

## **IMPORT OF METAL SCRAP- ALUMINIUM**

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### **ABSTRACT**

*Metal Scrap is a term that refers to rejected metal, metallic material, and any product containing metal that may be recycled after consumption or product creation. Metal scraps are gathered from different places like manufacturing, buildings, farms, hospitals, residences, and trash. The Indian government permits the metal scrap import, procedure, and validity which excludes dangerous, poisonous, or radioactive material. Weapons, mines, ammunition, and live or spent cartridges are prohibited. Materials like metal scraps are recyclable that are usually left behind after production or use which is sold and recycled to create fresh material. Aluminium industry is the largest non-ferrous metal industry in the world and ranks second, next to steel. Generated scrap should be recycled or removed as hazardous waste.*

*The current foreign trade policy allows the import of metallic waste or scrap. HWMR also sets guidelines for generation, handling and disposal of hazardous wastes with procedures for their utilisation. Also, as per the **Metal Scrap Import Policy**, India and ASEAN countries have a free trade agreement and the amount of scrap aluminium imported today is roughly 19,000,000 MT.<sup>1</sup> Furthermore, the **ASEAN-India Free Trade Area** members - Malaysia, Thailand, South Korea and Vietnam, constitute for 69% of essential primary aluminium goods imports, including billet and wire cables today (AIFTA).*

**Key Words:** Metal, aluminium, scrap, recycle, materials, import, waste, hazardous etc.

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<sup>1</sup> “Overview of The Metal Scrap Import Policy in India- Suchandra Mukherjee”. Updated on February 28, 2023. Retrieved on June 8, 2023

## I. INTRODUCTION

The Indian Aluminium Industry is the backbone for Indian economy as well as the major contributor for nation building. As a part of the Make in India initiative, 25 focus sectors have been identified and a majority of these sectors are a major consumer of aluminium. Aluminium is a sector of planned importance due to its role in energy security, national defence, aerospace, automobile etc. and critical for the government's initiatives - Make in India, Smart Cities, Power for All, and indigenous space programs.<sup>2</sup>

The aluminium sector has asked the government to increase aluminium cable scrap imports due to its massive increase in the numbers from previous year of 1.27 tonnes to 1.37 tonnes of aluminium in 2019. India now charges 2.5% on aluminium scrap and 7.5% on aluminium and its raw materials. India has passed China to be the world's top importer of aluminium scrap. Import of aluminium scrap has been constituted as the biggest threat, constituting 57% of total aluminium imports. The aluminium sector intends to compete with the aluminium scrap business by raising import duties.

### **Is Aluminium a hazardous waste?**

The aluminium dross, carbon dust, and spent potlining from aluminium reduction cells are considered to be hazardous materials.<sup>3</sup> Since they contain a large amount of soluble fluoride salts and trace amounts of toxic cyanides. Accumulating them outside or in landfill sites can create environmental pollution and ecological problems. It has been found that the chemical compositions of these wastes are very complicated. The disposal of hazardous waste is hindered by the complex components. Therefore, it can be concluded that aluminium is a hazardous waste and as per para 2.32 of Foreign Trade Policy 2023, import of any form of metallic waste, scrap will be subject to the condition that it will not contain hazardous, toxic waste, radioactive waste, etc.

## II. HAZARDOUS WASTE MANAGEMENT RULES

Hazardous Waste Management Rules are notified to ensure safe handling, generation, processing, packaging, storage, treatment, transportation, collection, conversion, and offering for sale and disposal of Hazardous Waste. These Rules came into effect in the year 1989 and have been amended later in the years 2000 and 2003, and with final notification of the

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<sup>2</sup> "Indian Aluminium Industry bleeds amidst global trade war, surge in imports- Ansuman Das". Updated on January 19, 2019. Retrieved on June 8, 2023

<sup>3</sup> "Characteristic Analysis of Hazardous Waste from Aluminium Reduction Industry". Retrieved on June 9, 2023

Hazardous Waste (Management, Handling and Transboundary Movement) Rules in replacement of former rule. The Rules lays down the relating duties of various authorities such as MoEF, CPCB, State/UT Govts., SPCBs/PCCs, DGFT, Port Authority and Custom Authority while State Pollution Control Boards/ Pollution Control Committees<sup>4</sup> have been made with wider responsibilities to control the management of hazardous wastes.

### **Hazardous and other Wastes (Management and Transboundary Movement) Rules, 2016**

The Bhopal Gas Tragedy of 1984 led to the deaths of over 3,000 people. It was caused due to the gas leak of 42 tonnes of Methyl Isocyanate. Two years later, The Environment Protection Act, 1986 came into effect.

The Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 were established under the provision of the Environment Protection Act. There are several types of hazardous wastes that vary from flammable to acutely poisonous and that have been defined under the law. Section 3(17) of the Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 defines what hazardous wastes actually mean. In simple words, hazardous waste means any waste that is characteristically dangerous to health or the environment and this encourages the reduction of hazardous waste generation and encourage its recycling and reusing.<sup>5</sup> Some of the effective Amendment Rules are:

- First Amendments Rules, 06.07.2016
- Second Amendments Rules, 28.02.2017
- Third Amendments Rules, 11.06.2018
- Fourth Amendments Rules, 01.03.2019
- Fifth Amendments Rules, 09.10.2020
- Second Amendments Rules, 12.11.2021
- Sixth Amendments Rules, 21.07.2022

The Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 was amended in 2019 which improved procedures and relaxed certain requirements for consent of the authorities. In a recent case of Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 - The Commissioner of Customs vs M/S City Office Equipment on 25th April, 2019 (Madras High Court) in relation to the import of wastes. Due

<sup>4</sup> “Central Pollution Control Board- Rules”. Updated on March 27,2023. Retrieved on June 9,2023

<sup>5</sup> “Hazardous Waste Management Rules,2016”. Updated on May 18, 2020. Retrieved on June 9, 2023

to lack in completion in one of the procedures there was an issue with the import that is why it is very important to understand and follow the procedures strictly.

**Procedure for grant of authorization by SPCBs/PCCs for utilization of Hazardous waste:**

1. While granting authorisation for utilization of hazardous wastes, SPCBs/PCCs shall ensure that authorisation is given only to those wastes for which SoPs on utilisation have been circulated by CPCB ensuring the following:
  - a. The waste (intended for utilization) belongs to similar source of generation as specified in SoP.
  - b. As described in SoP, the utilisation should be similar to it.
  - c. As specified in SoP, end-use/ product that is being produced from the waste shall be same.
  - d. Authorisation shall be granted only after verification of details and minimum requisite facilities as given in SoP.
  - e. Issuance of passbooks for maintaining records of receipt of dross residues for utilization.
2. After issuance of authorization, SPCB shall verify the compliance of checklist and SoP on quarterly basis for initial 2 years; followed by random checks in the subsequent period for atleast once a year.
3. SPCBs shall provide half yearly updated list of units permitted under Rule 9 of Hazardous & Other Wastes (Management & Transboundary Movement) Rules, 2016 (HOWM Rules, 2016) to CPCB and also upload it on their website, periodically. This updated list shall be sent to CPCB on a half yearly basis i.e., by July and January.
4. Authorisation for utilisation shall not be given to the units located in the State/UT where there is no Common TSDF, unless the unit ensures authorised captive disposal of the hazardous waste.
5. In case of the utilization proposal is not similar with respect to source of generation or utilization process or end-use as outlined in this SoP, the same may be referred to CPCB for clarification /conducting trial utilization studies and developing SoPs.
6. The source and work zone standards suggested in the SoP are based on the E(P)A notified and OSHA standard respectively, however, SPCB/PCC may impose more stringent standards based on the location or process specific conditions.

### III. ALUMINIUM SCRAP CABLE IMPORT LICENSE IN INDIA

Recently, the number of illegal imports has increased in India, leading to an unrepairable environmental crisis and a rise in the growth of waste. The Central Pollution Control Board monitors to regulate the unmanageable amounts of waste in India. Therefore, to deal with this The Ministry of Commerce and Industry has declared the registration and authorisation for aluminium import through a notification in 2021.

This also includes import of 43 of aluminium components mandatory, including authorisation for Aluminium Scrap Cable Import License. Some of these imported scrap materials include Aluminium Waste, Aluminium Scrap, Aluminium Bars, Aluminium Rods, Aluminium Wires, Aluminium Strips of a thickness exceeding 0.2 mm, Aluminium Foil of a width not beyond 0.2mm and so on.

For acquiring an Aluminium Scrap Cable Import License, the Importer has to get permission from **MoEFCC** (the Ministry of Environment, Forest and Climate Change).<sup>6</sup> Aluminium Scrap Cable Import License is provided with the deviation that the imported scrap is imported just for disposal. The scrap must be imported with the focus of proper management, including recycling, recovery, co-processing and reuse. Importers have to follow the given instruction, including: –

1. **Certificate from Pollution control board to import:**

SPCB/PCC (**The State Pollution Control Board**/Pollution Control Committee) will be granting an Aluminium scrap cable import license, if the importer submits a permission letter with the authorised copy from the exporting country's applicable authorities.

2. **Pre- shipment inspection Certificate:**

Necessary pre- shipment inspection certificate issued by the inspection agency certified by the exporting country or approved by other government agency of exporting country which has to be arranged for importation of certain items under Aluminium and Aluminium Materials.

