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### Joint Working Party on Trade and Environment

**Reducing barriers to international trade in non-hazardous recyclable materials: exploring the environmental and economic benefits, Part 1: A synthesis report**

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## FOREWORD

Non-hazardous recyclable materials play an increasing role from both economic and environmental perspectives. The policy challenge is to facilitate legitimate trade in non-hazardous recyclable materials while ensuring that trade in hazardous materials is subjected to appropriate controls.

At its meeting in June 2007, the Joint Working Party on Trade and Environment (JWPTE) of the OECD agreed to explore key issues related to international trade in non-hazardous recyclable materials and analyse the possible environmental and economic effects of removing unnecessary hindrances to such trade.

As a first step, a scoping paper was produced [COM/TAD/ENV/JWPTE(2007)36], which explains the key concepts included in the legal instruments covering trade in non-hazardous recyclable materials and the concept of environmentally sound management (ESM).

In a second stage, a number of case studies were developed to illustrate the practical experiences of applying the legal provisions related to trade and the principles of ESM in a number of countries. The case studies identify and analyse measures and practices that may hamper trade in three non-hazardous recyclable materials (steel scrap, recovered paper and plastic scrap) and explore if and how they could be removed without compromising environmental protection.

Finally, a synthesis report was developed, to draw lessons from the case studies and explore the possibilities of compatibility between environment protection and efficient resource utilization.

The synthesis report was developed by Kees Wielenga, FFact Strategy and Implementation, Belgium. It benefitted from valuable comments and suggestions from delegates of the OECD Joint Working Party on Trade and Environment. The case studies are published separately as an annex to this report.

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## EXECUTIVE SUMMARY

1. Non-hazardous recyclable materials are a resource for a large number of industries, not only within the OECD countries but also increasingly in developing countries. As their importance increases from both an economic and environmental perspective, non-hazardous recyclable materials have become a key driver for a number of national and international initiatives to promote sustainable development. At the same time, there are concerns that involved contaminated materials (with hazardous components or constituents) may cause environmental damage or may even conceal illegal trade in hazardous waste. Another, related challenge is to make sure that traded non-hazardous recyclable materials are appropriately dealt with at destination. The policy challenge, therefore, is to facilitate legitimate trade that contributes to environmentally sound recycling while ensuring that trade in contaminated and hazardous wastes is subjected to appropriate controls, both as regards the traded material and its use at destination.

2. The objective of this work is not to remove rules to the detriment of the environment, but on the contrary to explore the possibilities of compatibility between environment protection and efficient resource utilization.

3. An initial study examined how provisions of the World Trade Organization (WTO) and the Basel Convention apply to trade in non-hazardous recyclable materials [COM/TAD/ENV/JWPTE(2007)36]. The Joint Working Party on Trade and Environment (JWPTE) agreed to supplement this analysis with a series of country case studies that examine how provisions in international and national legal instruments are applied in practice in China, Japan, the Netherlands, South Africa, and the United States.

2. The case studies focus on the three most traded non-hazardous recyclable materials: steel scrap, recovered paper, and plastic scrap. It should be mentioned that the legal status of these materials may vary. In most countries the materials are considered waste, while in others, some of the materials may be considered by-products or secondary raw materials, when meeting relevant standards.

3. The countries were chosen because they represent a significant amount of global trade, while also representing a good geographical spread, and differences in economic development and legal systems. China is a large importer of these materials and Japan a large exporter. The US and the Netherlands both export and import large quantities of these materials. South Africa, on the other hand, is largely self-sufficient for both plastic scrap and recovered paper, but exports large amounts of steel scrap. The countries in the case studies represent a significant portion of the global trade in these materials and present a range of examples of net imports, net exports and domestic demand.

4. The legal framework for the trade of these materials implemented in the domestic legislation differs considerably in the five countries. These procedures aim at assuring that concerns related to health and environment are adequately dealt with, in particular if materials are contaminated or hazardous. The procedures laid out in OECD Decision C(2001)107/Final concerning the control of transboundary movements of waste destined for recovery indicate that the materials may be traded for recycling using normal commercial controls only. This implies that the standard customs controls for goods are applied to these materials, without additional procedures. Only the US and Japan apply the OECD Decision in this way. The Netherlands adds to this the requirements from the EU Regulation EC N° 1013/2006 on the shipment of waste, which stipulates that a specific document must be used to provide details on a shipment.

South Africa has implemented a fairly simple licensing system for importers and exporters of scrap. China, on the other hand, has implemented a control system that contains some of the elements of the control system for hazardous waste laid out by the Basel Convention. As a result, only specific types of materials may be exported to China, and Chinese importers and foreign exporters must have a licence for their activities. Each shipment must also undergo a pre-departure control in the port of dispatch and another control upon arrival at the Chinese port.

5. A number of traders in each country were interviewed to identify measures and practices that may affect trade. Given the small sample size (interviews with 19 traders only) and the qualitative (and unverifiable) nature of the studies, the results should be treated only as indicative and representative of a limited geographical scope. Nevertheless, accounts provided by firms trading in these materials suggest that a number of measures and practices exist both within and outside their country that may affect trade. They do not provide policy recommendations, but suggest avenues which might be investigated further.

6. In particular certain Chinese import procedures were mentioned, namely pre-departure controls, which may take a long time and can be costly. These pre-departure controls do not always guarantee that the shipment will be accepted by the authorities in the Chinese port upon arrival. Moreover, the criteria used to grant licenses to exporters are not totally transparent. Certain materials are not allowed to be imported into China, and traders may fail to see the rationale for such bans.

7. The EU Regulation on Shipment of Waste as applied by the Netherlands, particularly with the enforcement of the shipment requirements, was also mentioned frequently by traders. For instance, Article 43 of the EU Regulation prohibits imports of all waste, including green-listed waste, into the EU from countries that are not a Party to the Basel Convention. Yet, such trade restrictions do not exist under the Basel Convention because it does not set rules for transboundary movements of non-hazardous recyclable waste. According to traders, inconsistent application and diverging interpretations of the EU regulation also appear to distort the market and affect trade in non-hazardous recyclable materials, although it was not possible to quantify this impact. The absence of an automatic process within the EU to review updated lists under the Basel Convention was mentioned as an example of a negative effect on trade of non-hazardous recyclable materials.

8. In particular, traders from the US and South Africa raised problems related to access to raw materials as a factor affecting trade. Domestic industries frequently try to support measures that limit exports of the non-hazardous recyclable materials they use as raw materials in their production processes.

