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2006/0206 (COD)

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND THE COUNCIL

on the banning of exports and the safe storage of metallic mercury

(presented by the Commission)

{SEC(2006) 1369} {SEC(2006) 1370}

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

1.1. Objectives

The Proposal aims at banning the export of metallic mercury from the Community as well as at ensuring that this mercury does not re-enter the market and is safely stored, in line with actions 5 and 9 identified in the Community Strategy Concerning Mercury. The fundamental purpose is to limit further additions to the "global pool" of mercury already released.

1.2. General context

On 28 January 2005, the Commission adopted the Communication to the Council and the European Parliament on a Community Strategy Concerning Mercury¹. The Strategy addresses all aspects of the mercury life cycle. It proposes twenty actions, two of them implemented by the present Proposal.

Action 5 stipulates that "as a pro-active contribution to a proposed globally organised effort to phase out primary production of mercury and to stop surpluses re-entering the market ..., the Commission intends to propose an amendment to Regulation (EC) No. 304/2003 to phase out the export of mercury from the Community by 2011."

Under Action 9, "The Commission will take action to pursue the storage of mercury from the chlor-alkali industry, according to a timetable consistent with the intended phase-out of mercury exports by 2011. In the first instance the Commission will explore the scope for an agreement with industry."

On 24 June 2005, the Council adopted its Conclusions on the Mercury Strategy. It welcomed the Commission Communication and underlined "the importance of the proposal to phase out the export of mercury from the Community". It also invited the Commission "to take action as soon as possible ... to present appropriate proposals" on the issue of the "phasing out of the export of mercury from the Community and action to pursue the safe storage or disposal of mercury inter alia from the chlor-alkali industry to a timescale consistent with the intended phase out of mercury exports".

On 14 March 2006, the European Parliament adopted a Resolution welcoming the Strategy, underlining "the significance of the Commission's pro-active proposal to phase out the export of metallic mercury ... from the Community" and asking the Commission "to take action ensuring that all mercury coming from the chlor-alkali industry is safely stored".

It is worth stressing that this Proposal, not intended to implement other actions than 5 and 9 as identified in the Strategy, is nevertheless embedded into a broader context.

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In order to achieve the overall objective of reduced mercury exposure on a global scale complementary measures at international level are necessary. A first global framework for action on mercury is set by UNEP's Mercury Programme decided in 2003². By its 2005 Decision on chemicals management, the Governing Council requested governments, the private sector and international organisations to take "*immediate action to reduce the risk to human health and the environment posed on a global scale by mercury in products and production processes*" such as, *inter alia*, "*considering curbing primary production and the introduction into commerce of excess mercury supply*"³. The proposal responds perfectly to this request.

The Commission will further develop its action in the international field by organising a global mercury conference on supply and demand issues on 26/27 October 2006 in Brussels, well in advance of the 2007 UNEP Governing Council (GC). This event should allow for identifying possibilities to move forward on a global scale as well as common interests with non-EU countries to be brought into the GC negotiation process.

For measures already triggered in parallel on mercury containing products within the EU see below in section 1.3. Further action will be developed to tackle the complex issue of mercury use in small scale gold mining, in particular in developing countries. It is likely that policy measures different from a Parliament and Council Regulation are needed in this field.

The EU had already flagged the need for a legally binding instrument on mercury at a global scale on occasion of the 23rd GC meeting in 2005. The issue remains on the agenda and will be re-discussed at the 24th GC meeting in February 2007. The Commission will contribute actively to the elaboration of an agreed Community position.

The present Proposal will be a *significant contribution* to the global objective of reducing exposure to mercury, though should not remain a stand-alone measure. To deliver its full benefits, it must be complemented by further international action.

1.3. Existing Community provisions

A complete overview on current and anticipated Community legislation and policy relating to mercury and its compounds was given in the Extended Impact Assessment, annex to the Commission Communication on a Community Strategy Concerning Mercury, on p.116 ff. Two recent legal acts must be added to the list:

- Directive 2006/11/EC on pollution caused by certain dangerous substances discharged into the aquatic environment of the Community⁴, covering mercury and mercury compounds;
- The Commission adopted on 21 February 2006 a Proposal for a Directive amending Council Directive 76/769/EEC relating to restrictions on the marketing

² UNEP Governing Council Decision 22/4, 7.2.2003

³ UNEP Governing Council Decision 23/9, 25.2.2005

OJ L 64, 4.3.2006, p.52

of certain measuring devices containing mercury⁵. This legal proposal already contributes to the implementation of the Mercury Strategy (action 7).

