



## Non-ferrous markets in China

# 'Another night, another dream'

*By now, many people in the recycling industry will have heard that the Ministry of Foreign Economic Relations and the Trade Department of the People's Republic of China has stopped accepting import applications for scrap metals and recovered paper. There has been plenty of speculation on what is happening but, before commenting on this subject, I must stress that I can only express my neutral point of view.*



This report was written exclusively for Recycling International by David W. Chiao of the U.S. Uni-All Group.

**C**ertainly, the international recycling community could take action along the lines I have proposed at several BIR Conventions, namely that BIR and ISRI should adopt a more aggressive approach on behalf of all its members when dealing with the Chinese government authorities. A large proportion of BIR and ISRI members trade with China either directly or indirectly but this industry is so fragile that no single member can handle such political interference on its own. Therefore, I hope BIR will give serious consideration to my proposal and minute it officially.

Overall, the Chinese market has remained stable, although there have been developments in environmental policies relating to the materials recycling industry. Notably, No. 6 category scrap metals (including copper, brass, aluminium, zinc

and shredded material; Zorba, media separation processed metals; and MM1, 2 & 3, Scribe, Scroll, Twitch, Zeppelin etc, which meet NEPA's maximum 4% non-recyclable tolerance) have been re-classified as General Merchandise. Therefore, these items will no longer require an environment import permit. Since the NEPA Import Permit is being phased out, the controversial CCIC pre-shipment inspection may thankfully no longer be required in future. However, the bad news is that this new regulation has yet to come into effect owing to an objection from CCIB. I sincerely hope BIR can work to encourage the Beijing CCIB and NEPA to terminate the pre-shipment inspection on Category 6 items.

No such changes have occurred in Category 7 (electric motors, cables, electronics and electrical scrap). Some of the items in this category face more restricted NEPA regulations, such as personal computer scrap, printed circuit boards, electronics scrap and mixed electrical/electronics scrap. A total import ban is under discussion but no official statement has been made to date.

Meanwhile, there will be more restricted processing of scrap metals in Nanhai, Huangpu area, including tax audits, business registrations and NEPA inspections. In April, some of the operations in this area were thoroughly 'searched' by police and tax auditors. This issue should become clearer in the next few weeks.

New scrap metal processing zones have been created in the Suzhou, Ningbo and Tienjin areas but, once again, NEPA's attitude and policy is unclear. To date, officials have not interpreted processing zone rules and regulations, and processing operation requirements are not known. As a result, most importers/processors are playing a waiting game rather than risk making a mistake.

China witnessed a drastic downturn in all metal markets between May 2001 and February this year. With the help of an anti-dumping duty levied on Korean and Japanese stainless steel imports, stainless steel remains in short supply. As from August 2001, the import duty from border trading with Russia and the former Soviet republics has been brought into line with harbour imports, thus creating a shortage of copper and aluminium in the earlier part of this year. Over-production by China's zinc smelters caused the metal's price to drop both in terms of produc-



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er quotations and on the LME. The brass market has also been affected by zinc over-production. The European Honey price dropped from a peak of US\$ 1050-1080 C&F Ningbo to US\$ 1000 per tonne.

The Beijing government's uncertain attitude towards our industry has meant that most importers are reluctant to take strong buying positions. If the current situation persists, then short-term market prices will be affected by quick sales and inventory liquidations. In the medium term, China could face a shortage of supplies. □

By David Chiao