9. Traders also indicated that, depending on the origin or the destination of the transport, procedures may vary as countries apply their own rules for these materials which they consider to be wastes. These waste controls are an addition to the standard customs procedures and add significantly to the administrative burden for traders.

10. A number of suggestions were formulated by traders to identify measures that could promote trade while contributing to environmentally sound recycling of the materials. These include:

- Pilot projects to partly shift the point of control from the port to the company's facility, for example, by using the Authorised Economic Operator (AEO) initiative of the World Customs Organization or the concept of pre-authorised facilities from the OECD Decision and company inspections;
- Improving the practicality of certain aspects of the Chinese procedures via contacts with the Chinese Ministry of the Environment;

- Seeking further harmonization of the control procedures applied to the trade of non-hazardous recyclable materials in cooperation with other international bodies, including the UN;
- Investigating practices to impose export taxes on scrap and seeking to reduce these taxes if appropriate;
- Developing better guidance on the application of the EU Regulation and promoting the use of certain existing provisions within the Regulation that could reduce the problems encountered by traders;
- Developing a way to overcome the problems of confidentiality associated with the use of Annex VII of the EU Regulation and considering a review of its Article 43;
- Recognizing certain non-hazardous recyclable materials that meet industrial and environmental standards as raw materials or commodities and not as waste.

11. These measures aim at facilitating trade in non-hazardous recyclable materials, thereby potentially contributing to a more efficient use of resources. The environmental benefit of these proposed measures however is not clear. On the one hand, they may generate risks, in particular when the materials are mixed with other wastes or happen to be contaminated. In that case, there is a risk that waste will be disposed of in inappropriate ways when imported waste does not meet the buyer's standards, or when its quality deteriorates because of long-term storage. On the other hand, some existing mechanisms may work as substitutes to mitigate these risks.

12. Specific actions may be required to ensure that additional trade in non-hazardous recyclable materials will benefit the environment. They could build on Environmentally Sound Management (ESM) concepts, as outlined in the OECD Recommendation, and on extended producer's responsibility, for instance to help governments address sham recycling.

13. These issues deserve a more systematic scrutiny, in particular in the current context, when signs of an economic rebound may increase the price of raw materials and restore the competitiveness of non-hazardous recyclable materials. The discussion would certainly benefit from additional information, hard facts and figures, to assess the economic and environmental benefits of some of the measures explored in this synthesis report.

## INTRODUCTION

14. Increased trade in non-hazardous recyclable materials could reduce the demand for raw materials and contribute to more efficient use of increasingly scarce materials. At the same time, such trade could mask trade in contaminated wastes or even hazardous wastes. In all cases these materials should be managed in an environmentally sound manner. The economic and environmental impacts of international trade in non-hazardous recyclable materials and the actual implications of measures affecting trade of such materials have not yet been examined in depth. There is also a dearth of consistent or comparable information on the volumes and economic value of non-hazardous recyclable material flows, and of the possible environmental benefits and risks associated with trade in such materials.<sup>1</sup>

15. At its June 2007 meeting, the Joint Working Party on Trade and Environment (JWPTE) of the OECD agreed to explore key issues related to international trade in non-hazardous recyclable materials and analyse the possible environmental and economic effects of removing unnecessary barriers affecting such trade. As a first step, a scoping paper was produced [COM/TAD/ENV/JWPTE(2007)36], which explains the key concepts included in the legal instruments covering trade in non-hazardous recyclable materials and the concept of environmentally sound management (ESM). The paper provided a few examples of national practices and policies, as well as trade flow analysis of three non-hazardous recyclable materials: steel scrap, recovered paper and plastic scrap. It explored what environmental and economic effects recycling of these materials may cause.

16. On the environmental aspect of recycling, the scoping paper used the results of a 2006 survey by the Waste and Resource Action Programme (WRAP) of a large number of Life-Cycle Analysis reports. On the basis of these results, promoting recycling by removing barriers to trade would in general result in environmental benefits, although it is not possible to give an estimate of these benefits in quantitative terms<sup>2</sup>. For steel scrap, the impact on the environment is beneficial in all scenarios that were assessed. For recovered paper, this is generally also the case. Only a limited number of studies show a preference for incineration with energy recovery over recycling; there is a clear preference for recycling over landfilling. Therefore, it can be concluded that the environmental impact of removing barriers to trade for recovered paper destined for recycling overall can be beneficial. This is also the case for plastic scrap of high quality, which represents the majority of trade. For mixed plastics or plastics which have a high level of contamination, incineration may be the best environmental option. Measures to control mixed or contaminated plastic scraps closely may therefore be justified from an environmental point of view.

17. At a second stage, a number of case studies were developed to illustrate the practical experiences of applying the legal provisions related to trade and the principles of environmentally sound management (ESM) in a number of countries [COM/TAD/ENV/JWPTE(2008)27/ANN/REV2]. The case studies identify measures and practices that may affect trade in these materials and that could be removed without

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<sup>1</sup> The OECD Working Group on Waste Prevention and Recycling produced a report on “Improving recycling markets” (OECD, 2006). It provides examples of barriers to recycling markets but does not explore in detail aspects related to *international trade* of recyclable materials.

<sup>2</sup> While recycling in the proximity of the source of waste is generally preferable from an environmental perspective, this is not always economically feasible. Trade, then is an option; one requisite is that waste will be recycled at destination in an environmentally sound manner.

*a priori* compromising environment protection. These case studies cover China, Japan, the Netherlands, South Africa and the United States. These countries were chosen because they represent a significant share of the global trade in non-hazardous recyclable materials. These countries also represent geographical diversity and provide examples of both OECD and non-OECD countries.

18. In addition, interviews were undertaken with traders trading non-hazardous recyclable materials in/with the countries covered by the case studies. The objective of the interviews was to share practical experience with measures which limit trade in this area. Traders were invited to share ideas that would better facilitate trade. These ideas are only used as a starting point, as environmental considerations were not taken into account during the interviews.

19. This synthesis report was produced based on the scoping paper, the case studies and the interviews. The objective is to explore how trade in non-hazardous recyclable materials can contribute to both efficient resource management and environmental protection. This report focuses on areas where environmental protection and resource management apparently conflict. It first presents a short overview of the trade flows as observed in the five countries and compares them with the global trends that were reflected in the scoping paper. It compares the different legal and policy frameworks in place in each country for trade in non-hazardous recyclable materials and compares them with the provisions of the OECD Decision C(2001)107/FINAL (further the OECD Decision) and the Basel Convention. It provides a summary of the main findings on the mechanisms and practices that, according to traders, may affect trade. Finally it presents possible ways to make environment protection and efficient resource management mutually compatible. It contains some concluding remarks.