A complete overview on Community legislation introducing restrictions on products containing mercury is given in the impact assessment added to this Proposal, section 5.3.

To date there is no legislation addressing the export of mercury from the Community, nor any legislation on its storage. Regulation No. 304/2003 concerning the export and import of dangerous chemicals⁶ lists cosmetic soaps containing mercury in its annex V listing chemicals and articles subject to an export ban.

A pre-condition for listing in the annex is that the use of the chemical or article in question is prohibited in the Community for the protection of human health or the environment (Article 14 (2)). The use of mercury in the Community is severely *restricted*, but not *prohibited*, and some residual uses will remain in future. An opening of Article 14(2) to chemicals and articles that are severely restricted only is not appropriate as it would allow a ban on the export of an unlimited number of substances. It is the intention to limit the scope of the intended export ban to metallic mercury and not to create a precedent for other substances. For this reason Regulation No. 304/2003 is not the appropriate legal basis for a mercury export ban and the Commission opted for a separate instrument.

To the extent that mercury is considered as waste, it falls within the scope of existing Community legislation on waste: Directive 75/442 on waste, Regulation 259/93 on waste shipments and, given the wide definition of "landfill" in Article 2(g), Directive 1999/31/EC on the landfill of waste. The same legal acts apply to waste containing mercury. Whereas this Regulation intends to introduce some *additional* requirements for the handling of mercury, irrespective of whether or not it is considered as waste, this part of the environmental *acquis* should continue to apply, with the sole exception of those provisions that stand in the way of the storage of metallic mercury.

Metallic mercury is liquid under normal conditions of pressure and temperature. Council Directive 1999/31/EC on the landfill of waste⁷ stipulates that liquid wastes must not be accepted in landfills (Art.5(3)(a)). In addition, Council Decision 2003/33/EC establishing criteria and procedures for the acceptance of waste at landfills sets leaching limit values that should not apply to the landfill of metallic mercury. The Regulation therefore clarifies that the intended storage *obligation* does not conflict with this interdiction and the limit values, in case the metallic mercury to be stored is considered as waste.

1.4. Consistency with other policies and rules

The proposed Regulation complements existing **Community policies** and legislation in the fields of industrial pollution control, chemicals (including the REACH proposal), protection of the health and safety of workers and waste. It is also

⁵ COM(2006)69 final

⁶ OJ L 63, 6.3.2003, p.1

⁷ OJ L 182, 16.7.1999, p.1

consistent with policy objectives at the global level, namely the UNEP Mercury Programme.

It is, in particular, noteworthy that the application of Directive 96/61/EC concerning integrated pollution prevention and control⁸ leads to the progressive phase-out of mercury cell technology, no longer recognised as best available technique, in the chlor-alkali industry. The conversion to other production processes will liberate considerable amounts of metallic mercury. Dispersal of this mercury worldwide for diverse, partly illicit, uses would simply transfer an environmental problem that has already been solved within the Community to beyond the EU borders. The proposed Regulation therefore constitutes a necessary complement to the IPPC Directive, avoiding globally negative side-effects of the phase-out.

Specific attention is given to compatibility of the export ban with **WTO rules.** Article XI of the General Agreement on Tariffs and Trade (GATT) prohibits restrictions on importation, exportation and the sale for export. Article XX GATT provides for derogation from general rules of the agreement to pursue a number of policy objectives. Whether the proposed measures are justifiable under the provisions of Article XX GATT (general exceptions) is therefore analysed in detail in the IA (section 6.11).

