

Consultation on certification for waste treatment facilities FEAD position

13 March 2014

Part 1

Do you have data on flows of waste exported from the EU to non-EU countries that could be useful in assessing the need for a certification scheme and for the development of such a scheme?

- Yes
- No
- **No answer**

If yes, please indicate what type of data you have including key figures.

Information and statistics will be provided through our national member associations.

Part 2

2.1 What is the impact of CURRENT waste exports to non-EU countries on the competitiveness of the sector(s) you are active in (if applicable)?

- **Positive impact overall**
- Negative impact overall
- No answer

Please elaborate briefly

More material is being collected than can be reprocessed domestically. The gap between volumes collected for recycling and domestic recycling capacity is filled with exports. Economic growth and globalisation have led to a worldwide increase of waste transports across borders, whether on the road, by railway or by ship. Exports have also been fundamental in allowing the industry to grow and invest in waste management infrastructure. Thus, the export of green-listed waste fulfils an important function and allows to sell waste that cannot be treated domestically to third countries (even though Eurostat statistics show that the trading of waste within the EU remains predominant).

Exporting green-listed waste, e.g. paper, metal, plastics, without endangering human health and in an environmentally sound manner, also allows the full achievement of the recycling targets of the EU waste acquis. Whereas the volume of recycled materials in Europe has increased as a result of the EU recycling targets, the uptake of secondary raw materials still lags behind domestically. This is also due to the outsourcing of

production capacity from Europe to third countries and, linked to that, lower processing capacity of the manufacturing industries in Europe.

There is a concrete risk that limiting legal exports of non-hazardous, green-listed waste will lead to an over-supply of secondary raw materials, for which there is no sufficient demand in Europe. From a resource efficiency perspective, it is more beneficial to export green-listed waste for environmentally-sound recycling outside Europe than sending it to landfills or incinerators. Without this opportunity, treatment facilities (e.g. sorting and shredding plants) in the EU will have to be closed and jobs will be cut.

2.2 What do you expect to be the impact of FUTURE waste exports to non-EU countries on the competitiveness of the sector(s) you are active in (if applicable) if current trends continue?

- **Positive impact overall**
- Negative impact overall
- No answer

Please elaborate briefly

In the context of the discussions on resource efficiency, EU waste policy aims to decrease landfilling and to increase recycling and to make products more recyclable. This means that, throughout the next years, the amount of recyclates will increase in the European Union.

The private waste management industry expects that the volumes of exported green-listed waste will stagnate or decrease slightly, because of the current trend to establish sound waste management systems globally (e.g. WTO negotiations on the APEC proposal to eliminate trade barriers on green goods, like waste treatment equipment), leading to a greater availability of secondary raw materials in third countries. Moreover, since economic growth in the BRICS-countries continues to decline, the demand for raw materials from these countries is expected to fall.

A certification scheme would further endanger future exports, which are, as stressed in our response to question 2.1, of great value to the European Union.

Part 3

3.1 Which is your PREFERRED option out of the ones assessed in the RPA study

- **No EU certification scheme**
- Voluntary EU certification scheme
- Mandatory EU certification scheme
- Mandatory EU certification scheme including mandatory third-party verification
- None of the above
- No answer

Please briefly explain why (benefits vs. costs, ease of implementation, reasonable administrative burden for SMEs, effectiveness in terms of the objective of fair competition, etc.)

The idea of a mandatory certification scheme for recycling facilities worldwide has been put forward as a way of helping to achieve three different objectives:

1. To improve access to critical raw materials for EU manufacturers
2. To combat the illegal export of waste from the EU to Third Countries
3. To improve the environmentally sound management of waste in third countries.

However, FEAD does not believe that such a certification scheme would achieve any of these three objectives:

1. Critical raw materials that are important for European manufacturers are mainly linked to e-waste (WEEE), which generally contain hazardous substances. However, the EU already bans the export of hazardous waste outside the OECD, and the proposed certification scheme does not address e-waste. Europe should instead promote better access to these critical raw materials, firstly, through more effective enforcement of the existing EU ban on WEEE exports outside the OECD, secondly, through promoting better recyclability of WEEE inside the EU by eco-design measures and, lastly, through measures which encourage investment in treatment facilities for WEEE in Europe.

2. The proposed certification scheme would not stop rogue traders illegally exporting WEEE or unsorted non-recyclable waste. Instead, the scheme would impose a bureaucratic burden on the legal export of green-listed non-hazardous recyclable wastes such as paper, plastic and scrap metal, which are not critical raw materials. Abuse can only be stopped by the competent authorities within the EU, who need to step up their controls on the supply chain for green-listed waste. Furthermore, we are of the position that an electronic data interchange system for waste shipments could contribute to ensuring the environmentally sound management of waste. More detailed and better information on waste shipments through an electronic data system will also help the Competent Authorities to identify those operators who are not in compliance with the WSR.

3. The most significant environmental and health & safety concerns in third countries are caused by illegal shipments of hazardous waste and untreated waste, not by legal exports of recyclable paper, plastic and scrap metal. The best way to improve the environmentally sound management of waste in third countries is through the work of the Basel Convention, which develops a framework on ESM of hazardous and other waste at international level. This would also help to raise standards for treatment of increasing levels of domestic waste in third countries, which would not be covered by a certification scheme.

Moreover, many countries outside the EU which import recyclable wastes such as paper, plastic and scrap metals have already strengthened their controls on imported secondary raw materials in recent years, in particular China which is the single most important destination for green-listed waste from the EU. The experience of FEAD members is that Chinese re-processors now have ISO certified, state of the art facilities which means that concerns regarding the environmental standard of Chinese installations are, in most cases, no longer justified. EU exporters have responded to the demands of their third country customers and as a result, the quality of exported secondary raw materials is much higher than in the past.