20. The terms steel scrap, recovered paper, and plastic scrap refer to the description of the materials as used by traders in trade statistics. It should be mentioned that the legal status of these materials may vary. In most countries the materials are considered waste, while in others some of the materials, when meeting relevant standards, may be considered by-products or secondary raw materials, not waste. Due to their differences in legal status, it is not possible to use the terms 'waste' or 'by-products' in a consistent way when describing the same material in different parts of the world<sup>3</sup>. Due to these differences in legal status, the case studies and this synthesis report uses the terms used in trade or 'non-hazardous recyclable materials' in case all three materials are addressed.

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<sup>3</sup> It should also be mentioned that the EU recently introduced in its Directive 2008/98/EC on waste (also called the Waste Framework Directive) the possibility to adopt criteria to determine when certain wastes are sufficiently treated to be no longer regarded as waste. Metals and paper are amongst the materials that will be assessed with priority in this context. Materials that are no longer regarded as waste would need to comply with product legislation, including the new legislation on chemicals (REACH), from which wastes are exempted.



## ANALYSIS OF TRADE FLOWS

21. Steel scrap, recovered paper and plastic scrap are non-hazardous recyclable materials that are traded extensively around the world. In general, these materials are separately collected or recovered from different waste streams, such as municipal waste or industrial waste. The total world steel production in 2007 was estimated to be 1,344 million metric tonnes. For this production approximately 459 million metric tonnes of steel scrap was used<sup>4</sup>. The total paper production was approximately 367 million tonnes in 2005<sup>5</sup>. For paper and plastic no global data on use of recovered paper exist. It may however be assumed that approximately 50% of the fibres used for paper production come from recovered paper, that is approximately 150 million tonnes of recovered paper. These data give an indication about the importance of the use of steel scrap and recovered paper in the steel and paper industry. No data were found on the global production of plastics and the use of plastic scrap, but the amount of plastic scrap that is recycled is growing rapidly.

22. Countries with well developed waste management systems typically try to optimise collection of these materials for recycling. However, the production facilities that use these materials to make new products are not necessarily located in the country where the waste is collected. There can also be mismatches between demand and supply in certain regions of the world. This explains why the materials are traded worldwide in the same way as other commodities or raw materials for industrial production.

23. Since these materials are traded extensively, trade statistics is a good source of information on their trade patterns. The Harmonised System (HS) of Customs Codes contains specific entries for these materials (Table 1).

**Table 1. HS codes for plastic scrap, recovered paper and steel scrap**

HS Code	Description
3915	Waste, parings and scrap, of plastics
4707	Recovered (waste and scrap) paper or paperboard
7204	Ferrous waste and scrap; remelting scrap ingots of iron or steel:

24. On the basis of these HS codes for steel scrap, recovered paper and plastic scrap, imports and exports of these materials were analysed using data from the UN Commodity trade statistics database. An overview of the data for 2006 is given in Tables 2 and 3. The data for the global trade come from the scoping paper. This paper uses a different source and the reference year is 2005. However, the data are only shown to indicate the order of magnitude of trade in the selected countries compared to the global trade flows of the materials.

<sup>4</sup> International Iron and Steel Institute, World steel in figures 2008.

<sup>5</sup> Data from RISI as provided by BIR for the scoping paper.

**Table 2. Imports of non-hazardous recyclable materials in five case study countries in 2006**  
(1,000 tonnes)

Imports	China	Japan	Netherlands	South Africa	US	Global trade
Recovered paper (4707)	19,622	72	1,881	18	438	41,000
Plastic scrap (3915)	5,865	3	218	2	557	8,300
Steel scrap (7204)	5,382	188	3,232	54	4,813	88,900

**Table 3. Exports of non-hazardous recyclable materials in five selected countries in 2006**  
(1,000 tonnes)

Exports	China	Japan	Netherlands	South Africa	US	Global trade
Recovered paper (4707)	0.1	3,887	2,951	39	15,921	41,000
Plastic scrap (3915)	98	1,296	501	6	1,065	8,300
Steel scrap (7104)	40	7,654	6,695	612	14,901	88,900

25. The five selected countries represent a large portion of the global trade in these materials. Based on these data the different countries can be characterized according to their trade behaviour for the different materials.

26. For China, only import streams are important. On a global scale, China is the largest importer of recovered paper and plastic scrap and a significant importer of steel scrap. The trade pattern for Japan is dominated by the export flows of all three materials. The US is the largest exporter in two of the three materials. The Netherlands is a trading country where large amounts of material are both imported and exported. To some extent, the scraps that are imported may be of a different quality than the scraps that are exported. However, it is possible that some of the tonnage reported by the Netherlands is material from other countries that is exported or imported via the port of Rotterdam and included in the Dutch trade data. South Africa is mainly self-sufficient for recovered paper and plastic scrap. Only for steel scrap is there a considerable export flow. The US is also an importer of large amounts of both steel and plastic. In most cases the imported scrap is of a different quality than the exported scrap.

**Table 4. Characteristics of trade in non-hazardous recyclable materials in five case study countries**

Material	China	Japan	Netherlands	South Africa	US
Recovered paper	Dominant importer	Dominant exporter	Dominant exporter, but with rather large imports as well	Limited trade	Dominant exporter
Plastic scrap	Dominant importer	Dominant exporter	Dominant exporter, but with rather large imports as well	Limited trade	Dominant exporter, but with rather large imports as well
Steel scrap	Dominant importer	Dominant exporter	Dominant exporter, but with rather large imports as well	Dominant exporter	Dominant exporter, but with rather large imports as well

27. Over the last years, global trade in steel scrap, recovered paper and plastic scrap saw a considerable and persistent growth. The main driver was high demand in the manufacturing industry in particular in China. This resulted in high prices for these materials. These high prices combined with the growing importance of environmental policies led to development of more separate collection and development of separation and treatment technologies to prepare the materials for use in the industry. In the last quarter of 2008, this year-long growth suddenly came to a halt due to the financial crisis. Due to shortage of liquidity, reluctance of banks to provide credit and unprecedented reduction of demand in the manufacturing industry, prices for the materials collapsed and trade volumes reduced dramatically. By the beginning of 2009 prices started increasing again and the demand, in particular for the higher quality materials, increased again. However, both the price level and the volumes traded are still far from the levels experienced before the start of the crisis.