Apart from the strictly legal analysis, it is worth noting that the Commission is systematically improving its contacts with non-EU countries that are relevant as producers, users and exporters of mercury and/or are subject to mercury pollution problems. An international mercury conference to be held on 26/27 October in Brussels with significant non-EU participation, will build up additional momentum for international negotiations, including on trade issues, well before the 24th session of the UNEP Governing Council in 2007. This session will be an occasion to further enhance the implementation of the UNEP mercury programme.

2. Results of consultations with the interested parties and impact assessments

2.1. Consultations

Extensive stakeholder consultation was on-going throughout the preparation of the Community Strategy on mercury. For an overview see section 11, p.61 ff, of the extended impact assessment complementing the Strategy.

In addition, a further stakeholder meeting took place in Brussels on 8 September 2005. The invitation was sent to a broad selection of interested entities including Member States, industry and environmental and health NGOs. Stakeholder contributions included⁹:

• Information on the legal situation throughout the European Union, on mercury waste streams and on the recycling and recovery of mercury containing products (collected from the Member States). These contributions have provided useful

⁸ OJ L 257, 10.10.1996, p.26

All the consultation responses to be found on http://www.ec.europa.eu/environment/chemicals/mercury/

information on the mercury flows and the availability of mercury in the European Union both before and after the proposed export ban.

• At the stakeholder meeting the Commission presented its basic concept for the planned legislative proposal and asked for feedback on the exact scope of the export ban (metallic mercury, compounds) as well as on the storage obligation (metallic mercury from the chlor-alkali industry only or also from other sources), and necessary amendments to the landfill directive and other waste legislation. The Commission also requested additional information on the recovery/recycling of mercury. Additional meetings have been held with Spain, the most concerned Member State, and Eurochlor to discuss the intended instrument and the voluntary agreement from the chlor-alkali industry.

The information collected in the consultation process has been integrated into the impact assessment.

2.2. Impact assessment

The Communication on a Community Strategy concerning mercury was already complemented by an extended impact assessment (ExIA), published as an annex to the Communication¹⁰. Section 6 of this ExIA, p.20 ff, is also relevant for the present proposal. In addition a supplementary impact assessment has been carried out. It is annexed to this Proposal.

3. LEGAL ELEMENTS OF THE PROPOSAL

3.1. Legal basis

The Proposal contains two basic elements: an export ban for metallic mercury, on the one hand, and an obligation to store mercury in a way that is safe for human health and the environment on the other. The export ban element indicates Article 133 ECT as the appropriate legal basis, even if the measure is motivated by the objectives of preserving, protecting and improving the quality of the environment as well as protecting human health, and not by commercial policy considerations. The second element, the storage obligation including the subsequent information and reporting obligations, is clearly motivated by environmental policy considerations as laid down in Article 175 ECT. In accordance with the recent judgments of the ECJ in cases C-94/03 and C-178/03 concerning the approval of the Rotterdam Convention and Regulation (EC) No 304/2003 concerning the export and import of dangerous chemicals, the proposal builds on both Articles 133 and 175 ECT. Both the Rotterdam Convention and Regulation No 304/2003 are characterised by a mix of environmental and trade policy elements very similar to this Proposal.

3.2. Subsidiarity and proportionality

Mercury is a substance subject to the internal market rules and, if considered as waste, it is governed by Community waste legislation. The measures foreseen in this

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http://www.europa.eu.int/comm/environment/chemicals/mercury/pdf/extended_impact_assessment.pdf

legal instrument must therefore also be taken at Community level and cannot be left to the Member States.

Storage/disposal possibilities may vary from country to country, depending on local environmental circumstances. Therefore, while some general standards should be met, detailed storage or disposal requirements are left to the Member States.

The measures foreseen in this Regulation are also necessary to comply with the objectives of the Waste Strategy. They avoid any form of micro-management that could be considered as problematic in terms of proportionality.

3.3. Choice of instruments

Given the limitation to a few straightforward obligations – export ban, storage obligation, reporting and information exchange - no implementing measures at Member State level are necessary. Therefore a Regulation of the European Parliament and the Council is chosen as an instrument. Details concerning storage are left to a voluntary commitment by industry.

4. **BUDGETARY IMPLICATION**

The Proposal has no budgetary implications for the Community.

