

Improving PIC procedure from perspective of industry

HANWA CO., LTD.

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Outline



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1. Company Profile



Corporate Data

Company name	Hanwa Co., Ltd.
Established	April 1, 1947
Capital	¥45,651 million
Fiscal year	April 1 to March 31 of the following year
Number of employees	1,562 (Consolidated: 5,442)
Tokyo Head Office	Ginza Shochiku Square Bldg., 1-13-1, Tsukiji, Chuo-ku, Tokyo 104-8429, Japan
Osaka Head Office	HK Yodoyabashi Garden Avenue Bldg., 4-3-9, Fushimi-machi, Chuo-ku, Osaka 541-8585, Japan

Hanwa is a trading company based in Japan.



Dedicated to meeting the needs of customers in a broad spectrum of industries, the Steel Division handles everything from steel plates, sheets and bars to construction materials.



One of the first companies to recycle aluminum, copper, nickel and chromium, Hanwa is at the forefront of effective resource recycling.



Global Network

JAPAN (Domestic)

······ 2 locations

······ 5 locations

····· 9 locations

Total 18 locations

Head Offices

Branch Offices ······ 2 locations

Branches

Sales Offices

Handling prawns, crab and other seafood, and enjoying the top market shares in several product categories, we bring fine food products from around the world to tables throughout Japan.

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▶ En	ergy and Livin	ng Materials Division 🖇

As a trader in petroleum products, chemical products and paper materials, we cultivate durable relationships with customers by providing accurate information and responding swiftly to market needs



To meet Japan's demand for housing and building materials, Lumber & Plywood Department imports and sells quality forest products and plywood from around the world and expands offshore trading operations.



Leisure Sector sells amusement facilities and supports in the creation of entertaining space, and Industrial Sector handles industrial machinery and steel processing machinery.

EUROPE	ASIA AND OCEANIA			
London	Seoul	Zhongshan	Jakarta	
Amsterdam	Busan	Hong Kong	Surabaya	
Vienna	Qingdao	Taipei	Manila	
Milan	Dalian	Kaohsiung	Mumbai	
	Tianjin	Bangkok	New Delhi	
MIDDLE EAST	Shanghai	Yangon	Chennai	
Istanbul	Chongqing	Kuala Lumpur	Perth	
Kuwait	Fuzhou	Singapore		
Dammam	Wuhan	Ho Chi Minh	_	
Dubai	Guangzhou	Hanoi	_	

THE AMERICAS	AFRICA
Toronto	Johannesburg
New York	
Los Angeles	
Vancouver	
Mexico City	
Guam	Local Subsidiaries
Santiago	Branches
Bogota	Business Office
	Total 44 locations

 2023	2023
2025	2025

Results of Operations:

Net sales	¥ 2,668,228	\$ 19,982,236
Gross profit	128,541	962,637
Operating income	64,105	480,079
Ordinary profit (loss)	64,272	481,330
Net income (loss) attributable to owners of the parent	51,505	385,718

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2. What is E-Waste(E-Scrap)?



E-Waste : E-Waste (Waste Electrical and Electronic Equipment (WEEE)) is defined under the Basel Convention as electrical or electronic equipment that is waste, including all components, sub-assemblies and consumables that are part of the equipment at the time the equipment becomes waste. *1 (ex. large appliances such as refrigerators, washing machines and small appliances such as laptops, cell phones.) At COP15 of the Basel Convention, an amendment was adopted to make all E-Waste subject to regulation regardless of whether it is hazardous or non-hazardous (effective January 2025).

E-Scrap : Scrap suitable for recycling and smelting, which can be processed in the smelting process such as home appliances that are dismantled or shredded and <u>printed circuit boards scrap</u>. E-Scrap is regulated as GC010 and GC020 in the Green List of OECD Decision. Japan does not require approval for import.



OE-Waste^{*2}

OE-Scrap



*1 Basel Convention Website, *2 The global E-waste Monitor 2020

2. What is E-Waste(E-Scrap)?







- (Values) Iron, aluminum, and copper represent the majority of the total weight of E-Waste. The estimated total value of the E-Waste components in 2020 is approx. <u>59 billion USD for the 55.5 million mt generated</u>. Precious metals and copper account for approx. 70% of E-Waste value (= 41 billion), which can be recovered by non-ferrous smelters. (However, the current recovery from E-Waste is approx. 10 billion USD since the proportion of E-Waste properly processed worldwide is about 17%.)*
- The market potentially has 31 billion USD worth of E-Waste that should be properly processed by non-ferrous smelters.
- (Environment) E-Waste also contains hazardous substances, such as mercury, cadmium, or lead. In informal E-Waste recycling, these substances are not properly processed and can cause a variety of health hazards and environment problems. For example, mercury, cadmium and lead are especially harmful to the brain, heart, and skeleton. Mercury, lead, and chlorofluorocarbons cause air pollution and water and soil contamination.
- In the processing of E-Scrap by non-ferrous smelters, components other than precious metals and copper can be properly processed (recycled). Iron and aluminum are recovered as slag and processed into products. <u>Plastics are used</u> <u>as a heat source</u> to replace fossil fuels and recovered as steam.
- Non-ferrous smelters that can properly recover precious metals and copper are most suitable for E-Waste recycling in terms of economic value, not only that,
 In terms of environmental protection, more E-Waste should be properly processed (recycled) by non-ferrous smelters.



Major non-ferrous smelters (processing E-Scrap)



• There are many non-ferrous smelters in Asia that can properly process E-Scrap.



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- Different Requirements for applications in each country. (Ex. Obtaining/renewing local licenses, bank guarantees, etc.)
- Different Interpretations of Basel Convention in each country.
 (Ex. Falling or Not Falling under Basel Convention)
- 3 **Taking very long time** to complete the PIC Procedure

(In our experience, the time required to obtain approval are about 3~6 months. on the other hand, required time for approval from EU is about 1-2 months)

4 Transit countries

(Ex. Different requirements, bank guarantees, etc.)

3. Problem of PIC procedure

♦ Example



In the example above, the export permit expires after about six months because it took over six months to complete all procedures for one year export application. Therefore, exporter must immediately prepare the next export application.





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[Exporter's Perspective]

- Many companies that handle E-Waste (E-Scrap) are small/medium-sized recyclers.
- Some of them put a priority on their cash flow.



If it takes a lot of time to complete PIC procedures...

There are concerns about the increase in environmentally hazardous process, illegal process, dumping, and export (especially in/to developing countries) to get cash more quickly.

Current situation of e-waste in Agbogblosy area (Ghana)



If these things occur...

These improper processes of E-Waste would cause environmental pollution such as soil and air pollution.

Picture*1 : Recovery of valuable metals by open burning. Picture*2 : Illegal dumping of E-Waste.

*1,*2 ITOCHU Corporation, Press Release, February 7, 2023, (https://www.itochu.co.jp/ja/news/press/2023/230207.html)



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5. Conclusion



- E-Waste (E-Scrap) is a resource that contains hazardous materials but also contains many valuable materials, so it should be processed properly.
- Due to different interpretations of the Basel Convention among countries, the PIC procedure is complicated and requires a lot of time to complete it.
- Prolonged procedures and increased paperwork may discourage E-Waste (E-Scrap) processors from exporting to countries that can properly process.
- There are concerns about environmentally hazardous process, and the increase in illegal dumping, and illegal export (especially in/to developing countries).