

THE LAST BEACH CLEANUP

February 17, 2021

Yang Zhijian
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SUBJECT: Commitment to Stop Illegal and Unethical Shipments of Plastic Waste

Mr. Yang Zhijian,

There is a global plastic pollution crisis.

The 52 environmental and social organization co-signers of this letter, including Basel Action Network (BAN), Greenpeace, Global Alliance for Incinerator Alternatives (GAIA), Zero Waste Europe, and The Last Beach Cleanup, write with a specific concern and request.

To address the plastic pollution crisis, the United Nations Basel Convention agreed to strictly control the exports of Plastic Wastes. This new agreement, a series of amendments adopted by 187 countries, took effect beginning January 1, 2021. According to new rules, the most commonly traded plastic wastes (mixed polymer and contaminated bales) are not allowed to be traded by countries not Party to the Basel Convention (such as the United States) without a special valid agreement being put in place.

Moreover, the European Union (E.U.) has decided separately to not allow the export of these newly listed wastes to countries that are not members of Organization for Economic Co-operation and Development (OECD). We believe that other OECD countries should take similar steps.

Despite the above situation, as of Fall 2020, major OECD countries were still exporting millions of kilograms (kg) of plastic waste to non-OECD countries, shifting their plastic waste burden onto other countries, causing harm to their environments, communities, and the health of people. During the month of November 2020, the U.S. shipped 25 million kg of plastic waste to non-OECD countries. In October 2020, the United Kingdom (U.K.) shipped 8.6 million kg, Japan shipped 82 million kg, and the E.U. shipped 89 million kg to non-OECD countries. These shipments went to countries such as Malaysia, Indonesia, Thailand, and Vietnam and the vast majority of such exports would now be considered illegal under international law. Yet there appears to be no plan to prevent these exports. Two lower-income OECD countries, Turkey,

and Mexico, have also been flooded with plastic waste, receiving 49 million kg/month and 9 million kg/month in October 2020, respectively.

It very much appears that despite the new laws coming into force on January 1, 2021, we can expect multiple illegal shipments with seizures of containers and long and costly efforts to repatriate the shipments back to the country of origin in accordance with the Basel Convention. Shipping companies will become embroiled in these enforcement actions and their very costly demurrage charges, delays, etc. Their brands will be associated with illegal trafficking in wastes. Distinguishing which plastic wastes might be exempt from the new Basel definitions will add a level of unworkable complexity and will be difficult for shipping lines to verify.

We request that shipping lines such as COSCO become proactive in ending what is now understood to be an unethical practice that contributes to plastic pollution in the ocean, land, and social and environmental harm in receiving countries. As a global major shipper of plastic waste, we request specifically that COSCO:

No longer allow shipments of plastic waste of any kind from OECD to non-OECD countries, and to the OECD Countries, Turkey, and Mexico. COSCO's decision to stop exporting plastic waste to Bangkok Port in 2018 should be extended to all non-OECD countries, Turkey, or Mexico.

Request for Corporate Commitment and Verification

We request that (1) a corporate policy commitment as per the above be posted on COSCO's website, and (2) the company agrees to verification of conformance with the commitment through internal audit procedures to assure the chain-of-custody and the origination and final destination of plastic waste shipped by your company. This second element is to assure that plastic waste shipped by your company is not bought by brokers who may resell and export it to other countries.

The Harm Caused by Plastic Waste Exports

Plastic waste has been exported to dangerous and harmful operations in developing countries for too long. Without documented traceability of the final fate of the plastic waste, millions of tonnes were collected from high-income OECD countries (U.S., U.K., E.U. South Korea, Japan and Australia) and shipped to buyers in low economic development countries with inadequate domestic waste management. Many "recycling" operations have no worker age and wage protections, no health and safety standards, few environmental regulations, and no guarantee that the plastic waste would be recycled. All too often the vast majority of the imported waste is dumped and burned and not recycled at all. More than one hundred investigations over the past several years have documented the harm and shown that plastic wastes are routinely crudely processed in unsafe facilities.

The Need for Action Now by Global Shipping Companies

The Basel Convention's Plastic Waste Amendments alone will not stop the flow of plastic waste from high-income to low-income countries who are not equipped to safely and securely manage it. Uncertainties on enforcement and lack of inspection at exporting and importing ports will enable the unethical waste trade to continue. And, as mentioned, due to non-ratification of the Basel Convention by the U.S., exporters in the U.S. may ignore the new requirements.

Interpol's recent report on rising illegal plastic waste trade and reports of "traders fudging paperwork to skirt import limits" indicate that Basel import restrictions may not be respected by many exporters. In February 2019, a Malaysia official noted that 139 illegal plastic recycling operators had been found, that they quickly move from one location to another and stated "Wherever there is a port, you will have the import of plastic waste".

It is clear that the most effective way to stop this illegal activity is to stop loading plastic waste on ships.

Other Specific Concerns for COSCO

1. Conformance with COSCO's Corporate Policies and Commitments

COSCO's 2019 Sustainable Development Report states:

- "The shipping course affects maritime lives, that's why biodiversity protection is also an important issue for shipping companies. At the same time, we continue to "protect blue whales and blue sky" and refuse to carry shark fin related products to fulfil the protection of the ecological environment.
- "With the impact of global environmental trends and social governance, the risk related to environmental protection is of constant concern to us and stakeholders. It is particularly important to pursue ecological and green shipment to protect the marine environment and conserve the marine ecosystem given the strategically increasing importance of oceans today."

Plastic waste exports are not consistent with COSCO's commitments due harms to the communities and environment in receiving countries. Similar to harms caused by shark fin products, plastic waste exports cause significant plastic pollution to the ocean and harm marine and other species.

2. Financial and Brand Risks Created by Plastic Waste Exports

Fiscal responsibility to shareholders requires identification, disclosure and elimination of serious financial and reputational risks. Plastic waste exports to non-OECD countries create serious potential liabilities for shipping companies. Socially responsible investors (SRIs) who incorporate environmental, social and governance (ESG) analysis into investment decision-making are increasingly concerned about plastic pollution and are reviewing company policies and practices. Shipping companies who continue to ship plastic waste to non-OECD countries run the risk of negative reviews by SRIs.

3. Illegal Traffic is Expensive

Illegal shipments result in seizures, arrests, and holding of intermodal containers and sometimes even the vessels themselves. These actions come at a great cost to shipping lines which can have ships, or containers delayed, resulting in missing schedules, demurrage charges and the cost of repatriating illegal shipments. Far better to ensure that the most likely illegal or unsustainable shipments of plastic waste are prevented in the first place.

Next Steps

There is a growing and significant group of individuals, organizations, and investors who have been actively working on plastic waste and pollution as an important step to protect the environment. We will inform them and the public of our outreach to you and your response to this letter.

We look forward to hearing your response and welcome a discussion with your company.

CC: Letter to COSCO US

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Chairman

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Sincerely,

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