

24 August 2022

By email to: scrapmetalspolicy2022@thedtic.gov.za

The Director-General Trade, Industry and Competition

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For the attention of Mr Mahendra Shunmoogam,

Subject: BIR comments on draft policy proposals on measures to restrict and regulate trade in ferrous and non-ferrous metal waste, scrap, and semi-finished ferrous and non-ferrous products to limit damage to infrastructure and economy in South Africa

We write to you on behalf of the Bureau of International Recycling (BIR). As the largest international recycling Federation, we represent over 30,000 companies around the globe and 38 national associations from 68 countries. Our mission is to promote materials recycling, free and fair trade of recyclables in a sustainable and competitive world economy, the environmentally sound management of resources, and the use of recycled materials worldwide.

BIR supports the improvement of regulatory enforcement and welcomes the South African Government's intentions to take action to stop theft of metals from public infrastructure. However, we are concerned about the policy linkage of metal theft with metal trade.

In his State of the Nation Address 2022 President Ramaphosa stated that *"the damage caused by the theft of scrap metal and cable on our infrastructure like electricity, trains and other vital services is enormous. We will take decisive steps this year both through improved law enforcement and by considering further measures to address the sale or export of such scrap metal"*.

This statement conflates metal theft with the export of scrap metal. We believe the approach to restrict trade of ferrous and nonferrous metals does not address the root cause of the theft problem and instead will cause substantial harm to an essential economic sector that directly contributes to a stronger, more sustainable and circular economy. Export restrictions are an ineffective policy response to prevent metal theft from public infrastructure.

Based on our long-time experiences of our International Federation representing the recycling industry, we would like to highlight some of our more serious concerns with the proposed restrictions and regulations, specifically:

- The theft of metals harms all legitimate businesses in the metals value chain. It is in the interests of metal recycling businesses to cooperate fully with authorities to minimise, if not eliminate, metal theft.
- All businesses are affected equally by the consequences of damaged public infrastructure, such as in the case of damaged power supplies, transport issues, and so forth.

BIR – THE GLOBAL FEDERATION OF RECYCLING INDUSTRIES

- In the draft policy proposals, the South African Government identifies many aspects of metal theft and policies that will help minimise if not eliminate, metal theft. However, restricting exports by legitimate businesses is simply an inadequate policy and will harm the economic efficiency of recycling businesses in South Africa resulting in substantially lower prices for metal scrap.
- Previous efforts to limit or ban scrap metal exports have not achieved the intended outcome of reducing crime. Instead, these export restrictions have negatively impacted the development of a strong, sustainable, and circular economy.
- A prohibition on scrap exports is disproportionate and will instead punish legitimate businesses and will not dissuade individual thieves or organised crime from stealing from public infrastructure and exporting illegally.

BIR recommends that the South African Government consider other mechanisms to avoid theft and ensure the protection of public infrastructure. Based on the experiences of countries facing similar issues, there are measures that have proven more effective, such as:

- Supporting legitimate recycling businesses by closing illegal operations, unregulated scrap yards and unregulated metalworks and foundries.
- Public infrastructure can be protected: by owners marking metals; by installing monitors of power, or of data or other parameters such as the voltage drop on cables to indicate a theft is taking place; together with police and industry security patrols to catch criminals in the act.
- Ensuring the traceability of scrap metal from industry and consumers that enter legitimate recycling enterprises.
- Increasing police and industry security patrols.
- Enforcing stronger penalties for the destruction and theft of infrastructure.

BIR stands ready to engage with the Government of South Africa in its efforts to limit metal theft without resorting to a ban on scrap exports. We thank you for taking our comments into consideration.

Most respectfully yours,

Arnaud Brunet
Director General, Bureau of International Recycling (BIR AISBL)