28. It is too early to assess the full impact of this economic crisis on trade and recycling, partly because data and information for such assessments is not yet available. Moreover, it is unclear how long the crisis will last and how deep it will be. There is some evidence that materials are stored awaiting for better times. This can be maintained for shorter periods, but will cause problems if large quantities of material are stored for longer periods. These stocks are a financial burden. They become an issue from an environmental perspective as well: storage can downgrade the quality of some materials, typically paper, which then may become improper for recycling. It is expected that a swift recovery of the economic system would not have serious long-term impact on trade and recycling. However, a long-lasting recession might create serious problems as materials that are being collected may not find suitable outlets.

## LEGAL AND POLICY FRAMEWORK

29. In most countries, non-hazardous recyclable materials are considered waste. In other countries, they may be waste in certain cases and by-products or secondary raw materials in other cases. For trade, this implies that in most cases the regulations and laws relevant for transboundary movement of waste apply. Most countries implement these measures using one of the three following international legal instruments as a model:

- The Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal (further: Basel Convention)
- The Decision of the Council C(2001)107/Final concerning the control of transboundary movements of waste destined for recovery operations (further: OECD Decision)
- Regulation (EC) No 1013/2006 on Shipments of Waste.

30. All three instruments aim to address the possible risks for health and environment of the fact that waste can be mixed with other materials, may be contaminated or may present hazardous characteristics. Transports of such wastes need to be controlled to assure that wastes are confined to installations that comply with standards for environmentally sound management. Moreover, the provisions in these legal instruments should allow preventing and detecting illegal shipments. The following paragraphs provide for a short description of these instruments. A more extensive description can be found in the scoping paper [COM/TAD/ENV/JWPTE(2007)36].

31. The Basel Convention is a global convention of which nearly all countries are Parties. The Convention establishes a control system for the transboundary movements of hazardous and other wastes. Hazardous waste may be toxic, flammable, or have other hazardous properties that require specific attention when managed inside the country and in particular when moved internationally. The Convention puts specific emphasis on the capacity of the receiving country to treat hazardous waste in an environmentally sound manner. The control system established by the Convention is a system of prior informed written consent to intended transboundary movements of this waste. The Convention addresses all transboundary movements and treatment options for the waste including recycling, recovery of energy, and final disposal operations such as landfills. In addition to hazardous waste, municipal waste and residues from incineration of waste come under the scope of the Convention. However, the Convention does not specifically address transboundary movements of non-hazardous recyclable materials that are the subject of this report.

32. Nevertheless, some countries use a simplified version of the control system of the Basel Convention to set requirements for trade in those materials if they are considered waste. An example is the procedure as applied by China that uses a system of prior informed consent, presenting some similarities with the system developed for hazardous waste in the Basel Convention (see table 5 for more details on the procedure as applied by China).

33. The OECD Decision provides a control system that is applicable to all types of waste, both hazardous and non-hazardous. However it is limited to movements for recovery operations, that is, operations that lead to recycling or energy recovery. For hazardous waste the control system is similar to

that specified by the Basel Convention. However, the OECD system also allows for prior informed tacit consent, whereby a shipment of waste may commence if the authorities in the countries involved have not raised objections within a certain time frame. For non-hazardous waste the system foresees a procedure where standard commercial controls, such as standard customs procedures, are applied without additional requirements.

34. The EU regulation establishes procedures and control regimes for the shipment of waste, depending on the origin, destination and route of the shipment, the type of waste shipped and the type of treatment to be applied to the waste at its destination. It presents a comprehensive system of control for all transboundary movements of waste, as well as a ban on the export of hazardous waste to non-OECD countries. Different levels of control are introduced on the basis of a set of lists of waste, included in the Annexes of the regulation. The procedures aim to ascertain that all wastes are destined to installations where they can be treated without endangering health and the environment. Although recycling in general is the preferable option from an environmental perspective, this is only valid if the recycling operation itself is environmentally sound. Therefore controls may be necessary to ascertain that recycling takes place and that the installations are capable of treating the materials. A recent development was the adoption of a new Annex IIIa. In this Annex, specific mixtures of non-hazardous (green-listed) wastes are included that may be shipped amongst OECD countries without the prior informed written consent.

35. Table 5 gives an overview of the main characteristics of the five countries' national procedures for trade in non-hazardous recyclable materials. The reference used is the procedure in the OECD Decision that can be characterized as a procedure with standard commercial controls only.

36. Of the different procedures, China has the most burdensome administrative requirements. The rationale is to ensure that only materials for which there is a suitable installation in China are imported. In that sense, the requirements are similar to the control procedures in the Basel Convention.

37. The additional requirement to fill Annex VII as required by the EU adds additional administrative work to the standard commercial control procedures. In the document, information is required on the type of waste transported, its intended treatment, the origin of the material, and its final destination. Annex VII of the EU waste shipment regulation (containing information requirements for shipments of non-hazardous waste) aims to ensure the traceability of shipments and to ensure that the waste actually ends up in a facility that is able to treat it in an environmentally sound manner.

38. The EU provisions for non-OECD countries aim to ensure that the country of destination can decide itself if it wants to receive non-hazardous recyclable wastes for recovery and under what conditions. If a country has not specified a procedure, the EU requires prior informed written consent. This gives the authorities in the country the possibility to consent to or oppose the movement. The rationale of this measure is to assist non-OECD countries with limited treatment capacity for waste and limited administrative capacity to control imports of waste.

39. There are additional administrative requirements to obtain a licence to export scrap to South Africa. The procedure is not very complicated but does require some extra time before the intended export can take place (normally one week to 10 days). The rationale is that it allows domestic users in South Africa to bid for the material. Traders are not obliged to accept such bids if they have a better offer from a client abroad and the authorities automatically issue the export licence after a certain period.

