



HOUSE OF LORDS

European Union Committee

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Dr Thérèse Coffey MP
Parliamentary Under Secretary of State for the Environment
Defra, Nobel House
17 Smith Square
London
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Dear Dr Coffey,

Thank you for taking the time to attend our Committee meeting on 10 January, to discuss the potential impacts of Brexit on the UK's trade in waste. As you are aware, we had previously held a roundtable discussion with waste industry experts (the full transcript of which is available on our website) and we would like to take this opportunity to outline some of the issues that we considered in these two meetings and the conclusions that we have drawn thus far.

Tariff and non-tariff barriers

As a member of the Single Market and the Customs Union, the UK currently benefits from zero tariffs on trade with the EU. It also benefits from the regulatory union that removes the need for checks at borders. Depending on the trade deal negotiated with the EU, this may not be true post-Brexit.

During our roundtable with the waste industry, we heard concerns about the impact of any future tariff or non-tariff barriers that would increase the cost or difficulty of trading in waste with the EU. These included the potential for:

- More waste being sent to non-EU markets, with lower tariffs but also lower environmental standards.
- Storage difficulties if there are delays at ports to go through border controls.
- An increase in waste crime and the illegal dumping of waste.
- More waste being landfilled in the UK.

We understand that the Government's objective is for trade to be as 'frictionless' as possible, post-Brexit. We also note the confidence you expressed in our meeting of 10 January that, because the EU is a significant importer of waste, it would not be in their interest for there to be significant tariffs and that, because there is no intention to have divergent standards or regulations from the EU, there should be no non-tariff barriers.

Nevertheless, given the evidence we heard from the industry, we would echo the recommendation made by this Committee in its previous Brexit-related inquiries that a UK-EU trade deal should avoid the imposition of tariffs and seek to preserve non-tariff, barrier-free trade to the greatest extent possible.

Importing hazardous waste

Under EU regulations, once the UK becomes a third country it will no longer be possible for EU countries to export hazardous waste to the UK for treatment. During our roundtable with industry, we heard that this could cause particular problems for the Republic of Ireland. They are heavily reliant on the UK for its hazardous waste management, exporting about 40% to the UK.

During your appearance at our Committee meeting, you stressed that this was an issue for the EU to resolve. You made clear that, whilst you would be happy to cooperate, if the Republic of Ireland wishes to continue this trade then the EU will have to change its rules.

We understand that it is for the Republic of Ireland to decide if it wishes to continue to trade with the UK but we would be grateful if you could clarify what impact there would be on UK businesses, if any, if they were no longer able to receive imports of hazardous waste from the EU.

Gibraltar

Gibraltar currently relies on transporting its waste to Spain for processing. Concerns about what will happen post-Brexit were raised during our roundtable on trade in waste and also by the Government of Gibraltar in their evidence to the House of Lords' EU Select Committee's inquiry on *Brexit: Gibraltar*.

At our meeting on 10 January, you explained that there would be no legislative difficulty in that trade continuing (as it would be covered by Basel and OECD conventions) and that there would be other market options for Gibraltar, including Portugal, if relations with Spain proved problematic.

Whilst we understand that the trade could still legally continue, post-Brexit, we remain concerned about the potential for tariff and non-tariff barriers to bring additional costs and disruption to Gibraltar's waste management. We would therefore urge you to work with the Government of Gibraltar on a full assessment of the potential impacts of Brexit and identify mitigating actions.

Restrictions on movement of labour

The UK waste industry currently benefits from the freedom of movement for workers within the EU. During our roundtable with industry, we heard concerns that the larger, pan-European businesses may no longer be able to move their highly skilled technical staff around easily, to respond to business need. We also heard that some businesses are heavily reliant on lower-skilled and semi-skilled labour from non-UK EU countries, and that losing access to that workforce was a serious business risk.

We would, therefore, encourage the Government to take the workforce needs of the waste industry into account when considering access to foreign labour post-Brexit.

The future of UK waste policy

The direction of the UK's waste policy, and the regulations and evaluation that support it, have long been set by the EU. Post-Brexit, this will no longer be the case.

The experts who attended our roundtable saw this as both a challenge and an opportunity. Some were enthusiastic about the potential for the UK to develop more ambitious policies; others highlighted that any divergence could create further barriers to trade. More fundamentally, the strongest message that emerged from attendees was the urgent need for clarity over the UK's future policy direction. We heard that the industry felt unable to cope with any more uncertainty, and about the challenges posed by not knowing what their objectives will be, how trade will function or what the future demand for their outputs will be. While it remains unclear which aspects of EU policy the UK will continue to mirror, and which it will choose to diverge from, businesses are unable to make investment decisions for the years ahead or decide which markets to pursue.

When you appeared before the Committee, you explained that the future policy direction would be set out in the forthcoming Resources and Waste strategy. We were pleased to hear your support for circular economy package and your desire to make it as easy for people to recycle. We were also interested to hear your ideas for changing recycling targets, so that they were less focussed on weight. Regardless of the metric, we would urge you to be ambitious in the targets that you set, and to build on the lessons learnt from other countries with higher rates of recycling. You stated that you are aiming to publish the strategy in the first half of this year but, given the real anxiety expressed by the industry over the lack of policy direction at present, we would urge you to provide clarity on your vision for the UK's future waste policy at the earliest possible opportunity.

Conclusion and next steps

We were pleased to hear the confidence that you expressed to our Committee that Brexit will have little or no impact on the UK's trade in waste. We note, however, that the industry experts that we heard from did not share your confidence. This is an area in which we will retain an interest, and to which we may return to in the coming months as Brexit negotiations progress. In the meantime we would be grateful if you or your officials could keep us informed of any developments that relate to the impact of Brexit on the UK's trade in waste.

Kind regards,



Lord Teverson
Chairman, EU Energy and Environment Sub-Committee