

Recommendations for Improving Waste Oil Management

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American Chamber of Commerce in Croatia *Američka gospodarska komora u Hrvatskoj*

Contents

Introduction	3
Current Situation	4
Example of the Austrian Legislative Solution	5
Recommendations for Status Improvement	7

Introduction

At the time of adopting national ordinances on the management of special waste categories in 2006, the Ordinance on waste oil management (OG 124/06) was also adopted (the Ordinance), with the following amendments (OG 121/08, 31/09, 156/09, 91/11, 45/12, 86/13). This was the first legislative step towards resolving the issue of disposal of various waste oil categories in Croatia.

The ordinance pertains to two waste oil categories. The first category is waste cooking oil, and the second is waste lubricating oil, the latter being the focus of this position paper.

Article 3, paragraph 2 defines *"Waste lubricating oil"* as *any mineral or synthetic lubricating, industrial, insulating (oil used in electric power plants) and/or thermal oil (oil used in heating and cooling systems) which has become unfit for the use for which it was originally intended, and in particular used motor oils, machine oils, gearbox oils, mineral and synthetic lubricating oils, oils for heat transfer, oils for turbines and hydraulic oils, with the exception of oils in petrol-oil mixtures intended for two-stroke internal combustion engines.*

Furthermore, Annex I defines the tariff codes for the oils to which the Ordinance applies, among which we highlight the following: *2710 19 81 – motor oils, compressor lubricating oils, turbine lubricating oils.*

The following important provisions of the Ordinance should also be highlighted:

Article 14

(1) Waste oil producers shall, in cooperation with the Fund, regularly inform oil dealers on the manner and place of waste oils collection, in such a manner as to prevent the risk and danger for the environment and human health.

(2) Fresh oil dealers shall provide information to the customer on the provisions referred to in paragraph 1 of this Article about the place where waste oils may be handed over free of charge.

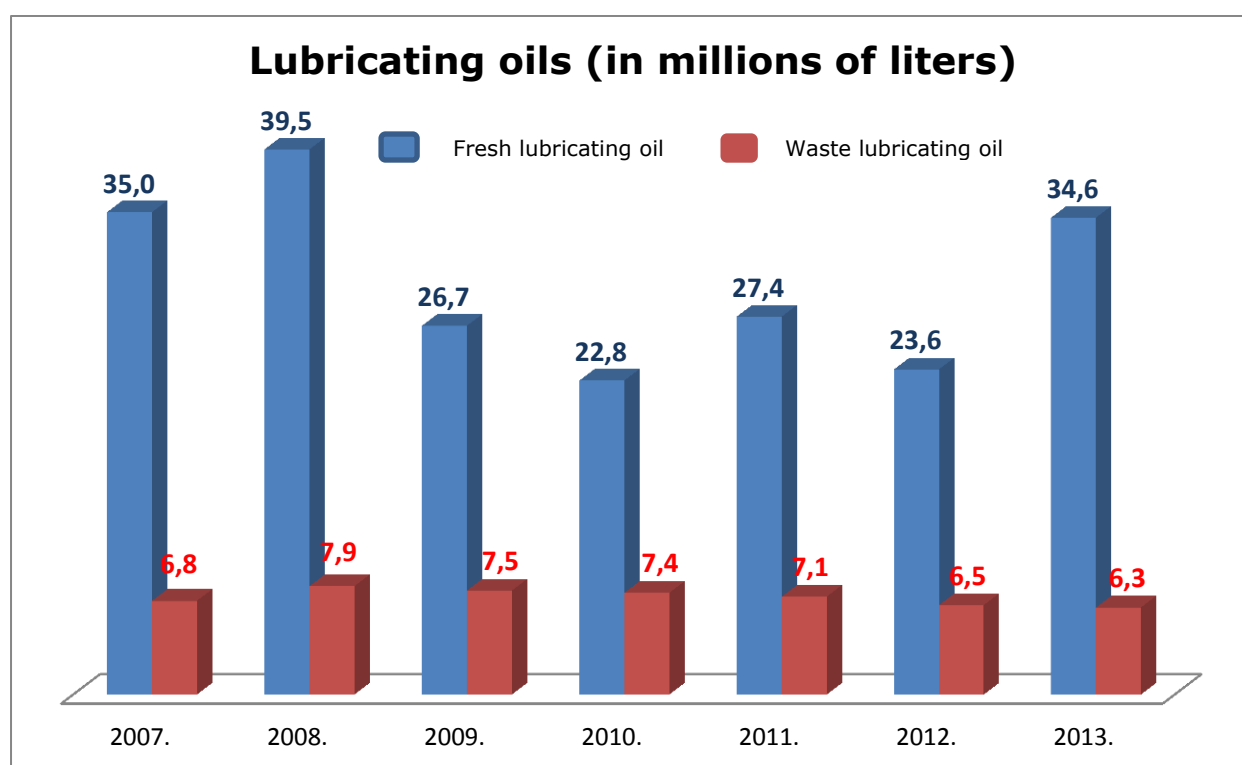
However, there are still substantial problems in the waste motor oil management system in Croatia. The objective of this position paper of the American Chamber of Commerce in Croatia (AmCham) is to identify those problems and offer recommendations for improving the system.