5. **DETAILED EXPLANATION**

The Proposal responds to the principles of "Better Legislation". It aims at being short and clear, avoiding as much as possible grey areas subject to contradictory interpretations. In the choice of terminology, coherence is sought with existing Community legislation. The Proposal contains nine Articles.

Article 1 sets the export ban obligation, defines its scope and fixes a date, in line with the Mercury Strategy. The scope covers metallic mercury, by far the most relevant substance in terms of quantity as compared to mercury compounds and products containing mercury.

The date for the entry into effect of the export ban on mercury had already lead to substantial debate in the European Parliament and the Council when the two institutions discussed the Mercury Strategy. For this Proposal the Commission decided to choose the date that appears most likely to rally support from a majority of Member States as well as from other stakeholders.

Article 2 sets the storage obligation and defines its scope. The three most relevant sources of metallic mercury in the Community are covered by this obligation. The term of "storage" is chosen because "disposal" is a specific term in Community waste legislation (see Article 1(e) of Directive 75/442/EEC on waste as amended). The storage obligation applies to mercury independently of the classification of the substance or not as waste. Storage in this context does not only cover short- to midterm options, but also encompasses long-term options (that can qualify as disposal). In terms of timing, this element is linked to the entry into force of the export ban for metallic mercury and calomel.

The wording "no longer used in the chlor-alkali industry" implies that transfers of mercury from one chlor-alkali installation to another within the Community remain possible.

A voluntary commitment from the chlor-alkali industry complements this provision. It commits the industry to send its surplus mercury for storage to highly qualified operators only, to ensure appropriate containment and to submit data on mercury flows to the Commission. The article is drafted accordingly, without going into any detail. Additional requirements for storage installations are, however, introduced in Article 4.

Article 3 clarifies the interface with existing waste legislation. Under the given legal situation, any storage of metallic mercury (which is liquid) in any kind of landfill would conflict with the provision of Article 5 (3) (a) of Directive 1999/31/EC. Derogation is therefore necessary. The leaching limit values and other criteria laid down in section 2.4 of Council Decision 2003/33/EC establishing criteria and procedures for the acceptance of waste at landfills, applicable to granular waste, cannot be applied for liquid mercury.

Article 3 therefore proposes to derogate from these provisions with regard to two specific storage options for metallic mercury, namely underground storage in salt mines adapted for the purpose and temporary storage in facilities specifically dedicated for the purpose, which can be considered – under appropriate conditions – as safe for human health and the environment. The derogation in favour of facilities "exclusively dedicated to and equipped for the temporary storage of metallic mercury prior to its final disposal" shall allow for technology development activities aimed at finding innovative solutions for the disposal of mercury in non-liquid form. "Ordinary" landfill of liquid mercury remains illegal.

As section 2.4 of Council Decision 2003/33/EC is not applicable to underground storage operations (see section 2.5), the article differentiates between the two options.

As this provision is not limited to metallic mercury from specific sources, Member States which might wish to store metallic mercury of other sources in underground or other specialised facilities are allowed to do so.

It is worth stressing that, wherever metallic mercury is considered as waste, it remains of course subject to the general provisions of Directive 75/442/EEC on waste and – insofar as cross-border shipments within the Community are concerned – of Regulation 259/93/EEC on the supervision and control of shipments of waste within, into and out of the European Community.

Given the specificities of metallic mercury and given that only a limited number of installations are likely to qualify for storage of metallic mercury, raising objections against shipments of mercury considered as waste on grounds of the principles of proximity, priority for recovery and self-sufficiency appears to be inappropriate. It has to be noted that the aim of this Regulation is to ensure that the mercury concerned does not re-enter the market, which makes recovery an undesirable option. Therefore derogation from the provisions of the new waste shipment Regulation is proposed.

Article 4 complements Article 2 by adding some more detailed requirements for the application of the two storage options. It focuses on the need to carry out a proper safety assessment, taking into account the nature of the substance. It also stipulates minimum requirements for the permit content. This will guarantee a safe handling of mercury even in the absence of any voluntary commitment from industry.

Article 5 stipulates the creation of an information exchange between interested stakeholders, organised by the Commission. This will allow for early detection of and flexible reactions to new developments in the field of mercury uses and flows. The information exchange should not be limited to metallic mercury alone, but also encompass mercury compounds and mercury containing products.

