

PUBLISHED REPLACEMENT EU ACT INITIAL ASSESSMENT OF IMPACT

DSC REF: DSC/04/2024

Published Replacement EU Act

REGULATION (EU) 2024/1157 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 11 April 2024 on shipments of waste, amending Regulations (EU) No 1257/2013 and (EU) 2020/1056 and repealing Regulation (EC) No 1013/2006

(https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L_202401157)

This Regulation amends REGULATION (EU) No 1257/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 20 November 2013 on ship recycling

(<https://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:330:0001:0020:EN:PDF>)

and Regulation (EU) 2020/1056 of the European Parliament and of the Council of 15 July 2020 on electronic freight transport information

(<https://eur-lex.europa.eu/eli/reg/2020/1056/oj>)

The Regulation also repeals Regulation (EC) No 1013/2006 of the European Parliament and of the Council of 14 June 2006 on shipments of waste

(<https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=celex%3A32006R1013>)

Regulation (EU) No 1257/2013 and Regulation (EC) No 1013/2006 are included in Annex 2 (25) of the Windsor Framework.

Summary of the Act

This Regulation lays down measures to protect the environment and human health and to contribute to climate neutrality and to achieving a circular economy and zero pollution by preventing or reducing the adverse impacts which can result from shipments of waste and from the treatment of the waste at its destination. It establishes procedures and control regimes for shipments of

waste, depending on the origin, destination and route of the shipment, the type of waste and the type of treatment to be applied to the waste at its destination.

This Regulation applies to:

- (a) shipments of waste between Member States, with or without transit through third countries;
- (b) shipments of waste imported into the Union from third countries;
- (c) shipments of waste exported from the Union to third countries;
- (d) shipments of waste in transit through the Union on the way to or from third countries.

Aim of the replacement regulation:

- Prohibit the export of plastic waste to non-OECD (Organisation for Economic Co-operation and Development) countries. No export will be allowed from 2.5 years after the entry into force of the new law, unless the country can meet strict conditions – in this case, imports would be allowed, but only five years after the entry into force of the new rules.
- Other waste suitable for recycling will be exported from the EU to non-OECD countries only when they ensure that they can deal with it in a sustainable manner.
- It also implements an EU digital tracking system for waste shipments.

Department(s) Responsible

Defra is the lead department as international waste shipments is a reserved policy matter.

The Northern Ireland Environment Agency (NIEA) is the named competent authority of enforcement for destination and dispatch.

Initial Assessment of Impact

Does it appear likely that the application of the replacement EU act would have a significant impact specific to everyday life of communities in Northern Ireland in a way that is liable to persist?

As this is a reserved matter, it falls to Defra to carry out any specific assessment of impact on Northern Ireland. However, DAERA's current understanding is that it does not appear likely to have a significant impact specific to everyday life of communities in Northern Ireland in a way that is liable to persist. DAERA is aware that the waste sector will be impacted by this replacement act.

There is a significant volume of waste exported from Northern Ireland that falls under the remit of the Regulation on Shipments of Waste. In 2023 waste exports from Northern Ireland outside of the UK totalled 998,847 tonnes.

A more extensive exercise will be needed to review the new Regulation to determine any issues that might arise from a regulatory perspective. This exercise is being planned by the UK regulators for June 2024.

For the EU digital system requirements, NIEA is currently working with Defra to ensure the UK digital waste tracking system in development will be interoperable with the new EU Waste Shipment Regulation.

The UK Government stated in its Explanatory Memorandum at proposal stage that there may be additional regulatory costs in Northern Ireland, depending on the outcome of negotiations and the requirements of the final Regulation. It also advised that it was too early, however, to assess the additional costs at that stage.

The Explanatory Memorandum at proposal stage also states that *'The Environment Act provides powers for the regulator in Northern Ireland to charge fees to meet costs incurred in exercising functions in connection with the regulation of international waste shipments. Defra officials will work closely with officials in the Devolved Administrations to assess potential future costs and*

whether this would result in differences for businesses in Northern Ireland and Great Britain. DAERA policy officials have not had any engagement with Defra to assess potential future costs and whether this would result in differences for businesses in Northern Ireland to date.

Does it appear likely that not applying the replacement EU act would have a significant impact specific to everyday life of communities in Northern Ireland in a way that is liable to persist?

As this is a reserved matter, it falls to Defra to carry out any specific assessment of impact on Northern Ireland and DAERA has not therefore carried out any specific assessment of impact on Northern Ireland. However, DAERA's current understanding is that it does not appear likely that not applying the replacement act would have a significant impact specific to everyday life of communities in Northern Ireland in a way that is liable to persist. However, it may impact the waste sector in Northern Ireland.

