INECE Compliance Conversation: Developing Compliance Models for Off Grid Wastewater Treatment and Reuse Systems

Session 2 Notes (July 2)

The experts from this Compliance Conversation will be collaborating with INECE to develop a working paper based on their discussions in sessions 1 and 2. For updates, and more information about this, and upcoming Compliance Conversations, please visit the INECE website. If you are interested in proposing your own conversation, please submit a proposal.

Four Central Questions

1. What components would an ideal regulatory model contain?
2. What role can the international community play in aiding the transition away from dirty imports and exports?
3. What successful national models are currently in use?
4. What “carrot” and “stick” approaches exist, and what are their respective benefits and disadvantages?

Discussion

What are the ideal components of a national regulatory model for reducing importation and use of secondhand vehicles?

- Strong standards for new vehicles
  - These can lead to complementary regulations for secondhand vehicles.
  - The European Union, China, and the United States are good examples of best practices in creating standards for new vehicles.

- Incremental approaches
  - Being mindful of the limitations of the current system, the potential impacts of changing that system, and the importance of continued mobility for people, will be necessary for any policy to be politically feasible.
  - Policymakers should consider integration with existing governance regimes, which could facilitate implementation and uptake
    - Basel Convention
  - Consider a “reverse Lacey Act” making it illegal to export vehicles that violate standard emissions in the exporting country.

- Ambitious goals
  - Policymakers should not shy away from developing stronger vehicle standards just because of increased costs. There is great evidence to suggest that the
environmental and public health benefits associated with decreased emissions from secondhand vehicles are substantial. These benefits should be weighed against any potential incremental costs.

- For example: The cost between vehicles that meet the Euro VI and Euro IV standards are fairly small (approximately $2000) but make a 99% difference in emission reductions.
  - It will likely be cheaper in the long-term to enforce stronger standards and create greater independence earlier.
    - The cost of importing vehicles from places like Europe makes them more expensive. Thus, countries should attempt to strengthen their domestically manufactured fleets and aim for cleaner vehicles at this level too.

How do we transition to a cleaner vehicle fleet?

- Map out a long-term plan and account for public and political resistance.
- Learn lessons from other transitioning industries.
  - **Oil Tankers**
    - Allow older technology to stay on the market but have clear deadlines for phase-out periods and ways to transfer to new technology available.
  - **Filipino Jeepneys**
    - Buy-out programs can be successful.
    - Subsidize the transition to cleaner (costlier) transportation.
  - **California Diesel Vehicles**
    - Offer economic incentives for earlier phase-outs or adding filters

- Low-income countries may have a difficult time instituting expensive subsidy schemes and should aim to develop and implement self-sustaining policy mechanisms.
  - **Polluter Pays Model**: Incrementally increase the costs of using dirty vehicles and use the revenue to support cleaner technologies.
    - Ex. Recurring registration fees.
  - Switch to less energy intensive transportation wherever possible
    - Ex. Filipino jeepneys are generally used for very short journeys. Electric 2- or 3-wheelers could perform a similar function.

Can legislation in exporting countries limit the technologies that can be sent to importing countries?

- Consent decrees make it impossible to export cars that cannot be used in the importing country (violates the country’s standards) but the number of countries involved make this more complicated.
International treaties (like the Bamako convention) can be used to help this issue but likely cannot be applied easily to secondhand vehicles.

- When only “old” parts are being imported to manufacturing facilities in Africa it is difficult to regulate because it is difficult to predict how it will be used.

Would it be possible to use the Bamako Convention’s waste restrictions to prevent movement of these cars into Africa?

- No. It would be very difficult to apply Bamako to secondhand vehicles as they are not considered to be waste because they are reused as vehicles thus having value.

Will taxes and subsidies solve the problem?