**Table 5. Procedures for trade in non-hazardous recyclable materials in domestic legislation in case study countries**

Country	Characteristics of the domestic procedures applicable to trade in non-hazardous recyclable materials	Relative administrative burden
China	Both foreign companies that export to China and Chinese companies that import materials need a licence as exporter or importer. Materials sent to China are inspected at the port of dispatch prior to its transport as well as upon arrival in China. Materials that do not meet the Chinese standards are not accepted.	More demanding than the OECD Decision
Japan	Export licenses are required for waste which is defined by a domestic law regardless of its hazardousness. Licenses are given when it is confirmed that the material will be recycled in an environmentally sound manner, not short of the domestic waste management standards in importing countries.  For non-waste which is defined by the domestic law, the normal commercial control applies.	More demanding than the OECD Decision
Netherlands	For non-hazardous waste the normal commercial control applies but the use of a specific form (Annex VII form) is required.  In addition, for export of non-hazardous waste to non-OECD countries, the procedure as specified by the non-OECD country applies. For non-OECD countries that did not reply to a request from the European Commission on the applicable procedure, the EU requires the use of the prior informed consent procedure.	More demanding than the OECD Decision
South Africa	Export licences are required. Requests for export of scrap are published and domestic users of scrap may approach the trader to bid for the material prior to export.	More demanding than the OECD Decision
US	Normal commercial control	

## **WHERE ENVIRONMENT PROTECTION AND EFFICIENT RESOURCE UTILIZATION MAY AFFECT ONE ANOTHER**

40. In the case studies, 19 traders, from 19 companies, were surveyed in the different case study countries to learn about the measures and practices they consider hampering trade. The main focus of the interviews was on those measures specific to trade in steel scrap, recovered paper, and plastic scrap. The interviews did not go into details of the potential problems with normal commercial controls, such as customs procedures.

41. Due to the fact that the number of companies interviewed was rather limited, no meaningful statistical treatment of the results can be given. The aim of the survey was not to provide statistical evidence, but rather to illustrate the underlying mechanisms whereby environment protection and efficient resource utilization affect one another.

42. In the previous section, it was explained that both China and the Netherlands have national procedures that are applied to trade in non-hazardous recyclable materials, but not to other goods. Most of the issues raised by traders are therefore related to trade with these two countries. Certain measures that regulate access to raw materials were also mentioned by traders, particularly for the US and South Africa. These traders indicated that potential problems resulted from the variety of different procedures applied around the globe. In the following section the issues raised in the case studies are summarised. Opinions from practitioners reported here merely indicate avenues which could be explored to make environment protection and efficient resource utilization mutually supportive; they do not provide policy recommendations.

### **Chinese procedures**

43. Most traders admit that the Chinese procedures do have certain advantages. It is clear which types of materials can be accepted and which quality standards the materials have to meet. Moreover, the fact that materials are inspected by a Chinese control body in the port of departure provides some certainty that they will pass the border controls in China.

44. However, the implementation of the procedure also poses problems to traders. These are summarised in Table 6.

**Table 6. Problems encountered by traders with regard to China's control procedures**

Description of the measure or procedure	Mentioned by traders in
China prohibits the import of certain materials. This does not apply specifically to steel scrap, recovered paper, and plastic scrap, but to tires, for example	China
The procedure for getting a licence as Chinese importer or as foreign exporter is long and administratively burdensome; The criteria for granting the licences and for renewing them are not totally transparent.	China, Netherlands, US
Pre-departure inspections may be costly, in particular if the Chinese control body (CCIC) does not have an office in the port of departure. Costs of inspection may vary from US\$100 to more than US\$1000 and may take longer if no inspectors are available in the port of departure.	China, Japan, Netherlands, US
Pre-departure inspection by the CCIC in the port of departure does not guarantee that the shipment will be accepted by the control authorities (AQSIQ) upon arrival in the Chinese port.	China, Netherlands, US

### Procedures applied in the Netherlands

45. Traders in the Netherlands agree that the EU Regulation on shipment of waste<sup>6</sup> is a useful instrument to foster environmentally sound management of waste.

46. Here again, implementation can create difficulties, as it is not standardised across member states in the EU. This can create market distortions and affect the activities of the Dutch traders.

47. Traders also question the need for a number of provisions to be applied to steel scrap, recovered paper, and plastic scrap which are materials with an established global market and a consistent positive market value. They, therefore, consider that the instrument is less suitable for these materials.

48. Table 7 summarises the issues raised on the EU Regulation and on its implementation by EU Member States.

<sup>6</sup> Regulation (EC) No. 1013/2006 on shipment of waste.



**Table 7. Problems encountered by traders with regard to EC's regulation**

Description of the measure or procedure	Mentioned by traders in
The EU Regulation is not applied in a harmonised way in all Member States	Netherlands, US
The procedure of prior informed consent is applied to exports of non-hazardous recyclable materials for non-OECD countries that did not reply to a request from the European Commission. It also applies to a transitional period for a number of new EU member states, limiting the possibilities for export.	Netherlands
For exports of non-hazardous recyclable materials where the prior informed consent procedure applies, a financial guarantee has to be issued. The level of the guarantee is set to a level necessary to cover costs of re-transport if the shipment does not proceed as intended. However, the level is established on the basis of costs for hazardous waste and does not take into account the value of the non-hazardous material, that normally could cover a large portion of these costs. The procedure to request a reduced level of the guarantee is considered cumbersome.	Netherlands
Any shipment of non-hazardous recyclable material follows the normal commercial control procedure. However, it also has to be accompanied by a document indicating details of the shipment (Annex VII). This form contains information on the original producer of the waste and on the final destination of the material. The form adds administrative burden, which the traders do not feel is necessary, but the main concern is about providing information on the origin and the final destination of the shipment, which they consider commercially confidential. This confidentiality is no longer guaranteed if the recycler and the generator of the waste get this information via the Annex VII form.	Netherlands, US
The application of the lists in the Regulation is inflexible and its review mechanism is slow. Any material that is not explicitly mentioned on the green list cannot follow the normal commercial control procedure, but has to follow the prior informed written consent procedure. This also applies to mixtures of different types of waste that are listed separately instead of as a mixture. This used to be a problem for cable waste until it was added to the list. Procedures to adapt the lists are in place and a specific annex for mixtures is included in the Regulation, but the review mechanism is very slow and Annex IIIA contains only a few wastes. This puts a burden on exporters of non-hazardous recyclable materials and limits trade for these materials.	Netherlands
Inspections of shipments can be costly, in particular if they involve moving containers from a ship to a specific place in the port to allow physical inspection. Moreover the standards applied to decide if a material contains too many contaminants are not transparent.	Netherlands
The Regulation provides for the possibility to designate certain facilities as pre-authorized facilities. This reduces the administrative burden for shipments to such facilities. However, not much use is made of this possibility in the Netherlands.	Netherlands

### Issues related to access to raw materials

49. In all countries for which case studies were conducted, there is a strong domestic demand for steel scrap, recovered paper, and plastic scrap in the domestic industry, even in those countries that export large amounts of these materials. For domestic users, these are raw materials which they buy in their own country or import from abroad. In countries with strong exports, this may create tensions between the traders who want to export material to the overseas clients that provide the best commercial opportunities and the domestic consumers who would like to obtain this material locally. In particular, traders in the US and in South Africa indicated problems where domestic consumers try to influence the market to reduce exports of materials that are collected in the country.