Furthermore, there are other arguments against a certification scheme:

1. The costs resulting from a certification scheme would be disproportionately high, and would fall on the law-abiding exporters and waste companies rather than on the illegal operators. This could particularly affect small and medium enterprises in the waste management and recycling business. As a result, investments in domestic waste collection, sorting and treatment infrastructure could be put at risk. Restricting the export of secondary raw materials could also make it difficult or even impossible for some EU member states to reach the recycling targets required by EU waste legislation.

Moreover, the Arcadis/RPA study did not analyse sufficiently the economic impacts of a certification scheme. The increased bureaucracy associated with monitoring and auditing the scheme is for example likely to create delays on exports and add uncertainty to the market in the short and medium term.

Key questions that need to be answered are: How much green-listed waste would remain in the EU instead of being exported? What would be the impact on prices? Prices for secondary raw materials are decided by the world markets and the demand is higher outside the EU (e.g. Asia, Turkey etc.) than domestically, because a large proportion of the production industry is located there. However, that does not mean that the EU should not continue its efforts to (re)develop a re-manufacturing industry in the European Union over time. Putting barriers to a free movement of goods is certainly not the right way to achieve this goal.

2. The feasibility of a global certification scheme for green-listed waste is questionable due to its complexity and the need to gain the agreement of all countries. Clearly, Europe does not have any jurisdiction or enforcement powers in third countries. As stated in the study, it would be important to analyse how third countries would react to the idea of an EU-driven certification scheme and to assess whether they would regard such a scheme as a trade barrier. The study states that “*A mandatory scheme may potentially conflict with WTO principles if it confers a trade advantage*”. In FEAD’s view, it is not coherent for the EU to argue for a free and fair world market for primary raw materials (e.g. EU/U.S. and others vs. China concerning certain critical raw materials) while at the same time trying to restrict the export of waste paper, plastics and metal scrap for the EU. Important markets could close for European exporters of secondary raw materials if importing countries refuse to participate in a certification scheme for sovereignty reasons or because of WTO aspects.

3.2 Which is your LEAST PREFERRED option out of the ones assessed in the RPA study

- No EU certification scheme
- Voluntary EU certification scheme
- **Mandatory EU certification scheme**
- Mandatory EU certification scheme including mandatory third-party verification
- None of the above
- No answer

Please briefly explain why (costs vs. benefits, implementation problems, heavy administrative burden for SMEs, ineffectiveness in terms of the objective of fair competition, incompatibility with WTO rules etc.)

Should the European Commission choose to introduce an EU certification scheme for certain green-listed waste, a mandatory scheme would be the worst option from the private waste management industry’s point of view. A mandatory scheme would

impose a bureaucratic straightjacket on all transactions involving recyclable waste, and could have the effect of restricting legal exports of green list waste and so lowering prices in the EU. A voluntary scheme would at least allow willing buyers and sellers to continue to trade in legal green list waste materials.

3.3 If you have further comments on the options assessed in the RPA study, please elaborate briefly

The scope of the study is unclear. On the one hand, no clear distinction between recovery of hazardous and non-hazardous waste is made, on the other hand also the term "recycling treatment facility" is not defined. Thus, it is unclear for which facilities the establishment of a certification scheme was examined in the study.

Part 4

4.1 If an EU certification scheme (voluntary or mandatory) for waste treatment facilities were to be introduced, which categories of waste should be covered as a matter of priority?

- All "green" listed waste under the Waste Shipment Regulation
- All other non-hazardous waste included in Part 2 of Annex V to the Waste Shipment Regulation
- Certain specific "green" listed or other non-hazardous waste under the Waste Shipment Regulation

If you have answered "Certain specific "green" listed or other non-hazardous waste under the Waste Shipment Regulation", please specify which waste categories

4.2 If an EU certification scheme (voluntary or mandatory) for waste treatment facilities were to be introduced, which categories of waste should NOT be covered?

- **All "green" listed waste under the Waste Shipment Regulation**
- All other non-hazardous waste included in Part 2 of Annex V to the Waste Shipment Regulation
- Certain specific "green" listed or other non-hazardous waste under the Waste Shipment Regulation

If you have answered "Certain specific "green" listed or other non-hazardous waste under the Waste Shipment Regulation", please specify which waste categories

4.3 Please elaborate briefly

FEAD does not think that a mandatory global certification scheme would be either an efficient or effective tool in tackling illegal exports, and would actually undermine competitiveness and investment in the secondary resource industry. We therefore do not see the need to specify which materials should be included. Any such choice of material should however be based on sound evidence and on an impact assessment, weighing up the costs and benefits of a certification scheme.

Independently of this EC consultation which targets the export of non-hazardous waste streams, the introduction of an EU-wide certification system for primary treatment

facilities for hazardous waste like WEEE and ELV should be assessed by the European Commission. Collected WEEE and ELV should only be sent to European treatment facilities fulfilling proper treatment standards. Only if the hazardous parts are removed properly, the majority of the contained raw materials can be recycled. In addition, better monitoring and traceability of the waste streams will help to ensure that illegal operators do not divert the waste away from legitimate treatment facilities.

Part 5

Please briefly give any further comments that you consider important in this context.

The EU and its member states can certainly do more to combat illegal exports of waste, but this should be done within the EU, with tougher enforcement of existing legislation, better coordination between regulatory bodies and more effective inspections. Proposals such as an electronic waste shipment database, which is currently being studied by the Commission, is potentially another good way to address illegal shipments by increasing transparency and traceability.