

LT in Focus

Rosprirodnadzor assesses firsts results of extended producer responsibility (EPR) initiative

Federal Law No. 456-FZ of 29 December 2014 amended Federal Law No. 89-FZ On Industrial and Consumer Waste (the "Law"), extending the responsibilities of producers and importers of goods and packaging.

According to the new provisions, the producers and importers are now obliged to file three different reports and pay an environmental duty (unless they arrange for the treatment and recycling of product and packaging waste).

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First EPR results

Based on the Federal Customs Service data, Rosprirodnadzor reports that only ca. **five percent of importers** complied with the ERP requirements in 2016.

Following the expiration of the 2016 EPR reporting period, Rosprirodnadzor initiated large-scale control initiatives that delivered the following results:



Over **300** ERP reports on finished goods sold in Russia in 2016 requested



61 administrative cases submitted to the Prosecutor's Office for initiation of criminal proceedings, including against companies' management



The control activities are still **ongoing**.

48 administrative proceedings initiated over non-provision of ERP reports



8 administrative cases filed with courts for further consideration

Common faults

Most administrative offences resulted from reporting inaccuracies and errors as well as misrepresentation of the facts.

The controlling authorities paid special attention to the companies that discharged the ERP requirements by way of self-service recycling or outsourcing to recycling operators. When auditing such companies, Rosprirodnadzor requested a large amount of supporting documents both from the audited companies and their providers.

Rosprirodnadzor's claims mainly stemmed from the following breaches:

- The assignment of waste recycling to operators licensed

only to collect and transport waste

- The unjustified exclusion of batteries, supplied as components to hardware manufacturing plants, from recyclable waste
- The incorrect use of product (packaging) categories, defined in Russian Government Resolution No. 1886-r
- The overstatement or understatement of the volume of recyclable imports
- The assignment of ERP obligations to trademark owners by producers that are capable of discharging the obligations themselves.

Expected regulatory changes

The ERP regulatory framework is soon to face a number of important changes, to name but a few:

- Amendments to the Regulation on Declaration of Recyclable Finished Goods and Packaging Sold in Russia over the Past Calendar Year are under way
- The consumer waste recycling targets set by Russian Government Resolution No. 2491-r of 04 December 2015 will be increased
- The forms of recycling reports to be filed by producers, importers, and their associations, developed and

recommended by Rosprirodnadzor in Letter No. AC-10-01-36/25460 of 15 December 2016, will be approved as mandatory

- Draft Federal Law No. 690757-6, supplementing Chapter 8 of the Russian Administrative Offences Code with a special article, providing for penalties of up to RUB 500,000 for producers and importers, failing to timely pay the environmental duty, is pending approval of the Russian State Duma.

We hope that you will find this newsletter interesting and informative. Should you have any questions, please refer to your regular Deloitte contacts or directly to the Waste Management Services team.

Best regards,

The ERP Team

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