



Bankruptcies dent the industry's image

European plastics recyclers who did not make their own products were encountering 'really difficult' market conditions, BIR Plastics Round-Table Chairman Peter Daalder of The Netherlands told delegates in Berlin.

By Ian Martin

Tyres Round-Table

More pressure for tyre recycling innovation

The EU effectively banned the land-filling of whole tyres in July last year and, as a result, an extra 750 000 tonnes of tyres was now entering the marketplace every year. Thus, the pressure to develop markets for recycled tyres had become even more intense, according to Barend Ten Bruggencate of The Netherlands.

He pointed to research projects involving industry representatives and some leading European universities, and noted that further investment in tyre recycling research was envisaged by the Brussels-based rubber industry organisation BLIC (Bureau de Liaison des Industries de Caoutchouc). And he drew particular attention to the development in Canada of a building material derived from scrap tyres whose

characteristics resembled those of stone. 'Tests have been done and the forecasts are really good,' he told delegates. Such innovations were essential, Mr Ten Bruggencate added, given that the market was currently witnessing an increase in stocks, pressure on margins and a decline in granulate prices.

Several established EU member states - notably the U.K. - were encountering problems in implementing the legislation introduced last year and some were 'still relying on landfill for disposing of a significant proportion of their scrap tyre arisings', he went on to say. Meanwhile, new EU member Poland was expected to encounter problems because many of its private landfill operators were either bankrupt or likely to go bankrupt in the near future.

Mr Ten Bruggencate, who agreed to chair the BIR Tyres Round-Table in Berlin despite having stepped down from the post at the previous convention in Vienna, pointed out that notification was required for exports of all wastes to Poland and to four other new member states of the EU - namely Hungary, Latvia, Malta and Slovakia.



Barend ten Bruggencate of The Netherlands.

Since many of these companies were financed by the banks, 'it is not easy for them to sail a different course,' Mr Daalder explained. 'Because of that, the pressure is so high that they will buy material at higher prices than the budget allows. This has been happening for many years now and the banks are no longer willing to take the risk and give extra money. Therefore, it mostly ends with a bankruptcy.'

According to Mr Daalder, this familiar pattern of events 'is very bad for the reputation of the plastics recycling branch in general'.

The Round-Table Chairman claimed that prices of recycling granules were 'too low' with black LDPE, for example, regularly trading at 50% or more below the virgin price compared to the normal differential of between 25 and 35%. 'The reason for this is that prices of end products like garbage bags, low pressure pipes, agricultural foil and replacements for wood are under pressure,' he said.

Enrico Bobbio of Polieco confirmed that the Italian market had deteriorated since the previous BIR convention in Vienna last October. There was a lack of raw material on the domestic market while bulk shipments were being made from Europe to the Asian market. He called for action at EU level to tackle what he considered to be the indifference of plastics producers to mechanical recycling, adding that their preference was to burn plastics to recover energy. Mills in Spain were also suffering from the effects of large-scale shipments of raw material to Asia, according to market spokesman Marc Figueras. Greater protection was required for the country's plastics recyclers 'otherwise some of them will disappear', he contended.



BIR Plastics Round-Table Chairman Peter Daalder of The Netherlands



Enrico Bobbio of Italy (left) and Jacques Musa of France.

Guest speaker at the Plastics Round-Table in Berlin was Dr Thomas Probst, a plastics recycling expert within the Bonn-based bvse organisation. He maintained that, despite the 'very different standards in operation' in China, the principle of free trade dictated that European exports of PET to the country would continue.

According to Dr Probst, many issues surrounding Germany's new mandatory deposit scheme remained to be settled, to the extent that he likened its introduction to 'opening Pandora's Box'. The scheme was helping to create 'winners and losers', he said, with composite board packaging having gained ground while beverage cans had 'virtually vanished from the German market'. □