50. There is pressure by the steel industries within the US to adopt measures to reduce exports of steel scrap. An example is the request from the American Scrap Coalition (ASC), an industrial interest group formed by a number of steel consuming industries, to stop credit facilities for scrap traders that want to export steel scrap. The ASC claims that US industries cannot access scrap at reasonable prices. The underlying problem is export taxes in a number of countries, including the Russian Federation, India, Pakistan, Indonesia and China. Therefore it is difficult to import steel scrap into the US, while exports are increasing steadily.

51. The scrap traders are opposed to any restrictions on exports. They argue that high prices reflect the growing global demand for scrap and the high prices of primary raw materials and deny that there is a shortage of domestic scrap in the US. Activities to reduce exports to date have not led to measures by the US government. However, a long lasting conflict with the US steel consuming industries is not beneficial to trade, and there are indications that the ASC is now willing to redirect its efforts to combating export taxes in other countries rather than pushing for export restrictions on US scrap.

52. Similar concerns are raised by traders in South Africa. They are mainly related to steel scrap, as that is the only material exported by South Africa in significant amounts. The steel industry has tried, in vain, to get high export taxes imposed on steel scrap. Problems with price agreements have also arisen, where traders related to the steel industry fixed prices for steel. As a result, it became more difficult for independent traders to access scrap.

53. The procedure in South Africa where exporters of scrap have to get an export licence also adds to the tensions between exporting traders and the domestic industry. Before issuing the export licence, the demands for exports are published to give the domestic industry the possibility to bid on the material intended for export. Even though traders are, in principle, free to accept or decline such bids and always get an export licence after a certain time, this procedure does create tensions. It is not possible to assess the extent to which this affects trade, however.

54. Another issue of access to raw materials is related to the policy of flow management of waste as implemented by some local or regional authorities in the US<sup>7</sup>. These measures are intended to ensure that waste, in particular municipal waste, goes to suitable disposal facilities. The authorities grant exclusive rights to a single operator to collect municipal waste and deliver it to a designated installation close to the area where the waste is generated. Some traders indicated that they have encountered problems because some authorities also apply flow management to separately collected materials which would be suitable for recycling. Flow management implies that all waste within the jurisdiction of the specific authority, including in certain cases separately collected non hazardous recyclable materials, is collected and managed by one designated operator. Other operators, including traders, don't have the possibility to collect or buy these materials directly in those areas but would have to buy them from the designated operator.

#### **Different procedures and unclear definitions**

55. China, the EU, and a number of other countries have their own procedures to trade non-hazardous recyclable materials. Several exporters in the US and South Africa indicated that this makes trade difficult for them if they export materials to a large number of countries. The fact that countries require different information to be issued and apply different procedural steps adds considerably to the administrative burden. In principle, this would also apply to other goods that are exported, but customs

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<sup>7</sup> This problem is not widespread in the US and affects a limited number of municipalities only, which have elected to implement flow management measures; moreover, flow management seldom applies to recyclable materials.

requirements may vary from one country to another. However, since steel scrap, recovered paper, and plastic scrap are considered waste in large parts of the world, a range of import and export provisions are added onto these variable standard customs procedures.

56. In Japan traders mentioned the problem that the traded material can be of very different quality, and can either be hazardous or non-hazardous, even if it has the same customs code. This can lead to export bans (imposed by the trade partners of Japan) for certain materials, in particular, steel scrap with HS code 7204.49 which can cover both hazardous and non-hazardous materials<sup>8</sup>.

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<sup>8</sup> In a reaction, the Japanese government indicated that Japan examines whether the materials are hazardous or not, in light of the standard imposed by the relevant law of the Basel Convention. In detail, materials exceeding the standard are regulated as hazardous one; those not exceeding the standard are traded under normal trade regulations. It is natural to impose export approval procedure on controlled substance. Japan does not impose a ban on trade on them.

## **POSSIBLE MEASURES TO IMPROVE TRADE AND ENVIRONMENTALLY SOUND RECYCLING**

57. Regulating trade in non-hazardous recyclable materials makes environmental sense, in particular because they may be mixed with other wastes or could be contaminated. Moreover, environmental concerns are not limited to the nature of the waste stream (whether it includes hazardous or contaminated materials): they also deal with the way waste will be handled at destination. Genuine non-hazardous waste can become an environmental hazard when not appropriately recycled or disposed of. It follows that, from an environmental point of view, trade in non-hazardous recyclable materials can only take place if there is some guarantee that waste will be treated in an environmentally sound manner at destination. The concept of Environmentally Sound Management (ESM), as outlined in the OECD Recommendation provides governments with some assistance by recommending that: i) waste management facilities operate according to best available techniques, while taking into consideration the technical, operational and economic feasibility of doing so, and work towards continually improving environmental performance; and ii) waste management facilities implement the recommended core performance elements, such as Environmental Management System, sufficient measures to safeguard occupational and environmental health and safety, an adequate plan for closure and after care.

58. It follows that promotion of trade in non-hazardous recyclable materials is not an objective *per se*. It is only justified if it leads to more environmentally sound and economically efficient recycling, while maintaining efficient border control of waste shipments and prevention and detection of illegal shipments.

59. Traders have suggested measures that could be adopted to improve trade. It is very hard to quantify the impact of these measures on trade and the environment. The measures proposed by traders are therefore assessed in a qualitative way against the following criteria:

- Is the measure likely to lead to more trade if implemented?
- Is it likely to contribute to environmentally sound recycling?
- Are there sufficient measures in place to control illegal shipments?

60. The assessment relies on the expertise of the OECD Secretariat and comments received from OECD countries; it is reported in this section. Additional information may be needed, but cannot be produced in the context of this project. Table 8 synthesises the potential impact of each measure on trade flows and the environment; it signals the main environmental concern and, when appropriate, suggests options to address it.