Current Situation

Several studies on the impact of waste motor oil on human health have been conducted, but the list of chemical elements and compounds found in waste motor oil is by itself sufficient to realize its dangers. Examples of the additives used include: barium, phosphorus, zinc, chlorine and bromine, sulfur, aluminum, arsenic, calcium, chromium, copper, iron, magnesium, manganese, potassium, silicone, sodium, tin, aromatic hydrocarbons toluene, benzene, ethylbenzene, xylene, and nitrogen.

It can therefore be concluded that any inexpert handling of waste motor oil, whether uncontrolled incineration or spillage into the environment, can pose serious risks to human health and the environment. The observed shortcomings in the enforcement of the Ordinance on waste oil management in Croatia therefore give great cause for concern.

The Croatian Environment Agency's report¹ provides the data shown in the chart below.



Source: Environmental Protection and Energy Efficiency Fund

In the analyzed period (2007-2013), approximately 160 million liters or 160,000 m³ of waste lubricating oil “disappeared” from the system, which is the difference between the reported quantity of fresh lubricating oil and the reported quantity of waste lubricating oil. Only a minor portion of such a difference can be attributed to a system error in data collection or

¹ Croatian Environment Agency, “Overview of Data on Waste Oil for 2012 and 2013”, October 2014, downloaded from: www.azo.hr/lgs.axd?t=16&id=5282

to the fact that some of the lubricating oil gets used up while performing its function. According to AmCham findings, a large quantity of waste lubricating oil in Croatia is, for example, used as heating fuel, regardless of its negative effects on the environment and human health.

According to the estimates of AmCham's members, most of the waste lubricating oil refers to motor oil. Unfortunately, there are no comprehensive reports that could offer a structured overview of which types of oil comprise the reported fresh and waste oils.

It should be pointed out that motor oils can be purchased in any larger store in Croatia. On the other hand, only some points of sale (usually those that are part of a registered auto-repair business) have a posted notice on the collection site where waste oil can be disposed of. Motor oil can also be ordered online, with home delivery, but without a notice on a waste oil collection site.

The current liberalization of motor oil sales, without concurrent effective monitoring of waste motor oil collection, has caused a significant discrepancy between the quantity of oil on the market and the quantity of collected waste motor oil. Therefore, it can be concluded that the enforcement of only a 1 HRK per liter fee (to be paid when the oil is put on the market, as is currently the case), that serves to cover the collection and disposal costs, is insufficient.

Example of the Austrian Legislative Solution

The Austrian legislative solution, adopted in early 1980 and still in force, can serve as an example of effective motor oil trade policy:

"SPECIAL PROVISIONS ON MOTOR OIL AND COLLECTION SITES

Sale of motor oil

16.

(1) Operators who consign motor oil in individual quantities of up to 24 liters to end consumers shall install a collection site at the point of consignment, they shall maintain that site, and collect the said waste oil free of charge in quantities equivalent to those consigned to individual customers, but not exceeding 24 liters.

(2) Motor oil in quantities from 1 to 24 liters shall be consigned to the end consumer only if motor oil is simultaneously exchanged by using the installed oil exchange device which is being properly maintained in accordance with existing regulations, or by directly pouring it into the designated device in the vehicle engine. Only the exact quantity of oil required for this procedure shall be consigned at this point. The remaining quantity of up to 1 liter that may remain in the motor oil packaging may be given to the customer.

(3) Operators who consign motor oil in quantities exceeding 24 liters to end consumers shall keep records of the method of consignment and the

quantity and type of oil consigned. If more than 10 liters of waste motor oil has been collected from an end consumer, a collection receipt shall be issued."

It is evident from this example that motor oil belongs in a special product category and cannot be reduced to the level of an everyday consumer product.

Recommendations for Status Improvement

In view of the aforementioned dangers, as well as the substantial quantity of unreported waste motor oil in Croatia, AmCham hereby calls for urgent amendments to the existing system and proposes specific measures that will reduce the risk to human health and the environment in Croatia:

- Separation of professional use (registered motor vehicle repair and maintenance activities) and retail sale.
- For professional use, introducing a deposit fee of 4 HRK/l in order to stimulate the return of waste oil from auto-repair shops and make the sale of such oil as heating fuel financially unattractive.
- All points of sale must also have waste motor oil collection facilities. For online sales, posting a notice of the company's own facility to which waste motor oil can be brought must become mandatory.

The adoption of these recommendations would also lead to fairer market competition, provided that the proposed amendments are implemented in practice through an appropriate control system. This would provide support for registered motor oil distributors and auto-repair shops that operate in accordance with Croatian laws and European standards, and it would reduce the opportunities for the "gray economy" in the field of motor oil sales and disposal.

Furthermore, according to the analysis conducted by an AmCham member, in the 2007-2013 period, Croatian government institutions collected more than a billion HRK less in revenue as a direct result of poor waste oil management. Lost revenue pertains to undeclared value added tax, undeclared profit tax, and unpaid contributions for approx. 6,000 workers.

It is therefore evident that AmCham's recommendations, in addition to achieving the primary objective of protecting the environment and human health, would also bring about positive economic and fiscal results.

AmCham would welcome the opportunity to exchange views and continue working on improving the quality of the legislative framework for waste oil management.

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