

### EXTENDED PRODUCER RESPONSIBILITY SYSTEM

### Romanov Fedor

Undergraduate Moscow Polytechnic University, Russia, Moscow

### Kozhukhova Valentina

научный руководитель, senior lecturer of the department "Foreign Languages" of the Moscow Polytechnic University, teacher of the State Budgetary Educational Institution "School No. 2103", Deputy Director of the ANO DPO "East Siberian Educational Center", Russia, Moscow

# СИСТЕМА РАСШИРЕННОЙ ОТВЕТСТВЕННОСТИ ПРОИЗВОДИТЕЛЯ

## Романов Федор Игоревич

магистрант Московского Политехнического университета,  $P\Phi$ , г. Москва

## Кожухова Валентина Валерьевна

старший преподаватель кафедры «Иностранные языки» Московского политехнического университета, учитель ГБОУ «Школа № 2103», заместитель директора АНО ДПО «Восточно-Сибирский образовательный центр»,  $P\Phi$ , г. Москва

**Abstract.** This article looks at the problems of the modern system of Extended Producer Responsibility (EPR) in Russia. The main objectives and tasks of the EPR are identified, and problems along with processes that need to be further developed are identified. The article discusses concrete proposals for improving the functioning of the system.

**Аннотация.** В данной статье рассматриваются проблемы современной системы Расширенной Ответственности Производителя (РОП) в России. Определены основные цели и задачи РОП, выявлены проблемы, а также процессы, требующие дальнейшего развития. В статье обсуждаются конкретные предложения по улучшению функционирования системы.

**Keywords:** system of Extended Producer Responsibility, EPR, recycling, eco-tax, waste, gray producer, PET, material.

**Ключевые слова:** система расширенной ответственности производителя, РОП, переработка, экосбор, отходы, серый производитель, ПЭТ, материал.

The demand of the population in the market grows strongly every day. Since the producer is focused on profit, the number of goods produced increases along with the increase in demand in the market. The world level of consumption increases steadily. In proportion to the level of consumption, the amount of waste, landfills, and illegal dumps is also growing; as of 2018 alone,

the area of dumps in Russia was more than 4 million hectares [1], and the state itself ranked 52nd [2] in the rating of countries on the state of the environment. In this regard, the importance of problem of recycling, proper disposal and use of secondary raw materials increases. Many different measures are used to solve these problems. One of them is the introduction of extended producer responsibility (hereinafter EPR). The EPR is a special mechanism of economic regulation, a legislative instrument that obliges manufacturers and importers to dispose of goods and packaging produced and brought by them after they have lost their consumer properties, i.e. after the goods or packaging have become waste. Extended producer responsibility was first introduced in Finland in 2004 for vehicles, car tires, electronic and electrical appliances, batteries and accumulators, and paper [3]. In the Russian Federation, however, the EPR system was introduced at the end of 2014, namely on 24 December by Federal Law No. 458-FZ "On Amendments to the Federal Law 'On Production and Consumption Waste', Certain Legislative Acts of the Russian Federation and the Annulment of Certain Legislative Acts (Provisions of Legislative Acts) of the Russian Federation" [4]. The main objectives of the system are to reduce the amount of waste sent to landfills and unauthorised landfills, to ensure the transition to resource cycling, and to develop the infrastructure for proper waste management and recycling. In order to achieve the set goals, the manufacturer has set tasks such as collection of used packaging or goods and their disposal. Waste recycling is understood to mean its further use in production, including:

Recycling - using it for its intended purpose;

Reclamation - returning it to production after appropriate treatment;

Recovery - using the extracted useful components in the production process.

In doing so, manufacturers have the right to choose:

- 1. Collect and dispose waste themselves;
- 2. Contract with a recycler, transferring these duties to the recycler;
- 3. Entrust the duties to an association of producers (the state decided not to use this option as it considered it ineffective);
- 4. Pay the eco-tax.