- We need a mix of different approaches, not just economic incentives.
  - Taxes and subsidies can be useful and will play a part, but in many cases people may find a used vehicle with a high levy to be cheaper than buying a new car.
    - Ex. Rwanda.
  - An effective tax scheme would be multi-faceted
    - Old vehicles have little value, so value based taxes would have little deterrence power.
      - Ex. Tunisia.
    - A “polluter pays” graduated fuel tax with incremental use of age limits on imported vehicle would be more effective.
    - Pairing these with registration fees and purchase incentives simultaneously could increase effectiveness.
    - Developing all of these policy elements in a way that is financially self-sustaining will make policies more politically feasible.

Q+A

Will these policies yield benefits for non-oil producing countries?

- Yes, decreasing the number of dirty cars on the road will yield several co-benefits
  - Countries with cleaner fleets will import less oil, and have greater energy security and independence as a result.
  - As electricity grids become cleaner, the costs of electricity production will decrease over time, thus consumers and governments will eventually see financial benefits.
  - Communities will gain major health and air quality benefits, but we cannot wait for electric to solve those problems alone.
Maintenance costs are lower in electric vehicles, which garners the issue of loss of maintenance jobs.

What restrictions can we place on manufacturers and exporters?

- Cars are very recyclable. It would be useful for countries to encourage more vehicle recycling, especially of batteries. The EU has a fairly robust program for vehicles (ELV and EPR), but the US does not.
- Exporting countries should seek to increase manufacturer transparency through environmental impact disclosure.
  - This can cause important consumer pressure on manufacturers for “end of life” responsibilities and to consider the initial building materials.

Are electric vehicles that much cleaner than conventional cars, considering many countries in Africa and Asia lack appropriate recycling technologies?

- Countries should couple new policies with appropriate scrappage programs and consider what will happen to these cars when they are no longer useful.
  - ELV Provisions encourage manufacturers to take responsibility for scrappage rather than the government.
    - This can allow manufacturers to reuse materials and cut costs.
- Regardless, because of the air pollutants associated with older conventional vehicles, it is worth it to try and get them off the road sooner rather than later.

What pushback do we anticipate from manufacturers?

- There will always be pushback to new policies from regulated industries and the companies that operated within them. It is especially hard for provisions to spread in poorer countries if they are not already in use in wealthy markets.
  - However, manufacturers may actually benefit from removing secondhand vehicles from the road, as this creates more opportunity for them to sell new vehicles.

What institutional partners are, or need to be, present for enforcement?

- The more comprehensive package of partners can be developed, the better. As enforcement of such policies will not be a high priority for governments outside of the US and China.
  - Under EU standards, third parties are able to play a role by submitting evidence of noncompliance to authorities.
NGOs and universities would be great allies in this as they may have better resources and equipment for investigating and testing for noncompliance. This data can “enforce enforcement.”

Customs presents the best place for intervention, but customs officers are already overworked and under resourced.

What is the role of mixed-use planning?

- Mixed-use planning can reduce the overall demand for vehicles.
  - Urban design can be incorporated into incentive and policy packages despite being a generally slow process.
  - Improved public transit and micro-mobility can be subsidized, but funding needs to be sustainable.

What international mechanisms can we use?

- The Paris Accords
  - As transportation is a large emitter of greenhouse gases, there is a possibility of tying this issue to the Paris Accords. Potentially, actors may be willing to help clean up the vehicle fleet in exchange for emissions credits.
  - This could provide incentive to add a provision either dealing with controls on small vehicles or noting black carbon as a particular pollutant of concern.
  - Is a motivating factor but not enough to force action.
- The possibility of a new international accord being developed to address the movement of secondhand vehicles in international commerce is extremely unlikely.
- Trade Agreements
  - Having an institution like the World Trade Organization involved would help immensely. Additionally, this could be addressed by specific countries through multilateral and bilateral trade agreements, though they currently lack incentive to do so.

Closing Comments

- Keeping in mind the political and economic landscape of the issue, policymakers must consider comprehensive policy packages and keep ambitious goals. We should aim high, and move towards electrification, stronger public transportation, and non-motorized mobility options.