**Table 8. Assessment of measures to promote trade and environmentally sound recycling**

Proposed measures	Trade	Impact on ESM recycling Main environmental concern	Possible mitigation measure
Foster ESM via the Customs programme of Authorised Economic Operators (AEO); more emphasis on controls of the companies and less on controls of the shipments	Favourable, due to loosened control procedures for firms with AEO status	Impact on ESM recycling is unclear. Risk of negative environmental impact as a result from illegal shipments	Pilot projects, track records of parties
Improve transparency, speediness and predictability of the procedures with regard to exports to China	Favourable if administrative burden and uncertainty are reduced	Cannot have negative environmental impacts. However, may have no effect on recycling in China	na
Expand the list of authorised materials for imports into China	Not in the scope of the project		
Harmonise measures applied to trade in non-hazardous recyclable materials classified as waste	Favourable as the current situation requires specialised skills and creates uncertainty	Standard measures may be inappropriate under specific circumstances	Ex ante controls and ex post audits
Negotiate the reduction of export taxes on steel scrap to ensure sufficient access to raw materials	Reduced export taxes may well stimulate trade	Impact on ESM recycling is an empirical question	Empirical investigation
Recognize non-hazardous recyclable materials as raw materials or commodities and not as waste.	A new status for recyclables may stimulate trade (psychological effect, mainly)	Depending on economic value, recovery and recycling might increase. End of extended producer's responsibility	Alternative mechanisms already in place
Improve the use of mechanisms within the EU Regulation to facilitate flexible application of financial guarantees, use pre-authorised facilities, follow up cases where non-OECD countries have not replied to the European Commission, further apply Annex IIIA for mixtures of green waste, and work towards more uniform application of the Regulation.	Optimal use of the regulation can facilitate trade and reduce administrative burden	No environmental concern (better information and enhanced capacity)	Develop better guidance on the Regulation and its application
Consider reviewing Article 43 of the EU Regulation banning imports of non-hazardous waste from countries not Parties to the Basel Convention into the EU	Limited economic impacts are expected from the review	Limited environmental impacts are expected from the review	Environmental impact assessment
Consider mechanisms to maintain Annex VII of the EU Regulation without violating confidentiality	Some favourable impact due to enhanced confidentiality	No environmental concern	

***AEO programme and company inspections***

61. The Authorised Economic Operator (AEO) initiative of the World Customs Organization aims to develop a system of customs control that shifts the efforts from controls at the border to on-site controls of the exporting and importing companies. Once a company has obtained AEO status, the customs procedures are loosened. This idea works in the same way as other initiatives in other pieces of legislation. The OECD Decision and the EU Regulation have a provision on pre-authorised facilities that develops a similar idea. Traders, particularly in the Netherlands, mentioned the burden of inspections at the port and indicated that inspections at the facility of the exporter might be a possible alternative. Developing this idea could facilitate trade and promote recycling without lowering environmental standards or increasing risks of illegal shipments. Developing pilot projects with customs organisations and enforcement bodies to gain practical experience with such initiatives might be considered.

62. A recent report from the European Environment Agency demonstrated that annual illegal shipments from 2001 to 2005 vary between 6,000 and 47,000 tonnes with an average of about 22,000 tonnes; equivalent to 0.2 % of the notified waste. The number of reported illegal shipments has increased during the period 2001 to 2005. It is expected that reported cases represent a fraction of the actual number and that the number of annual illegal shipments is considerable. A detailed analysis of 2003 data shows that two thirds of the illegal shipments were related to hazardous or problematic waste, mainly within the EU. One third of the shipments were related to non-hazardous waste and mainly consisted of waste shipped to non OECD countries for recovery. Consequently, sufficient border control and inspections of transboundary shipments of waste are important tools to reduce the number of illegal shipments. This is the reason why Austria and the Netherlands have intensified periodical border inspections for a number of years.

63. It seems that border inspections are needed to control and reduce the illegal shipments of waste and subsequent negative environmental impacts. However, border controls can be improved and speed up by implementing more widely the pre-authorisation of recycling facilities and continuing the introduction of customs codes for waste items to the Harmonised System, together with the World Customs Organisation. The OECD and Basel Convention have a long tradition in this work. In addition, the measure proposed by traders does not seem to be in line with the inspection requirements of the Waste Shipment Regulation and risks of being insufficient to combat illegal shipments. There is not sufficient evidence to demonstrate that the risks of illegal shipments will stay unaffected when local inspections are replaced with inspections in a third country. In fact, EU Member States are obliged to carry out inspections and ensure that the waste shipment regulation is complied with in practice and collected experiences clearly demonstrate that border control and inspections are one of the most efficient ways to control illegal shipments and thus reduce the subsequent environmental impacts.

***Addressing China's procedures***

64. A number of suggestions were made to improve the practicality of the Chinese trade procedures. These do not suggest altering the system altogether, but adding to the clarity, transparency and speed of the process. The case study on China indicted that the Chinese Ministry for the Environment was in principle willing to consider these options. This would facilitate trade and promote recycling without lowering environmental standards and without increasing the risks of illegal shipments. At this stage it is hard to see what specific action could be taken on the level of the OECD to promote this. However, Member Countries could envisage promoting this idea in bilateral contacts with China.

65. There seems to be a certain amount of interest to further explore possibilities to improve clarity and transparency of the control procedures that are applied by China. However, it should be kept in mind that setting controls remains under the responsibility of China.

66. The measure discussed here intends to diminish administrative burden of exporting waste to China which will evidently reduce the implied costs, but it is not clear to what extent it will increase trade and promote recycling in China. However, it seems evident that it will not have additional negative environmental impacts.

***Expanding the list of authorised import materials into China***

67. As this applies to materials outside the scope of this study, this proposal is not pursued further.

***Harmonizing the measures applied to trade in waste***

68. Familiarity with the multitude of procedures applied to trade in non-hazardous recyclable materials requires traders to have very specialised skills. More harmonization would be beneficial to trade, but can only be achieved at a global level. The Basel Convention could provide a suitable platform to discuss these issues, though there is some reluctance amongst Parties to get involved in work related to non-hazardous recyclable materials due to the fact that non-hazardous wastes are not covered by the Convention.

69. There is some support for the harmonization of measures applied to trade in non-hazardous recyclable materials classified as waste and some countries asked the collaboration of the OECD Working Group on Waste Prevention and Recycling and the Parties of the Basel Convention. Given the lack of common definitions and wide use of various terms, the group would benefit from clear and consistent terminology. Should there be a reporting and approval process developed, it should be efficient and timely, while ensuring contaminated or hazardous materials are not contained within export/shipments and recycling facilities are environmentally sound. The following measures could help meet these objectives:

- Establishing a registration process for exporters, along with an audit process to ensure conformity to good practices. This process should not be onerous and costly and will need to be consistent for all exporters;
- Demonstrating, via an independent audit process, that the recycled materials are processed in an Environmentally Sound Manner (ESM);
- Pre-approving recycling facilities that meet ESM criteria;
- Requiring energy recovery facilities to meet national environmental air emission regulations, again subject to audit.