However, the EPR system as it exists now does not really show much effectiveness. Some of the most important reasons are insufficient compliance with recycling standards (the share of packaging or goods subject to mandatory recycling is on average 15-20%) [5], as well as the low rate of eco-tax (payment in case of non-compliance with recycling standards), which does not allow to cover the real costs of recycling. With such low taxes it is more profitable for the producer to pay the eco-tax than to invest money in the development of their own recycling facilities. Also, one of the main problems is the inefficient use of funds received from the eco-tax. According to the Russian Environmental Operator (REO), the amount of the environmental levy in 2016 was 1.334 billion rubles, in 2017 - 2.588 billion, in 2018 - 2.237 billion, in 2019 - 3.7 billion [7]. In Russia the environmental levy is not a tax payment and goes to the federal budget. In the legislative framework there is no procedure for the distribution of funds that are received as a result of the payment of the ecological levy by the producer. In this regard, it is not possible to understand what these funds are spent on. If we assume that the funds are spent on the development of the industry, then these amounts are not enough to solve the existing problems. For example, it took 5 billion rubles to reclaim one of the largest and most dangerous landfills in Chelyabinsk [6]. In addition to the existing problems, it should also be noted that there is no information resource on this topic. Most small and medium-sized manufacturers do not know that they fall under the EPR. They do not collect their goods for disposal or recycling and do not pay the eco-tax. The manufacturer must also report to Rosprirodnadzor on compliance with the rules and regulations for the disposal of the manufactured product. If the manufacturer uses the services of processing companies, the proof will be a certificate received from the processor. At this stage, the main problem is the lack of separation of payments depending on the criterion of suitability of the material for recycling. At the moment, the manufacturer can process one type of product, and report on another. Such manufacturers are called "gray". For example, a manufacturer uses PVS as a material for its

product, but as a result it will report for the reprocessing of PET material, since they belong to the same category in the existing register. It is profitable for the manufacturer to use this loophole and there is absolutely no incentive to abandon it. Currently, no one administers and controls the EPR system and the eco-collection [7]. Formally, enterprises submit documents to Rosprirodnadzor on a voluntary basis. However, Rosprirodnadzor has no control over their accuracy and does not check those who avoid compiling and submitting reports. As we can see, the system as it is now is not capable of productive operation. I propose the following measures to improve the performance of the EPR system:

- 1. Small producers do not have the additional funds to provide recycling on their own. It is necessary to leave the opportunity for such producers to use the services of a special association of producers to dispose of their waste.
- 2. It is necessary to increase the recycling rate of packaging and packaging products to 100%. Over time, increase the recycling rate for other manufactured products.
- 3. Also to create a more detailed and detailed list of groups and products subject to certain standards of recycling. This measure will help reduce the number of "gray" producers who produce one type of packaging, but report for recycling an entirely different one. A huge number of products that are major environmental pollutants are not covered by EPR. These include cigarette filters, lighters, sanitary pads and tampons, fishing gear and nets. They, too, must be reflected in the list of goods to be recycled.
- 4. In addition, it is necessary to create a register of environmentally friendly materials recommended for use in production and a register of prohibited materials due to the lack of recycling facilities or the difficulty of processing these materials.
- 5. Increase the rate of the eco-tax and ensure that it is indexed annually. The rate itself should depend on the complexity of product processing. The complexity consists of the forces which are spent on the collection and utilization of the product.
- 6. I believe it is necessary to keep Rosprirodnadzor as a body that performs control and informing functions. It is necessary to develop a system for notifying manufacturers of their obligations and membership in the EPR system; to develop a rating of manufacturers and criteria for obtaining benefits to stimulate the creation of their own recycling facilities. Property tax holidays can be used as incentives.
- 7. Appoint the Russian Environmental Operator (REO) responsible for the distribution of monetary resources received by the eco-fund as a result of the payment of the eco-tax by producers. The funds received should be directed to the improvement and development of the waste collection, disposal and recycling system.

With the help of all proposed solutions in the Russian Federation it will be possible to create an effective system of extended producer responsibility. The creation of an effective EPR will affect waste management for the better by increasing the number of executions. All this will provide a more favorable environmental situation in the country.

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