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<sup>6</sup> “Aluminium Scrap Cable Import License in India- Muskaan Verma”. Updated on August 16,2022. Retrieved on June 9,2023

### 3. **Anti-dumping duty to import Aluminium and Aluminium Materials:**

Some of the importing items under Aluminium and Aluminium Materials are imported from some of the countries to attract anti-dumping duty. The reason for imposing anti-dumping duty is for rectification of trade distortive effect of dumping and re-establishes fair trade. World Trade Organization WTO members as per GATT (General Agreement on Tariff and Trade) permit their member countries to take individual decision on imposing such anti-dumping duty to ensure fair trade rather than protecting domestic industry.<sup>7</sup>

### 4. **CVD on RSP based valuation for import of some items under Aluminium and Aluminium Materials:**

Items under Aluminium and Aluminium Materials fall under RSP based valuation to estimate import tax. To determine import duty, CVD is calculated on the basis of RSP based valuation. RSP is the retail sale price which means the maximum price at which the excisable goods are in packaged form and may be sold to the ultimate consumer that includes all local taxes or freight, commission payable to dealers, transport charges, and all charges towards advertisement, packing, delivery, forwarding and the like, as the case may be, and for such sale the price is the sole consideration.

### 5. **Registration to act as an Importer:**

To become an importer, Government registration is required. Foreign Trade government office of every country is responsible to issue such authorization to become an importer. For registration in India, IEC number (Import Export Code Number) is obtained from the office of **Director General of Foreign Trade** office to operate as an importer and exporter in India.

### 6. **Procedures to import:**

The import shipment is taken place where pricing, terms of payment, quality specifications, terms delivery, mode of transport and other terms and conditions are agreed and mentioned in purchase order for the import shipment of Aluminium and Aluminium Materials. When any good is imported, necessary import documentation and

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<sup>7</sup> "Procedures to Import Aluminium and Aluminium Articles". Updated on April 13,2023. Retrieved on June 9,2023

customs clearance procedures at importing country have to be completed either importer's customs broker or importer directly as per foreign trade policy of respective importing country. For importing Aluminium and Aluminium Materials also, import entry documents along with carrier's document (Bill of Lading /Airway bill), commercial invoice, packing list, certificate of origin and other required documents are filed and necessary import procedures are completed to take delivery of imported goods under Aluminium and Aluminium Materials. Nowadays, necessary information is filed online and produces required documents at the time of inspection, assessment or delivery of import of goods at destination customs location. The international partners of countries share quality measures with each other and exempt from multiple inspection on same products both for export and import. Import of goods from Least Developed Countries (LDC) need to be certified by authorized agencies before export as per the policy of most of the developed countries. So, if any import of Aluminium and Aluminium Materials takes place, the details of such information can be obtained from necessary government agencies of importing country.<sup>8</sup>

#### 7. **Certificate of Origin to import Aluminium and Aluminium Materials**

A certificate of origin issued by necessary approved authorities at exporting country is required to import Aluminium and Aluminium Materials. Certificate of origin helps to determine the dawn of imported goods to impose exemption on import duties and taxes. Different unilateral, bilateral and multilateral agreement between countries allows imports and exports with exemption of certain duties where in Certificate of Origin is the primary proof on country of origin of importing goods under Aluminium and Aluminium Materials.

#### 8. **Bilateral and Unilateral agreements under importation of Aluminium and Aluminium Materials**

The countries with each other have bilateral, multilateral and unilateral agreements which exempt documentation and rates of import taxes and duties. The importers have to collect exact information from necessary government agencies before of Materials.

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<sup>8</sup> "Procedures to Import Aluminium and Aluminium Articles". Updated on April 13, 2023. Retrieved on June 9, 2023

#### 9. **Restriction to import**

Some of the materials are restricted to import in some countries based on their foreign trade policy on imports. Therefore, importers can cross-check the requirements of import of their products before placing order with overseas buyer.

#### 10. **Prohibition to import:**

They have to keep in mind the prohibition laws on the import scrap. An Aluminium Scrap Cable Import License in India is declared mandatory like other licenses to enable the government and authorities to keep an eye on the activities of the importers relating to its negative.

### IV. **VALIDITY OF IMPORT LICENSE IN INDIA**

Government registrations are necessary to become an importer in the country so as one can keep and track the record on the Aluminium Scrap being handled. Importers have to get a certificate from the environmental authority, which will take approximately 10-15 days to get authorised before importing the aluminium scrap cable in India.

Registration procedures are a onetime process for license which acts as an importer, but renewal of licence may be required as per the terms and conditions of such foreign trade office of a country. The validity for an Aluminium Scrap Import *License is five years*. In most of the countries, the information on registration of importer and exporter is linked with customs, reserve bank and location, as a process of imports and exports because now they are online digitalized. Therefore, an importer is also required to contact concerned government agencies of their importing country to verify whether such onetime registration is necessary or not.

### V. **CONCLUSION**

Aluminium scrap is generated in many steps of the manufacturing process and is then used by the end user. The dross residues that are present in aluminium is generated from separation of metal or cross reprocessing and is categorised as Hazardous waste at S. No. 12 and 72 of Schedule II of HOWM Rules, 2016, due to the presence of nitrogen as nitrate and fluoride, which are required to be disposed in a permissible disposal facility.

Recycling of aluminium scrap is a critical component of the aluminium industry because it is economically favourable. General purpose items, such as beverage cans and household



products are the most common source of scrap aluminium and once aluminium is reclaimed from aircraft, it is a small but growing source of scrap material.

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