

Importance of free, fair and sustainable trade for commodity-grade metal scrap

Europe's metal recycling industry is one of the fastest growing industries, providing local, non-outsourcable jobs. Composed of SMEs and large players, it offers a unique infrastructure of facilities and processing plants spread all over Europe. Metal recyclers supply steel mills, smelters and foundries located in and outside Europe with commodity-grade metal scrap from recycling, thus playing an essential role in the circularity and climate-neutrality of metals.

Given their intrinsic properties, metals are indefinitely recyclable, making them **circular by nature**. In addition, the recycling of end-of-life products containing metals is **climate-efficient**. When compared with raw materials extraction often mined in non-EU countries subject to lower human rights, health and environmental standards, metal recycling saves massive amounts of CO₂. Steel, aluminum and copper recycling save respectively 58%, 92% and 65% of CO₂ emissions, to name only a few. However, prices still fail to reward these environmental benefits, thus EuRIC calls for incentives to correct this market failure and direct investments in circular value chains. More importantly, metals are **valuable** making them unlikely to be littered or removed when reaching end-of-life stage but collected and recovered to close new material cycles. Thus, unwanted metal waste is not a problematic stream.

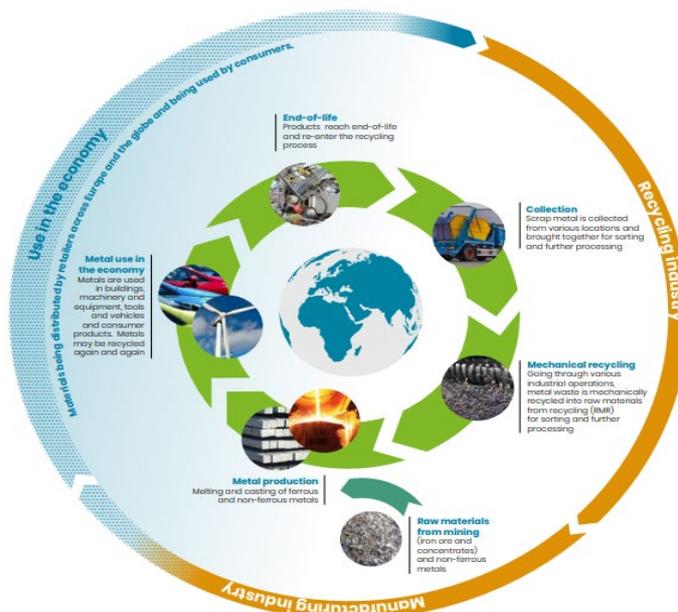


Figure 1. Circular Metals' value chain (EuRIC, 2021).

Free, fair and sustainable trade is essential to the competitiveness of Europe's metal recycling sector

Metals are intrinsically a global market and commodity-grade metal scrap is no exception. As a result, European metal recyclers are supplying the European metal industry as well as companies located outside Europe with circular materials which have a much lower environmental footprint than extracted raw materials, which contributes in turn to combat climate change globally.

Availability of metal scrap from recycling in Europe is not an issue. On the contrary, European supply of commodity-grade recycled metal exceeds demand for many metals. As highlighted in [EuRIC Circular Metals' Strategy](#) - commodity-grade metal scrap is priced and traded globally like any other primary material. Scrap supply in Europe is driven by the large quantity of end-of life products containing metals recovered (e.g., construction and demolition waste, industrial and commercial waste, metal scrap from households, ELVs, etc.). Technological innovation in combination with the increasing number of products placed on the EU market (either manufactured in Europe or imported from outside the region) on an annual basis, has significantly increased Europe's reserve of metal scrap. Although Europe's reserve of raw materials from recycling is significant, the demand for metals is not only European but also global. Asia for instance is benefiting from more dynamic building sectors or more recently installed capacities designed for the increased use of secondary raw materials. Turkey has invested into steelmaking industry which relies heavily on electric arc furnaces (EAF), which can almost take up to 100% of commodity-grade recycled steel as infeed, making it the most climate and circular-friendly steelmaking route.

With regards to export of steel coming from recycling, the EU is considered to be the world's largest exporter in the world, with around 22.6 million tons (MT) in 2020, to be compared with around 77.5 MT used within the region (BIR, 2021). **Yet, the apparent domestic supply of steel scrap demonstrates that there is no shortage of raw materials from recycling in Europe. The European demand cannot cover for many metals the supply of commodity-grade metal scrap. In addition, steel mills and smelters are sourcing primary and secondary raw materials from imports.** The importance of free, fair and sustainable trade of raw materials from recycling will remain essential to the competitiveness of the European metal recycling industry as scaling up Europe's circular metals production capacity (e.g., shifting from BOF to EAF steelmaking) takes time. This is the very reason why EuRIC supports strong incentives that rewards recycling environmental benefits in order to direct investments towards circular and climate-neutral processes and keep improving the quality of secondary raw materials from collection to consumption.

Avoiding catastrophic consequences when reviewing the Waste Shipment Regulation (WSR)

The European Commission is preparing the revision of the WSR. As highlighted in its [position paper](#), EuRIC supports a revision of the WSR which simplifies shipment procedures to boost circular value chains which keep being hampered by overly complex and insufficiently harmonized interpretation across Member States.

In that respect, any measures that will amount to export restrictions affecting commodity-grade recycled metal will result in catastrophic consequences for Europe's metal recycling industry. This will automatically undermine the climate and circular economy objectives enshrined in the European Green Deal and the new Circular Economy Action Plan. It is essential to highlight that, despite their classification under EU legislation, European recyclers do not export 'waste' as such but raw materials meeting quality standards used in production processes. Metals – and not only – before being exported undergo complex treatment and recycling steps, through modern technologies and highly costly industrial recycling plants. In that regard, EuRIC would like to strongly emphasize that only exports of unprocessed and hazardous waste (including unprocessed WEEE) should be restricted, and not of high-value materials coming from recycling, such as commodity-grade metal scrap. In the absence of shortage of commodity-grade recycled metal in Europe, restricting exports will undermine and eventually put in an extremely disadvantaged place the competitiveness of Europe's metal recycling industry by:

- Artificially decreasing the value of metal coming from recycling which, in turn, will affect collection and recycling rates as well as the ability of recycling companies to invest and scale up capacities, with a real risk of losing this valuable resource that otherwise would have been recycled;
- Hampering circular value chains at a European and global level which reduce greenhouse gas emissions thanks to recycled materials lower carbon footprint;
- Lead to the destruction all over Europe of local jobs, in SMEs and market leaders, for which unhampered access to international markets is essential to balance supply and demand and remain competitive.

To prevent such negative impacts which will lead to a lose-lose situation for the European metal recycling industry and the environment, EuRIC calls the European Commission, Member States and the European Parliament to:

- **Ensure that no export restrictions are introduced targeting raw materials from recycling. Such restrictions would affect commodity-grade recycled metal scrap, even if classified as non-hazardous waste under EU law, which is a valuable stream of necessary materials for a circular economy;**
- **Increase the use of commodity-grade recycled metal in the EU by supporting instead through policy-instruments that reward raw materials from recycling environmental benefits, in terms of CO₂, energy and resource-savings, and support investments in circular value chains in the EU.**