

ENVIRONMENTAL COMMITTEE

OBJECTIVE 1: INCREASE RECYCLING RATES FOR PACKAGING AND PACKAGING WASTE

...BY IMPROVING THE EXTENDED PRODUCER RESPONSIBILITY SYSTEM

CHALLENGE: According to Serbia's Environmental Protection Agency and system operators, the objectives set in the Government Order Establishing the Packaging Waste Reduction Programme, 2015 to 2019, have in the past been met or in some cases even exceeded. Nevertheless, the EU's new waste and packaging rules (the Circular Economy Package, or CEP, and Single Use Plastics Directive, otherwise known as SUP) have significantly raised the bar for reducing packaging waste by 2030, and Serbia will be required to follow suit in its EU accession process. As it currently stands, the extended producer responsibility system faces a number of obstacles, from a lack of public awareness of the importance of recycling, to an absence of stakeholder accountability for breaching statutory obligations, to, finally, a lack of capacity for waste reuse and recycling, which are all likely to jeopardise the attainment of these objectives.

RECOMMENDATION: Systematically strengthen current extended producer responsibility arrangements to promote the collection of packaging waste by all stakeholders. It is necessary to take into account the complete circular model and raise to a higher level systematically organized separate collection of packaging waste, starting from providing infrastructure for primary selection, measurability of municipal waste treatment efficiency, all the way to strengthening capacity for resource reuse in the Republic of Serbia. More efficient coordination and public dialogue of all participants in the process will contribute to the improvement of the existing system and the general raising of citizens' awareness of the necessity of recycling packaging waste.

Review this effort in 2024, and, if it proves insufficient to ensure the objectives can be met, and it will be necessary to further harmonize the legislative framework with the regulations of the European Union, consider altering the approach to gradually introduce a deposit-refund system for some types of packaging waste. Experiences of countries that already have deposit-refund systems in place indicate its introduction would take at least two years.

CHALLENGE: There is no clear division of roles and responsibilities between stakeholders for collecting and managing packaging waste, which leads to low geographical coverage and reduces recycling rates.

RECOMMENDATIONS:

- Amend the Waste Management Law and the Packaging and Packaging Waste Law to **clearly assign competencies of all stakeholders, roles and responsibilities to local authorities** for collecting and recycling packaging waste, mechanisms for their implementation, as well as models for annual reporting of local self-government and inspections by the competent Ministry in order to monitor progress. This would entail setting time limits for implementation of local and regional waste management plans and review of existing plans insofar as they pertain to waste management, clear sanctions for non-compliance with time limits and statutory obligations, and incentives for systematic cooperation with national operators.
- **Improve primary selection** for all types of waste whilst setting clear objectives and responsibilities for utility companies that do not engage in primary waste selection.
- Promote **reduction and reuse of municipal waste** by amending utility companies' waste disposal billing systems to link costs with the quantity of waste generated. Currently, waste collection fees are based on the total area (in square metres) covered by collection, with no deductions made for separated waste.

- **Introduce more stringent criteria for national operators** (licensing, packaging waste management plans contain all the elements prescribed by law, standardisation of contracts between operators and local governments accompanied by financial guarantees, introduction of minimum recycler fees, and investment into waste collection networks) and subject them to appropriate official inspections.
- **Set specific objectives** for packaging waste generated by households and that created by commercial and industrial facilities.
- **Involve the informal sector** in collection and reporting, in co-operation with utility firms and local governments.

CHALLENGE: The wide gap between the marketed and declared quantities of packaging reduces the environmental efficiency of the current system. Real collection rates are lower than declared and substantially below both EU and Serbian packaging waste targets.

RECOMMENDATIONS:

- Ensure **greater transparency of the performance and costs of the extended producer responsibility system** by requiring all stakeholders to regularly publish costs, fees, quantities of packaging marketed, and quantities of packaging waste collected and treated.
- **Introduce effective inspection controls** to allow authorities to check financial statements and collect evidence of declared quantities.
- **Legislate concrete sanctions** for submission of inaccurate or imprecise data.

CHALLENGE: Major changes are made to the packaging waste management system without stakeholder consultations, which imposes significant costs on both businesses and households and may lead to challenges in implementation.

