

PRESS RELEASE

Recent BIR World Recycling Convention & Exhibition in Shanghai (27-29 May 2013)

Workshop on Latin America:

BIR highlights three key issues

Brussels, 11 June 2013

The influence of Latin America within the recycling industry will continue to grow over the coming years. For this reason, the BIR's Latin America Committee will examine ways to increase the world recycling organisation's support to recyclers in the region. To this same end, the BIR is holding its main Convention in Miami next June as a means of encouraging wider participation from Latin America.

Ahead of this Miami event, the BIR staged a special workshop at its most recent Convention in Shanghai to highlight issues of mutual interest to the world body and recyclers in Latin America, namely: VAT; theft and fraud; and environmental legislation.

The Latin America Committee's Chairman Enrique Acosta of BMB Metals told workshop delegates that his own company had experienced "problems and setbacks" with local VAT schemes in most of the nine Latin American countries where it has suppliers. With many of the region's recyclers operating in the informal sector, a large proportion of the tax "does not reach the intended recipients" because it becomes part of the price. Furthermore, the current systems led to "disproportionate scrutiny" of those companies working within legal tax frameworks.

According to Bianca Vicintin Abud of Metalur Group, the fact that VAT differs from state to state in Brazil "favours illegal practices", and Alejandro Jaramillo of Recicladora Cachanilla in Mexico

BIR – REPRESENTING THE FUTURE LEADING RAW MATERIAL SUPPLIERS

acknowledged that “price distortion caused by some companies integrating VAT into scrap prices can make sourcing a challenge”.

Dr Alvaro Rodríguez de Sanabria of Arka Consulting, representing the Spanish national federation FER, outlined how the reverse passive subject system had overcome major VAT fraud in many parts of Europe. “It works,” he insisted. “And if it can work in Europe, it can work in Latin America.”

Mr Acosta said that Latin America had a “very large incidence” of theft and fraud affecting the recycling industry. Its materials were a target for “co-ordinated and organised groups”, thus forcing many shippers into “extraordinary measures” such as sending containers in convoys with armed guards in unmarked vehicles. Robert Voss of UK-based Voss International, the Chairman of BIR’s International Trade Council, lamented that the on-going theft menace was prompting shipping lines and insurance companies to adopt a “much harder attitude” towards the recycling industry. BIR’s Environmental & Technical Director Ross Bartley argued that theft of scrap in transit was a separate issue from the stealing of metals in use, such as copper cable from the railway infrastructure. The latter form of crime tended to attract more headlines and to promote often ill-conceived ideas to limit trading in scrap, he added.

Regarding the issue of environmental legislation, Mr Bartley pointed to Latin America’s increased involvement in this area but recognised “all governments have a lack of money to spend on enforcement”. Mr Acosta also spoke of the lack of resources available in the region for proper oversight of environmental protection, leading to a “disproportionate burden” on the export sector while many market participants “avoid any scrutiny at all”. The BIR and other leading recycling industry bodies had been successful in promoting a culture of environmental awareness, and it was the goal of the world body and his committee “to bring this increased awareness to Latin America for the benefit of the industry and local populations”, Mr Acosta insisted.

ends