70. When evaluating this measure, it has to be kept in mind that the procedures between the Basel Convention and the OECD are already harmonised to the extent possible. The EU Shipment Regulation provides more stringent requirements on non-hazardous recyclables. The underlying principle within the OECD and Basel Convention is that non-hazardous recyclables do not require any stricter controls than normal commercial transactions. However, individual countries can establish more stringent requirements which normally are a consequence of local circumstances. The harmonisation process continues, in particular concerning the waste lists; it involves the Basel Convention, the OECD and the European Commission. Further harmonisation will ensure that no additional environmental burdens will be created.

***Reducing export taxes for scrap***

71. Export taxes that limit access to materials for foreign scrap users hamper trade. Traders agree that removing or reducing these taxes will bolster trade and promote recycling. A first step would be to

investigate which countries apply such export taxes and at what level, then address the issue in the context of the WTO.

72. Doubts have been expressed on the benefit for trade of the reduction of taxes. It has been argued that without further assessment of the actual and current situation, it is impossible to judge whether the reduction of exporting tax on wastes is valuable or not.

73. Existing taxes have normally been introduced to keep wastes at home or generate public revenues. Whether reduced export taxes will lead to more or less environmentally sound recycling is an empirical question, and can only be assessed on a case-by-case basis.

#### ***Recognizing scrap as raw material and not as waste***

74. A number of the issues raised by traders relate to the fact that regulations are put in place to manage waste. If scrap is no longer considered to be waste, the regulations would no longer apply. However, this is only acceptable if at the same time one can ensure that no environmental damage will occur when recycling the materials. Therefore, such a change of status of the material can only be considered if it is clear that there would be no environmental risks. The European Commission is currently developing criteria to assess when waste is sufficiently processed to cease to be classified as waste. Such end-of-waste criteria will be developed in the near future for metal and paper (not for plastic yet) in the context of the implementation of the Waste Framework Directive. Most processed metal scrap in solid form is classified as non-waste in the US. This might provide an example that could be used on a global scale.

75. As illustrated above, there is a growing interest in reclassifying certain non-hazardous wastes, such as metal scrap, as materials. In the terms of export and import controls, the reclassification does not mean much, since under the Basel Convention and OECD Decision, these wastes are traded without additional waste controls; some controls only exist under the EU Shipment Regulation. However, the psychological difference will be huge, since the status of a material is much higher than that of waste. Therefore, one can anticipate that removing the classification will stimulate trade in non hazardous recyclable materials. Because scrap material has an economic value, removal of the waste label (*e.g.* from metal scrap) will most likely increase recovery and recycling.

76. In environmental terms, it is likely that the measure will not create significant changes. On the one hand, there are environmental risks. For instance, contaminated metal scrap (*e.g.* radioactivity) may generate more environmental problems if classified as non-waste. On the other hand, a number of mechanisms seem to guarantee that the environment risks are under control and that metal scrap will be recycled in an environmentally sound manner. Such mechanisms include the high economic value of the material, international material standards and the contract between the exporter and importer; in addition, in the EU, the REACH Regulation will apply to metal scrap, if the waste status is removed.

#### ***Improving opportunities related to the EU Regulation***

77. The EU Regulation contains a number of mechanisms that could help address the problems highlighted by the traders. However, these mechanisms are sometimes not well understood or well applied. This lack of clarity could be addressed by developing a guidance manual on the application of the Regulation. A good platform for this development of guidance could be the meeting of the Correspondents established under the Regulation. The OECD experience has demonstrated that development of a guidance manual has greatly helped waste exporters and importers to apply correct procedures and packaging. This would naturally reduce the time consumed, help completing correctly the notification and movement



documents and avoid unnecessary threats for illegal shipments. All this is reducing the environmental burden from waste shipments.

78. The European Commission supports Member States in enforcing the Regulation by, for example, organising specific awareness-raising events and supporting joint inspection and enforcement projects carried out by IMPEL (The European Union Network for the Implementation and Enforcement of Environmental Law), via its Trans-Frontier Shipments' Cluster (IMPEL-TFS). The Commission is also examining the need for further legislative requirements and criteria for waste shipment inspections.

79. In order to ensure uniform application of the EU waste shipment regulation, the Commission organises regular meetings with the designated representatives by Member States, so called "EU waste shipment correspondents". Stakeholders are also invited to these meetings. Guidelines showing the agreement by all Member States on how to interpret and apply some particular aspects of the EU waste shipment regulation are also published on the Commission's Europa website (<http://www.ec.europa.eu/environment/waste/shipments/guidance.htm>).

#### ***Reviewing Article 43 of the EU Regulation***

80. Such a review could be considered by the European Commission. However, as the current Waste Shipment Regulation is relatively new and Member States are in the process of implementing it, a review of the Regulation, including a review of Article 43 on the imports of waste for recovery, may be premature. Any review would need to be preceded by a detailed assessment of both the environmental and economic impacts. Moreover, only limited positive economic and environmental effects are anticipated of the review of Article 43 of the Regulation.

#### ***Annex VII and confidentiality***

81. Even though some traders would prefer to eliminate this Annex altogether, domestic authorities consider that it plays an important role in ensuring efficient enforcement of the Regulation as it is a requisite for the traceability of the material. However, alternative mechanisms could be considered which would allow maintaining the Annex while safeguarding the commercial confidentiality. This might be done by granting enforcement authorities access to all the information while limiting access to this information for the economic operators involved in the transaction. A good platform for discussing such solutions could be the meeting of the Correspondents that is established under the Regulation.

82. This proposal does not raise any environmental concerns, as long as Annex VII remains, given that the OECD Decision and the Basel Convention do not require this information. This is more of an administrative issue and there are already indications that the related confidentiality issues will be reviewed.

## CONCLUDING REMARKS

83. Trade in steel scrap, recovered paper and plastic scrap is well developed and plays an important role in fostering environmentally sound recycling of these materials. This report identifies some options which could be explored to promote both trade and environmentally sound recycling of these materials.

84. Based on the available information, some of the options explored in this report may have no significant impact on the environment. Others may benefit the environment, via improved information and enhanced capacity. Others could potentially have negative consequences on the environment, but alternative mechanisms either exist or can be considered as substitutes.

85. Waste certainly remains an unstable material, as it derives from collection processes which cannot guarantee a homogeneous quality. The Basel Convention, the OECD Decision and Recommendation, together with the EC Waste Shipment Regulation and build a robust framework which provides clear guidance on possible reforms and on their likely consequences from an environmental perspective. Empirical analysis may be needed to complement the analysis on specific issues. Fact finding surveys could strengthen and expand the knowledge base on some of the issues raised in this report (*e.g.* export taxes on scrap).