

2018 BIR Spring Convention: Plastic recyclers still reacting to China syndrome

Other Asian nations are scrutinizing plastic scrap imports one year after China's clampdown stunned the world.



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The government of China's sudden move to ban the importation of most types of plastic scrap remains the foremost factor in the health of the global plastic recycling sector, according to presenters at the Plastics Committee meeting of Brussels-based **Bureau of International Recycling (BIR)**. The committee met in late May in Barcelona, Spain, at the 2018 BIR World Recycling Convention & Exhibition.

Committee member Dr. Steve Wong of Hong Kong-based **Fukutomi Co. Ltd.**, who also helps lead the China Scrap Plastics Association, noted that China used to bring in as many as 7 million metric tons per year of plastic scrap, but that flow has been reduced to a trickle in 2017 and 2018.

The import ban has been enacted to boost China's domestic recycling industry. Wong said China's estimated 14 percent plastic recycling rate is low in part because just two percent of the nation's postconsumer plastic packaging is estimated to be recycled.

Recyclers in other parts of the world have boosted their shipments to other Asian countries, including in Malaysia, Thailand and Vietnam, where many Chinese recycling entrepreneurs have shifted operations.

Wong said those nations would nonetheless be unable to absorb 7 million metric tons annually, and furthermore government in those nations are increasingly emulating

China's approach in scrutinizing such shipments. Wong said Malaysia's government had stopped issuing approval permits for plastic scrap as of May 23, 2018.

Wong described the situations in Thailand and Vietnam as pointing toward similar strict outcomes, and that "Taiwan, Hong Kong and South Korea [are] about all that's left," but those nations do not have the capacity to accept great volumes.

Committee Chair Surendra Patawari Borad of Belgium-based **Gemini Corp.** said, "Indian imports will grow, but [from] a very small baseline figure." He said annual imports of PET (polyethylene terephthalate) scrap into India have grown from 3,000 to 12,000 metric tons per month, but the "main stumbling block is the difficulty in getting import licenses" in India, where just 35 companies have such licenses, and no new ones have been issued since 2015.

Committee member Mahmoud Al-Sharif of United Arab Emirates-based **Sharif Metals** said the Middle East region is poised to attract more of the world's recyclable plastic but, "There is a need for a change in approach with regard to scrap imports."

Al-Sharif continued, "I believe the Middle East has a very good chance of making use of this opportunity. If this region can provide a long-term, predictable regulatory legal framework, I think there will be enormous investment from Europe, the United States, etc."

As it stands in mid-2018, with the global plastic scrap trading market still far smaller than it was in 2016 and before, pricing in places like Europe and the U.S. remains depressed. Renaud Pfund of Paris-based **Veolia** said recycled-content LDPE (low-density polyethylene) pellet prices have "collapsed," with some "low-grade LDPE" starting to go to landfills and waste-to-energy markets.

While China still accepts some reprocessed forms of recycled-content pellets, according to Pfund recyclers are having a hard time receiving approval of shipments not deemed to be "homogeneous in color, design and shape" by inspection authorities.

Borad, in reading a U.S. market report prepared in cooperation with Sally Haughton of U.S.-based **Plastic Recycling Corp. of California (PRCC)**, said PET scrap exports from the U.S. dropped by 62 percent in the first quarter of 2018 compared to 2017, with those to China dropping by 86 percent.

Wong referred to the chain of events as leading to more "recycling at source" in the U.S., Europe and other nations that have a plastic scrap surplus.

Guest speaker Markus Panhauser of Hamburg-based freight forwarding firm **Fr. Meyer's Sohn**, said that adding to existing woes of stranded shipping containers, plastic recyclers also must be wary of "mysterious people at the moment entering the shipping sector, trying to sell a digital product."

Although Panhauser said container ships into Southeast Asian and Indian subcontinent ports had become "very full" in 2018 as those nations increased their scrap imports, he joined other speakers in warning that many of these nations are following China's lead in terms of environmental legislation that could reduce that activity.

The committee also heard from guest speaker Vicente Olmos of Spain-based **Sintac Recycling**. Olmos said his plastic recycling company, like others, is reacting in a way that considers it “essential to recycle plastic at a local level.”

Olmos said the good news for recyclers in Europe is he sees a change in attitude toward recycled-content plastic products “from shame to pride.” He commented, “Before, we had to fight against a stigma. Now, everyone is publicizing the information.” Olmos said he also is encouraged by participation from virgin resin producers in the recycling sector. “We used to be competitors; now we are allies. We need each other.”

The **2018 BIR World Recycling Convention & Exhibition** was at the Sofia Hotel in Barcelona May 27-30.