UK Government Explanatory Memorandum

The only currently available UKG Explanatory Memorandum (EM) is from the proposal stage of the proposed replacement Act. DAERA officials have engaged UKG officials to request assessment of impact and updated EM to assist the Committee. UKG officials have advised that they are currently working on updating the current EM and it will be forwarded to the Committee when available.

International waste shipments is a reserved policy matter however the four UK Environmental Regulators (NIEA for Northern Ireland) are responsible for the implementation and regulation of the waste shipments regime in the UK.

The devolved administrations have an interest due to the overall objective to increase the level of environmental and public health protection from the impacts of unsound transboundary shipments of waste.

Link to impact assessment

https://webarchive.nationalarchives.gov.uk/ukgwa/20220322085221/https://europeanmemoranda.cabinetoffice.gov.uk/files/2021/12/EM_14135-21_.pdf

Analysis by the European Commission on its Impact Assessment

In terms of overall economic impact, this preferred option -Overhaul of the regulation in support of circular economy with modernisation and digitalisation of procedures, establishment of a new framework to ensure that waste exported outside the EU are managed sustainably and strengthened enforcement should result in important savings for business operators shipping waste and competent authorities dealing with the procedures for authorising and monitoring these shipments, notably thanks to the establishment of the EDI system which is expected to represent savings in the order of 1.4 million euro/year. Other measures to modernise and simplify the WSR will bring additional savings. The other important economic impacts will stem from the measures linked to the export of waste, which should represent an overall economic gain for the EU economy ranging from 200 to 500 million euro/year, depending on the amount of waste which is retained in the EU, and based on 2019 data. For economic operators based in the EU, the impacts of these measures will differ significantly depending on their position in the value chain and the types of waste concerned, with some of those involved in exporting these wastes likely to see the costs for exporting such waste increasing or turning to other purchasers in the EU, where they might get lower prices for their waste.

Companies exporting waste would also have to set up auditing schemes, which would represent new but moderate costs (in the order of 5000 to 15000 euro/year after the setting up of the schemes). On the other hand, the economic actors recycling or processing waste in the EU should be able to use more waste as feedstock, which they should be able to purchase at a lower price compared to the baseline. The measure on illegal shipments should benefit to legal operators as they will help tackling illegal activities which represent a direct competition to their business.

SMEs will greatly benefit from the measures designed to facilitate shipments of waste within the EU, as the obstacles and burdens linked to the shortcomings of the current procedures represent proportionally a heavier burden for them than for larger companies.

The measures on the export of waste will affect SMEs involved in export-related business activities. They will have to incur new costs to perform audits in facilities where they are shipping their waste. These costs remain however limited and could be pooled with other SMEs, notably through Producer Responsibility Organisations. They might also get lower revenues when selling their waste in the EU rather than exporting them, due to other measures on the export of waste. This could be problematic for some SMEs which rely extensively on export to non-OECD countries, but it is expected that such trade is mostly operated by large companies, so that the overall impact on SMEs will remain limited. Finally, the perspective that more waste will remain in the EU, together with new targets and obligations under EU law to ensure their recycling, will also represent a more solid basis for SMEs to develop innovative projects and technologies for recycling waste whose treatment pose particular challenges, such as plastic and textile waste.

This preferred option is expected to result in an overall important positive environmental impact. The measures designed to facilitate the shipment of waste for reuse and recycling in the EU will lead to higher amount of waste treated in better environmental conditions and higher amounts of secondary materials available in the EU, which would replace virgin materials as feedstock for a number of industries based in the EU. The proposed measures relating to the export of waste would have positive environmental impacts as it would better guarantee that shipments of waste to third countries are managed in an environmentally sound manner. It would also potentially lead to between 2.4 and 6 million tonnes of waste retained in the EU each year, which 101 would be treated according to EU standards and processed into secondary materials in the EU. While it is not possible to perform a monetised impact of the entirety of these environmental gains, the benefits linked to a better treatment of residual waste in the EU and of avoiding shipping this waste to third countries would range from 266 million euro to 666 million euro/year. The overall gains are likely to be even higher. By contributing to improving the overall effectiveness and efficiency of the enforcement regime, the measures relating to illegal shipments would help prevent and reduce the serious environmental impacts stemming from illegal waste shipments, bringing overall environmental benefits.

Finally, as regards the overall social impact, the measures linked to the export of waste, as well as those against illegal shipments of waste, should reduce the negative impact on human health (e.g. respiratory problems, injuries etc.) and labour conditions (e.g. no social benefits, low wages, etc.) stemming from the unsustainable management of waste, bringing overall societal benefits both abroad and in the EU.

Link to impact assessment

https://environment.ec.europa.eu/publications/proposal-new-regulation-waste-shipments_en

Departmental Engagement

As international waste shipments is a reserved policy matter, there has been no engagement by DAERA with stakeholders on this,