Article 6 imposes some information obligations on the Member States. It stipulates that MS shall submit any permit given to a mercury storage facility to the Commission. MS shall also inform the Commission on the effects of the instrument, three years and five months after the entry into force of the export ban at the latest. The Commission may already require this information from MS at an earlier stage. This should allow for a rapid and effective reaction to potentially unexpected market developments. It is worth noting that it is not the intention to impose a regular, periodic reporting obligation on MS.

Article 7 stipulates that the Commission will assess the application of the Regulation and its effects on the market and deliver a report at the latest four years after the entry into force of the export ban. The assessment will be based on the information submitted by MS. Other sources of information that might be available will also be used. Article 8 stipulates that the Commission has to report on international developments in the field of mercury, in particular on multilateral negotiations on supply and demand issues that are not unlikely to start in the next years. This should allow monitoring the coherence of global and Community measures, with the aim to reap the utmost of benefits for the environment.

Article 9 is standard text concerning the entry into force of the instrument.

2006/0206 (COD)

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND THE COUNCIL

on the banning of exports and the safe storage of metallic mercury

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Articles 133 and 175(1) thereof,

Having regard to the proposal from the Commission¹¹,

Having regard to the opinion of the European Economic and Social Committee¹²,

Having regard to the opinion of the Committee of the Regions¹³,

Acting in accordance with the procedure laid down in Article 251 of the Treaty¹⁴,

Whereas:

- (1) Mercury releases are recognised as a global threat that warrants action at national, regional and global level.
- (2) In accordance with the Communication from the Commission to the European Parliament and to the Council "Community Strategy Concerning Mercury"¹⁵, it is necessary to reduce the risk of exposure to mercury for humans and the environment..
- (3) Measures taken at Community level must be seen as part of a global effort to reduce the risk of exposure to mercury, in particular in the framework of the Mercury Programme under the United Nations Environment Programme.
- (4) The export of metallic mercury from the Community should be banned in order to significantly reduce the global mercury supply.
- (5) The export ban will result in considerable amounts of surplus mercury in the Community that should be prevented from re-entering the market. Therefore the safe storage within the Community of this mercury should be ensured.

¹¹ OJ C , , p. .

¹² OJ C [...], [...], p.[...].

¹³ OJ C [...], [...], p. [...].

¹⁴ Opinion of the European Parliament of xxx and Council Decision of xxx

¹⁵ COM(2005)20 final of 28.1.2005

- (6) In order to provide for possibilities of safe storage of mercury no longer used in the chlor-alkali industry, it is appropriate to derogate from point (a) of Article 5(3) of Council Directive 1999/31/EC of 26 April on the landfill of waste¹⁶ for certain types of landfill, and to declare the criteria of section 2.4 of the Annex to Council Decision 2003/33/EC of 19 December 2002 establishing criteria and procedures for the acceptance of waste at landfills pursuant to Article 16 of and Annex II to Directive 1999/31/EC¹⁷ inapplicable for non-underground storage.
- (7) In order to ensure storage that is safe for human health and the environment, the safety assessment required under Decision 2003/33/EC for underground storage should be complemented by specific requirements and should also be made applicable to non-underground storage.
- (8) It is appropriate to organise an exchange of information in order to assess the potential need for supplementary measures related to export and storage of mercury, without prejudice to the competition rules of the Treaty, in particular Article 81.
- (9) Member States should submit information on permits issued for storage facilities as well as on the application and the market effects of the instrument, in order to allow for an assessment of the instrument in due time.
- (10) The Commission should take this information into account when submitting an assessment report in order to identify possible needs for amending the instrument.
- (11) The Commission should also follow international developments concerning mercury supply and demand, in particular multilateral negotiations, and report on these in order to allow for assessing the consistency of the overall approach.
- (12) The Regulation contains a trade-related element as well as elements motivated by environmental policy considerations. Article 1 is trade-related and therefore based on Article 133 of the Treaty, whereas the other Articles are based on Article 175(1).
- (13) The objective of reducing exposure to mercury by means of an export ban and a storage obligation cannot be sufficiently achieved by the Member States, given the impact on the movement of goods and the functioning of the common market as well as the trans-boundary nature of mercury pollution and can therefore only be achieved at Community level. The Community may therefore adopt measures in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve this objective,

¹⁶ OJ L 182, 16.7.1999, p. 1. Directive as amended by Regulation (EC) No 1882/2003 of the European Parliament and of the Council (OJ L 284, 1.10.2003, p.1)

¹⁷ OJ L 11, 16. 1. 2003, p. 27.