RECOMMENDATIONS: Given the complexity of the packaging waste management system, a broad range of stakeholders must be involved in making decisions about any changes to it; moreover, the system must be **underpinned by comprehensive analysis** that will recommend the most efficient and affordable model for both businesses and consumers.

CHALLENGE: Attempts have been made to introduce a deposit-refund system without either prior consultations with businesses and other stakeholders or a wide-ranging analysis that could identify the most effective and sustainable deposit-refund model and a transitional period for its implementation. In Europe, the deposit-refund model has proven to be the most successful in terms of the quantity of packaging collected, but it is the most complex arrangement and requires investment by businesses and households that far exceeds the cost of any existing system. Moreover, a deposit-refund system would not comprehensively address the issue of packaging waste as it would cover no more than 15 percent of all packaging placed on the market.

RECOMMENDATIONS: Given the complexity of the deposit-refund system, its success hinges on two aspects: firstly, it must be underpinned by a comprehensive analysis that will reveal which deposit-refund system is the most suitable for Serbia and the most efficient and cost-effective for businesses and consumers, and, secondly, regulations should ensure considerable predictability of future requirements for households and companies.

This entails:

- **Legislating a transitional period for the deposit-refund system of at least three to four years.** The preparatory period should be utilised to accomplish a number of steps, including performing research to determine which deposit-refund model is best suited to the country, establishing a dedicated organisation to manage the system and developing specialised software, making changes to packaging design and retail outlets, raising public awareness, etc.

- **Clearly stipulating which materials are covered by the deposit-refund system** to avoid capturing only a small proportion of beverage containers whilst the remaining packaging continues to end up in polluting landfills.
- **Clearly assigning responsibility for establishing the organisation that will manage the deposit-refund system.** As a combined model provides the greatest benefits, this body ought to be set up and managed jointly by the government, producers, importers, recyclers, and retailers.
- **Regulate the key characteristics of the deposit-refund system by primary rather than secondary legislation** to ensure sufficient predictability, especially as the ease with which secondary legislation can be amended runs the risk of facilitating sudden changes that could impose additional costs on households and businesses.

OBJECTIVE 2: IMPROVE MANAGEMENT OF SPECIAL WASTE STREAMS

...BY INTRODUCING EXTENDED PRODUCER RESPONSIBILITY

CHALLENGE: The current legal framework that governs special waste stream management does not recognise extended producer responsibility. This means that producers in effect have no responsibility for their products that become waste after use, and their responsibility ends with the payment of their fee and filing a report with the Environmental Protection Agency. One key issue is the amount of special waste stream fees payable by companies that market these products, and another is the lack of an appropriate mechanism to assess compliance, which has facilitated the emergence of informal businesses in this segment that constitute unfair competition. No less important is the fact that Serbia is denied substantial public revenues that could otherwise be invested into improving the waste collection and recycling system.

RECOMMENDATIONS:

- Align existing regulations, primarily on waste management, with EU Directives as quickly as possible and introduce extended producer responsibility for special waste streams. This would establish a sustainable system of financing by producers working together as a collective operator, leading to investment in network collection, addressing issues with the financing of the recycling industry, and making more funds available to the government for funding other environmental protection initiatives.
- Create links between the responsible authorities – Ministry of Environmental Protection, Environmental Protection Agency, Customs Administration, and inspection bodies – and develop a single information system to monitor collection of special waste stream fees.
- After the range of fee payers has thus been broadened, reduce fees to promote voluntary compliance.

CHALLENGE: Producers and importers are often unclear as to whether a particular product attracts the environmental charge for special waste streams or which category it belongs to, or even if a product is even deemed to become special waste after use. This confusion is due in part to the inadequate and vague descriptions of product categories when compared to the variety of products imported and manufactured.

RECOMMENDATION: Include customs tariff numbers matching existing product descriptions in each category and assess charges based on these customs tariff numbers.

OBJECTIVE 3: ENSURE SUSTAINABLE FUNDING FOR ENVIRONMENTAL PROTECTION

...BY SPENDING THE COLLECTED FUNDS TRANSPARENTLY

CHALLENGE: Dedicated funds are rarely used for investment in environmental protection and waste management. Proceeds of the charges collected by the Environmental Protection Agency and local governments are seldom reinvested into environmental safeguards but rather used for wholly unrelated purposes. The entire waste management system is weighed down by excessive red tape, including the requirement to keep extensive records of waste movements.

