



European Recycling industry calls for unhampered trade for raw materials from recycling under the Waste Shipment Regulation (WSR)

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The European recycling and waste management industry, represented by EuRIC and FEAD, is at the heart of the transition towards a circular economy and climate-neutrality. Thanks to more than 5,500 mostly small but also large European recycling companies, it is one of the few industries that steadily grows and invests into new industrial facilities. The recycling industry also provides 350 000+ direct local, non-outsourcable jobs across Europe, including highly skilled employment.

The procedures for the export of recycled materials still classified as waste laid down in the Waste Shipment Regulation (WSR) are burdensome, costly, and time-consuming. European recyclers are therefore in favour of an ambitious revision of the WSR that effectively combats illegal shipments while levelling the playing field with extracted raw materials. In that respect, it is instrumental to simplify procedures for intra-EU waste shipments while ensuring free, fair, and sustainable access to international markets for raw materials for recycling (RMR) that are used directly in production processes. This is of particular importance for base metals, paper or some plastics that have undergone a material recovery process and for which there is no sufficient demand in the EU.

In view of the upcoming vote at the ENVI Committee on the WSR report of Rapporteur Pernille Weiss, EuRIC and FEAD urge policy makers to consider the following elements that are essential for the transition to a more circular economy in Europe within the WSR:

While the Commission's proposal introduces certain improvements to the current legislative framework on intra-EU shipments of waste by establishing electronic procedures and easing fast-track shipments for materials recovery, achieving a strong circular economy requires some additional changes. The role of pre-consented facilities still needs to be strengthened by establishing objective and harmonized requirements, including for refusals and revocations. In addition, and among other aspects, Annex VII procedures should maintain the current requirements, that cannot be complicated by introducing an Electronic Data Interchange system. Also, financial guarantees need to be updated, introducing a risk-based approach.

1. Insufficient demand for RMR in Europe

Substituting extracted raw materials with raw materials from recycling saves resources, CO₂ and energy regardless of the material substituted. While the vast majority of waste recycled in the EU stays in the EU, exports of raw materials from recycling to OECD and non-OECD countries directly

contributes to the balance of supply and demand. This is particularly the case for steel scrap and other base metals, such as steel, copper or aluminium, or recovered paper where supply exceeds the demand in the EU and where value chains are intrinsically global.¹

2. Restricting access to international markets goes against recycling

Contrary to some false claims, export restrictions will directly damage the availability of raw materials from recycling to European energy-intensive industries as has been witnessed in non-European countries. As it is well known, trade and market openness go hand-in-hand with better economic performance. This also applies to the recycling industry, for which unhampered access to international markets is essential for balancing cyclical demand and remain competitive. A strong European recycling and waste management industry needs economies of scale that allow for more investments in innovation and increased capacities. The absence of competitive end-markets for RMR will negatively affect waste collection, recycling, and investments to scale up recycling capacities. As such, the proposed export restrictions will put at risk the ability to achieve EU recycling targets.

3. Increasing the competitive disadvantage for recycled materials

A loss in competitiveness due to undiscriminated export restrictions will prioritize extracted raw materials over RMR. This negative impact is not accounted for in market prices. Moreover, extracted raw materials are not subject to any trade restrictions under EU law and therefore render energy-intensive industries even more resource and carbon-intensive.

4. Company closures, job losses and no investments to scale up capacities

Recycling activity is paid by the sales of raw materials from recycling. A revision that hampers instead of boosts recycling in Europe will result in substantial job losses in an industry whose competitiveness largely depends on its ability to market raw materials from recycling to cover the costs of proper waste management. For instance, more than 50% of turnover of some recyclers relies on exports outside the EU, simply because there is no sufficient demand in Europe. As a result, a number of recycling companies spread across the EU may have to close resulting in direct and indirect job losses as well as diverting waste from recycling to incineration and landfilling or illegal dump sites.

The above-mentioned points will particularly affect smaller Member States, and especially islands, where economies of scale do not exist and heavily rely on exports to EU27, but also to third countries such as the UK, Turkey, US or Asia. In Ireland, for example, there are no paper mills and no large metal smelters as the global nature of business led to their closure. Ireland's markets for recovered paper and metals is mainly outside the EU (around 80 % of the exports in 2021), and especially in India in the case of paper (almost 30 % of the exports in 2021).² Even though EU markets will continue to be accessible following trade restrictions outside the EU, capacities will be covered with national

¹ Impact Assessment on the proposal for a WSR.

² Data from the National Transfrontier Shipments Office (NTFSO) in Dublin City Council.

paper/metals or paper/metals coming from neighbouring countries first. Considering the above-mentioned damaging effects of trade restrictions for the European recycling industry, including the loss in competitiveness, the industry will not be able to scale up capacities to import the waste from those (smaller) EU countries that need it.

For the revision of the WSR, European recyclers and waste managers recall the importance of differentiated export rules according to waste streams under Article 37 of the proposal. Export restrictions for non-hazardous waste, if any, shall solely target exports of problematic waste streams, such as mixed plastic waste and non-processed electronic waste (WEEE), end-of-life vehicles (ELVs), tyres or batteries. European recyclers also underline the importance of keeping a distinct regulatory framework between OECD and non-OECD countries, as proposed by the European Commission. The definition of environmental sound management of waste with OECD countries shall be primarily done through OECD multilateral agreements, rather than unilaterally by the EU. At a time where the world is undergoing major geopolitical changes, it is essential to keep a robust economical and environmentally sound trade relationship with historical EU partners. Any amendments that would result in aligning the legal framework for waste shipments applicable to OECD countries with non-OECD will be disproportionate and breach legal commitments of the EU and its Member States have taken with OECD countries.

European recyclers and waste managers, represented by EuRIC and FEAD, would like to thank you for your consideration of this letter and stand ready to exchange further to ensure that the revision of the WSR will effectively boost circular value chains and curb illegal waste shipments.