



## CASH A BOTTLE

Glass, plastic and aluminium container collection is coming back to Russian stores.

The Russian Environmental Operator, a public law company coordinating the waste management reform, and RT-Invest, part of Rostech State Corporation, will establish a joint venture to introduce a waste collection system in retail stores and public spaces. The agreement was made at the St Petersburg International Economic Forum on 7 June 2019. The pilot project to collect plastic, aluminium and glass containers will see reverse vending machines placed in Moscow, the Moscow Region, and Kazan. If successful, it may be extended to all other million-plus cities in Russia. Kommersant has found out that the plan is for the joint venture to start purchasing and manufacturing the machines as soon as this year. According to RT-Invest, a total of RUB 20 bn will be injected into the project in Moscow and the Moscow Region alone.

#QUOTE0#

The company says all this will come at no cost to customers, with no price hikes resulting from container deposits. Eligible containers will have a special "green" label. "For every bottle or can returned, a customer will get their deposit back," RT-Invest's CEO Andrei Shipelov told Kommersant. "We are also considering an extra refund to encourage consumers, making it a way to both recover the deposit and make some profit."

In late May, Prime Minister Dmitry Medvedev instructed the Ministry of Natural Resources, Ministry of Industry and Trade, and Ministry of Economic Development to consider reviving the practice of returning bottles to stores and requiring retail chains to accept polymer and glass containers.



*Unilever and Magnit have already launched a similar joint project in Moscow and Krasnodar, where people can now use in-store reverse vending machines to exchange plastic containers for Unilever discount coupons. Photo: retail.ru.*

#QUOTE1#

Retailers have welcomed the idea to introduce reverse vending machines, and some of them already have their pilot projects underway. However, there are a number of challenges to be addressed. “At the moment, there is no clear understanding of how to implement such initiatives in line with all sanitary standards and the rules that apply across the logistics chain, I mean container collection, transportation and recycling,” a source at Magnit told Kommersant.

According to the Retail Companies Association (representing Azbuka Vkusa, Magnit, Lenta, AUCHAN and others), the existing sanitary regulations prevent retailers from placing reverse vending machines in shopping areas: “Most of the machines are installed in car parks. In-store placement is a rare thing, making them harder to reach and less attractive for shoppers. If the equipment is installed in convenient locations, container returns may increase drastically.” The fact that the existing sanitary regulations and standards make this initiative impossible was previously noted by the Ministry of Industry and Trade. The Federal Service for Surveillance in Healthcare did not respond to Kommersant’s enquiry about potential amendments to sanitary regulations.



*X5 Retail Group is ready to lease out its retail spaces for reverse vending machines.*

#QUOTE2#

X5 Retail Group says there is a shortage of reverse vending machines in Russia and adds that it is willing to cooperate with the joint venture of the Russian Environmental Operator and RT-Invest: “Purchasing or renting such equipment could be an option if it were cheaper than European or Chinese alternatives. We might also transport collected plastic waste to recycling facilities.” The group is also ready to lease out its retail spaces to support this initiative. “Either way, we can encourage customers to return plastic bottles with discounts,” X5 said. According to an industry insider, reverse vending machines are sold in China for the equivalent of ca. RUB 400,000.

VkusVill has also welcomed the deal to establish a major vending machine operator, offering its support and spaces. The retailer also says it can set up the required infrastructure. “We have already run a pilot project for this,” Alexander Tsygankov, Head of Eco-projects at VkusVill, told Kommersant. “One machine collects some 1,300 bottles a month. But rolling this out on a large scale requires some heavy investing, so we can’t do this on our own.”

The Retail Companies Association points out that higher environmental awareness, consumer incentives and a more advanced recycling industry are all needed to take this initiative to the next level, because “there still isn't enough resources to run a fully-fledged programme”.

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