RECOMMENDATIONS:

- Ensure local authorities receive an amount equal to at least what they collect in charges from the central budget for environmental protection and introduce an obligation to report regularly on activities and projects on which environmental funds have been spent.
- Remove para-fiscal environmental levies, such as the environmental protection and improvement charge, or base them exclusively on the 'polluter pays' principle.
- Introduce disincentivising fees and charges for polluters, such as a landfill charge, to prevent recyclable materials ending up in landfills and encourage waste sorting and recycling.

OBJECTIVE 4: USE FOOD SURPLUSES RESPONSIBLY AND TREAT BIODEGRADABLE WASTE

...BY DONATING FOOD SURPLUSES

CHALLENGE: There is no statutory framework, support, or infrastructure for responsible management of food surpluses, which may include donating unsold food to charities, soup kitchens, zoos, and the like. Apart from the direct social and financial losses (food cost and VAT, waste disposal costs), unused food that ends up as municipal waste poses a huge environmental burden.

RECOMMENDATIONS:

- Set out the powers of inspection bodies and the roles and responsibilities of the various stakeholders. In parallel, build capacity of the Food Bank and other charities that will assign any donated food surpluses.
- Establish food waste collection systems at public authorities and businesses for each local authority.
- Provide financial incentives for socially responsible companies that choose to use food surpluses responsibly (by e.g. waiving VAT on any food surplus donated).

...BY RECOGNISING BIODEGRADABLE WASTE AS A RESOURCE

CHALLENGE: Current regulations envisage no specific separation, disposal, transport, and processing requirements for biodegradable waste, which accounts for some 50 percent of all municipal waste. This means that biodegradable waste puts a significant strain on existing waste storage capacities and may pollute soil and air.

RECOMMENDATION: Amend regulations to set out clear procedures for managing biodegradable waste whilst developing infrastructure for its collection and treatment.

OBJECTIVE 5: REDUCE PAPERWORK AND EXCESSIVE RED TAPE

CHALLENGE: The waste management system is unduly burdened by red tape, in particular the requirement to keep extensive records of waste movements for each delivery date and separately for each type of waste, transporter, and recipient. These records must be kept daily on a prescribed set of forms, and annual reports must also be produced. Lastly, documents must also be retained on paper, which directly contravenes the stated aim of protecting the environment.

RECOMMENDATION: Establish a uniform electronic record-keeping system for waste movements and reduce reporting frequency whilst holding stakeholders accountable for the accuracy of any data reported.

OBJECTIVE 6: UNIFORM INTERPRETATION OF ENVIRONMENTAL REGULATIONS WHEN INSTALLING TELECOMMUNICATION INFRASTRUCTURE

CHALLENGE: The electronic communications market is facing major issues due to the inconsistency and arbitrary interpretation of environmental legislation and rules that govern critical national telecommunications infrastructure. More specifically, operators have for years been encountering problems when seeking to construct mobile network towers that use existing technologies (2G, 3G, and 4G), which has jeopardised the stability and operation of mobile networks, a critical resource at this time of global pandemic. This issue is particularly pronounced in urban areas, and if it is not addressed Serbia will be denied access to the opportunities and benefits of 5G technologies.

The primary causes of these problems are: 1) arbitrary interpretation of the Law on Non-Ionising Radiation Protection and definition of non-ionising radiation sources of particular interest (SPIs) by local environmental protection departments; 2) use of local authorities' planning documents to restrict minimum distance, in metres, between mobile towers and adjacent buildings; 3) use of environmental assessment procedures that are at odds with EU practice; and 4) the Regulation on Limits on Exposure to Non-Ionising Radiation, which sets out limits that are two and a half times more restrictive than those allowed by EU rules.

RECOMMENDATIONS: Issues with construction of mobile towers must be addressed primarily by the Ministry of Environmental Protection, with the support of the Ministry of Trade, Tourism and Telecommunications, RATEL, and other institutions. The solution would be to align environmental protection standards with EU rules or legislation in force in EU Member States for areas governed by national law. Local officials should also receive training, and application of these rules should be made consistent.

Finally, a new law would be conducive to improving services and fostering growth of the telecommunications market by allowing customers to sign digital contracts and creating a framework that promotes sharing and greater utilisation of resources.