Article 1

The export of metallic mercury (Hg, CAS RN 7439-97-6) from the Community shall be prohibited from 1 July 2011.

Article 2

From the date set out in Article 1, metallic mercury that is no longer used in the chlor-alkali industry, mercury gained from the cleaning of natural gas and mercury gained as a by-product from non-ferrous mining and smelting operations shall be stored, in the quality and concentration in a way that is safe for human health and the environment.

Article 3

- 1. By derogation to point (a) of Article 5(3) of Directive 1999/31/EC metallic mercury that is considered as waste may be stored in appropriate containment in either of the following:
 - (a) an underground salt mine adapted for waste disposal;
 - (b) a facility exclusively dedicated to and equipped for the temporary storage of metallic mercury prior to its final disposal.

In the case referred to in point (b) of the first subparagraph the criteria set out in section 2.4 of the Annex to Decision 2003/33/EC shall not apply.

2. By derogation to point (a) of Article 11(1) of Regulation (EC) No 1013/2006 of the European Parliament and of the Council¹⁸ the competent authorities for destination and dispatch may not raise objections to shipments of metallic mercury that is considered as waste based on grounds that the planned shipment or disposal would not be in accordance with measures taken to implement the principles of proximity, priority for recovery and self-sufficiency.

Article 4

- 1. The safety assessment to be carried out in accordance with Decision 2003/33/EC for storage in an underground salt mine adapted for waste storage shall cover in particular the additional risks arising from the nature and long-term behaviour of the metallic mercury and its containment.
- 2. A safety assessment ensuring a level of environmental protection equivalent to the level ensured by Decision 2003/33/EC shall be carried out and submitted to the competent authority for the temporary storage in a facility exclusively dedicated to and equipped for the storage of metallic mercury.

¹⁸ OJ L 190, 12.7.2006, p. 1.

3. The permit referred to in Articles 8 and 9 of Directive 1999/31/ECfor the underground salt mine or the facility exclusively dedicated to and equipped for the temporary storage of metallic mercury shall include requirements for regular visual inspections of the containers and the installation of appropriate vapour detection equipment to detect any leak.

Article 5

The Commission shall organise an exchange of information between Member States and the industries concerned.

That exchange of information shall in particular examine the potential need for extending the export ban to mercury compounds and products containing mercury, for extending the storage obligation to metallic mercury from other sources and for time limits concerning storage in a facility specifically dedicated to and equipped for the temporary storage of metallic mercury

Article 6

- 1. Member States shall submit to the Commission a copy of any permit issued for a facility designated to store mercury.
- 2. Member States shall, by 30 November 2014 at the latest, inform the Commission on the application and market effects of this Regulation in their respective territory. Member States shall, upon request from the Commission, submit that information earlier than the date set out in the first subparagraph.
- 3. The information referred to in paragraph 2 shall at least contain data on the following:
 - (a) volumes, prices, originating country and destination country as well as the intended use of metallic mercury entering or leaving the Community;
 - (b) volumes, prices, originating country and destination country as well as the intended use of metallic mercury traded cross-border within the Community.

Article 7

- 1. The Commission shall assess the application and market effects of this Regulation in the Community, taking into account the information referred to in Article 6.
- 2. The Commission shall submit a report to the European Parliament and the Council by 30 June 2015 at the latest.

Article 8

At least one year before the date set out in Article 1, the Commission shall report to the European Parliament and the Council on progress in multilateral activities and negotiations on

mercury, assessing in particular the consistency of the timing and scope of the measures specified in this Regulation with international developments.

Article 9

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the European Parliament The President For the Council The President