

9 March 2021

SIRIM QAS International Sdn.Bhd.
SIRIM Complex No. 1, Persiaran Dato' Menteri
Sectio 2, P.O. Box 7035, 40700
Shah Alam, Selangor Darul Ehsan
Malaysia

Email: cserviceqas@sirim.my

Thank you for the opportunity to comment on the draft *Guidelines for Importation and Inspection of Metal Scrap*.

I am writing on behalf of the Institute of Scrap Recycling Industries, Inc. ISRI represents more than 4,000 locations in 41 countries (including Malaysia) that produce, process, industrially consume and trade all recyclable commodities, including paper, plastics, ferrous and non-ferrous metals, tire & rubber, electronics and textiles ... as well as those companies that manufacture and distribute equipment and services to the industry. ISRI's U.S.-based member companies supply a significant portion of the high quality, recycled commodities required by manufacturers in Malaysia, and they are committed to continuing to do so in compliance with the Government's import regulations. We offer these comments – and ask some questions – to ensure effective implementation of the Guidelines without jeopardizing manufacturing operations in Malaysia.

ISRI Scrap Specifications: The primary avenue for promoting high quality, clean streams of recyclables is through use of the ISRI Scrap Specifications Circular, the internationally used guidelines for buying and selling of scrap commodities. The Specifications have been used globally for 100 years as a means of promoting consistency and quality in the trade of scrap around the world. The terminology and standards contained within the Specifications provides a common language for the global recycling community that allows everyone – regardless of their spoken language or geographical distance – to immediately understand the specific material being shipped. The Specifications are very clear about allowable tolerances for off-specification material, including zero tolerance for hazardous materials or constituents. Furthermore, the Specifications are kept up to date with revisions as needed to meet changing market and consumer demands. The Circular can also be accessed on ISRI's website: <http://www.scrap2.org/specs/>.

RECOMMENDATIONS, COMMENTS AND QUESTIONS

Transparency and Clarity: In order to maximize compliance with the Government's import requirements for scrap metal, the industry requires full transparency, clarity and understanding of rules and regulations.

Customs Order: Unfortunately, we could not access the Customs Order (Prohibition of Imports) 2017 regulation. We kindly ask that a copy of the Customs Order – in English – be made available on the SIRIM website. In particular, we would like to understand the scope of material covered by the Customs Order (what is and what is not prohibited for import), the requirements for importing allowable materials and what inspection processes are required by the law.

Trading Operations: Please provide more clarity on the type of traders that are not eligible to apply for a CoA.

Scope – General: We note that the Guidelines are only for steel, copper and aluminum. These are the materials most universally recycled and easily managed in trade, so it strikes us as unusual to create an onerous trade regime.

- Is the Customs Order only limited to these metals?
- Does that mean that imports of other metals do not require inspections?

Scope – Mixtures: We note that the photograph used on the cover of the Guidelines implies SIRIM QAS International understands that recycled metals come from many sources, including shredding operations.

- Shredders utilize a range of processes and technologies to separate materials, but there are mixtures of metals that are in demand by manufacturers for their traits. ISRI Specifications include a range of recycled commodities that consist of mixed metals, including electric motors, because there is a market for these products. Please clarify how inspections procedures would be implemented for such mixed commodities and thus, allow for such commodities to be made available to manufacturers in Malaysia.
- “Crushed” or shredded material is valuable and consists almost entirely of metal, so why are they being prohibited from import?

Quotas: Please clarify how manufacturer quotas are calculated. How are changes in annual productions accounted for? How are allowable importable quantities of mixed metals calculated?

Bank Guarantee: We understand that the amount of the Bank Guarantee is based on the imported value of material, but metals values far exceeds the cost of transportation for which the Guarantee is required in cases of returned cargo. We strongly recommend that the amount of the Bank Guarantee instead be calculated based on the cost of shipment.

Inspections – International Best Practices: It is imperative that SIRIM QAS International consider implementing international best practices on certification, inspection and testing services that is transparent and in accordance with international standards. This will ensure consistency and fairness for all. Additionally:

- Why are both pre- and post-shipment inspections required? Inspections are costly and time-consuming, creating delays and unnecessary expenses – thus, impairing the competitiveness of Malaysia’s manufacturers as compared to their international competitors. If inspectors are properly trained and information shared appropriately, then one inspection process should be adequate.
- Inspections must be conducted on land at facilities that have the space, appropriate equipment and properly trained inspectors.
- We recommend SIRIM QAS International to utilize the ISRI Specifications to confirm compliance with the criteria for imported material, including the acceptable limits on non-specification material. It is impossible to be absolutely free from plastics or other “scheduled wastes,” and consideration should be made if the importer can dispose of off-specification materials in an environmentally sound manner.
- Please provide clear information and references on how consignments will be assessed for contamination, including hazardous materials.
- If pre- and post-shipment inspection must be conducted, then how will SIRIM QAS International resolve disagreement when a pre-shipment inspection determines compliance, but the post-shipment inspection results in a rejection? Will the inspection company be held accountable?

Insulated Wire: The Ministry of Energy, Science, Technology, Environment and Climate Change (MESTECC) determined in 2019 that insulated wire – with aluminum content imported under HS Code 7602 and with copper content imported under HS Code 7404) – is legally allowed under import regulations and in compliance with the Basel Convention. The wire is insulated with plastic material, which is separated from the wire and sold to manufacturers that use the plastics to make new products. Unfortunately, the Guidelines have a tolerance of 0.25% plastics for aluminum and copper imports, which conflicts with permitted trade of insulated wire. Please clarify.

Validity Period: Please consider a CoA validity period that is longer than three months to allow for unintentional shipping and onloading/offloading delays.

Implementation Date: Please publish the expected date of implementing the Guidelines at least six months prior to the implementation date. This will allow for businesses to institute new processes and procedures to appropriately comply with the Guidelines.

Again, we thank you for this opportunity and will be glad to provide more expertise as needed.

Sincerely,

A handwritten signature in black ink, appearing to read "Adina Renee Adler". The signature is fluid and cursive, with a long horizontal stroke at the end.

Adina Renee Adler
Vice President of Advocacy