the government in solving the problem of waste separation and recycling. Russia produces around 60 mt of solid municipal waste annually. According to Sergei Donskoi, the current recycling rate is only 8%, the lowest figure since the Soviet era. The rest is buried and burnt. Illegal dumps have become a particularly burning issue, as their number is 20 times higher than the amount of authorised landfills. Yet, in many European countries the recycling rate exceeds 60%, and in Asia figures can go up as high as 90% (for instance, in Japan and China). These were the data disclosed in December in the Civic Chamber of the Russian Federation during the interregional round table “The plastic bottle: from a well to a T-shirt”, which brought together representatives of the business community, authorities, NPOs and environmental organisations.

As a result of the above, the green potential of many materials is being overlooked. Plastic manufacturing facilities produce 0.2 t of CO₂ per tonne of finished products, while the similar figure for aluminium production stands at 8.1 t. Power consumption is 1.1 MW per tonne of finished products versus 35.9 MW for copper production. Today, it is one of the most environmentally friendly materials at the beginning of the production chain. However, all these advantages are not being capitalised on, as used products get buried or burnt. “We lack a waste recycling system to substitute dumping with,” says Irina Sorokina, member of the relevant commission of the Civic Chamber.

SURPRISINGLY ENOUGH, USED POLYETHYLENE TEREPHTHALATE (PET) BOTTLES ARE SCARCE NOW. RUSSIA HAS CAPACITIES TO RECYCLE UP TO 160 KT, OR 30%, OF SUCH PACKAGING WASTE. HOWEVER, ONLY 50% OF THESE CAPACITIES ARE USED AT BEST.

Surprisingly enough, used polyethylene terephthalate (PET) bottles are scarce now. Russia has capacities to recycle up to 160 kt, or 30%, of such packaging waste. However, only 50% of these capacities are used at best. Moreover, according to Konstantin Rzaev, last year the country imported approximately 18 kt of PET flakes, which are as a matter of fact washed and ground plastic bottles. “Consumers prefer imported waste, since it is clean and easy to process. Our own waste is mostly unclean and unsorted,” says Vsevolod Abramov, First Deputy Chairman of the Board at the Association of Plastics Processors.

In some cities, we begin to see containers for separate waste collection. However, today they seem more of a thing to report on rather than something actually used. They are scarce, and utility service providers often put all the waste back together anyway, so people get demotivated. In Germany, for example, all supermarkets have machines installed for collection of empty plastic bottles, and they are used by all customers, not only low-income individuals, as goes the stereotype in Russia. “We need to raise public awareness. Separate waste collection should become mainstream. Current sporadic efforts are not enough. Business community should not expect the government to shoulder all the responsibility,” says Artem Kiryanov, First Deputy Chairman of the Commission on the Development of Social Infrastructure, Local Government and Utilities of the Civic Chamber. Some businesses realise that. For example, Sergei Bakhov, head of Bask-Plastic, organises regular environmental excursions at his facility in Khabarovsk. “They help us show people how waste can be transformed into in-demand products,” he says.