



Dr Duncan Pieterse
Director-General: National Treasury,
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Republic of South Africa

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Brussels,
4 June 2024

SUBJECT: BUREAU OF INTERNATIONAL RECYLING SUPPORT LETTER FOR REMOVAL OF EXPORT TAX ON SCRAP METAL

Dear Mr Pieterse,

The Bureau of International Recycling (BIR) is the global federation of recycling industries and a non-profit organisation based in Brussels, Belgium. Founded in 1948, BIR represents over 30,000 companies across 71 countries, through 39 national associations, and over 1000 direct corporate members. BIR covers eight material streams, namely ferrous and non-ferrous metals, paper, stainless steel/alloys, tyres, textiles, plastics and EEEVB.

BIR advocates for the interests of the recycling industry through outreach to policymakers, participation in international institutions, and publication of reports, among others. Our mission is to promote materials recycling and the environmentally sustainable use of resources. Through our policy actions, BIR advocates for the importance of free and fair trade for the efficient functioning of the recycling industry.

Previously, on 25 August 2022, BIR issued comments on South Africa's draft policy proposals on measures to restrict and regulate the trade in ferrous and non-ferrous scrap to tackle metal theft from public infrastructure. In said letter, BIR stated that export restrictions on metal scrap are ineffective and disproportionate policy options for metal theft, and that they negatively impact the development of a strong and circular economy.

The current regime in question is composed of a domestic Price Preference System (PPS) and an export duty regime targeting metal scrap. The PPS provides a discount for domestic buyers who purchase scrap metal. However, a simultaneous export duty artificially decreases the value of said material to the extreme. While a ban on the export of ferrous and non-ferrous scrap was not renewed in December 2023, the export tax effectively functions as a trade barrier for recyclable materials, distorting the market and harming the recycling industry.

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BIR hereby wishes to express its support to its member association, the Metal Recyclers Association (MRA) of South Africa's letter, and to the position of the Steel and Engineering Industries Federation of Southern Africa (SEIFSA) regarding the "removal of the export tax on scrap metal."

The imposition of export duties that affect recyclable materials harms the long-term availability and collection of said materials. Such trade barriers lead to the devaluation of scrap metals within the country, which consequently push recyclers out of the market once their profitability is diminished. Consequently, such trade barriers can lead to loss of investment and innovation, as well as unemployment for a large number of people across the metals supply chain.

Beyond removing the export duty, BIR respectfully recommends a thorough assessment of regulations affecting the trade in recycled materials. Genuine engagement with the industry can result in a more balanced approach that benefits all involved parties and achieves the underlying objectives of the government. Representation of the recycling industry in this stakeholder consultation is necessary for the efficient distribution of resources, and to avoid long-term shortfalls in scrap availability and collection.

BIR remains at your disposal for productive discussions on this and any other relevant matters.

Respectfully yours,

A handwritten signature in blue ink, appearing to read 'Arnaud Brunet', is positioned above the printed name.

Arnaud Brunet
Director General
Bureau of International Recycling

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