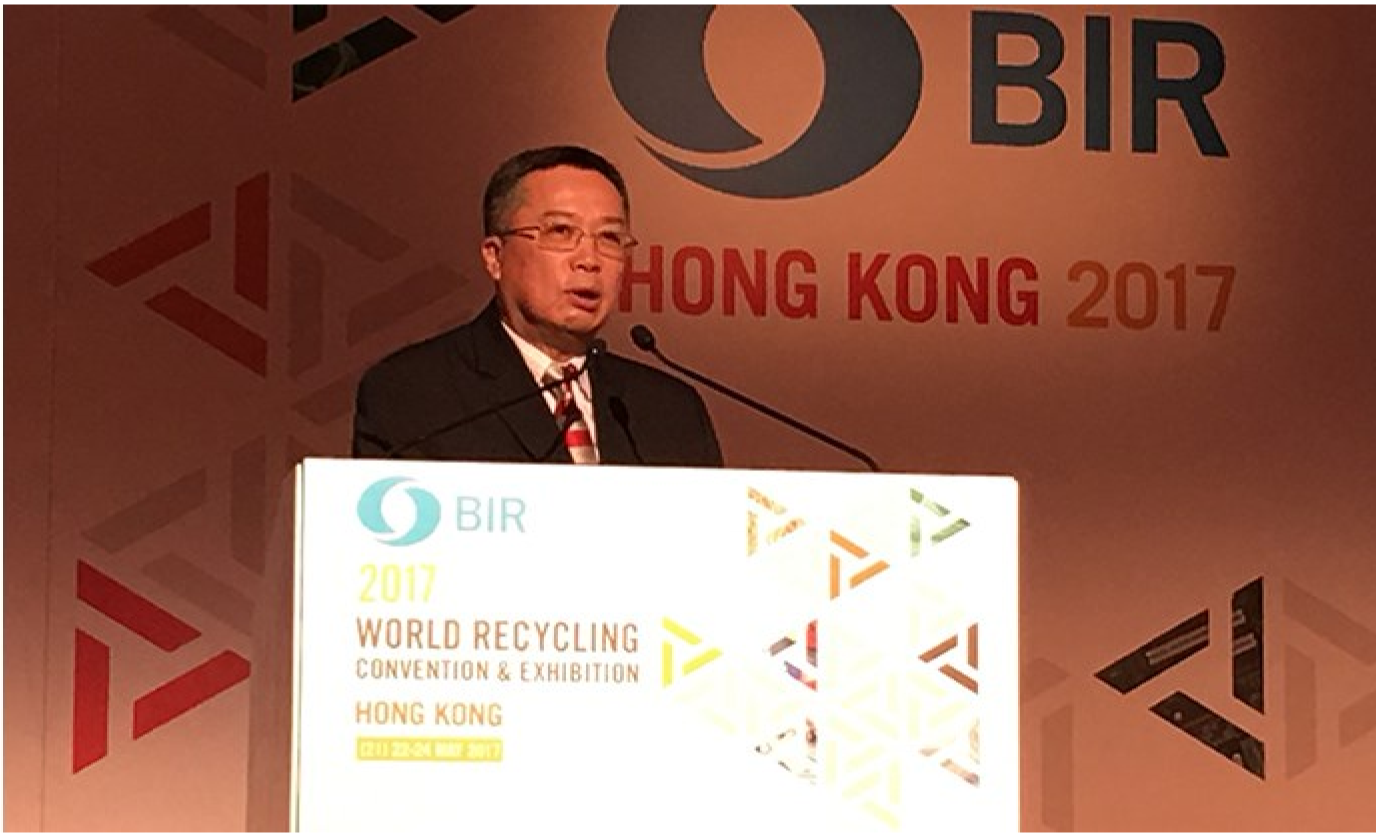

BIR 2017 Convention: Nonferrous mixed signals

Barriers to trade with China point to disruption for nonferrous scrap traders, but base metals pricing may be poised to rise.

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Pictured above: David Chiao, president of the BIR Non-Ferrous Metals Division.

Nonferrous scrap traders could be facing a major disruption courtesy of proposed (but not yet finalized) Chinese trade regulations, according to Ma Hongchang, a consultant in Chinese affairs for the Brussels-based Bureau of International Recycling (BIR). Ma provided an update on the matter at the Non-Ferrous Metals Division meeting at the 2017 World Recycling Convention, held in late May in Hong Kong.

BIR Consultant Ma said China's Central Committee indicated on 18 April, 2017, that it intended to phase in a policy to create "a drastic reduction in both the quantities and items [of scrap] imported [into China]."

"As far as I know, regarding nonferrous metal scrap, scrap motors, scrap wire and cable and mixed metal scrap will be prohibited after the end of 2018," Ma stated.

In 2017, the multi-agency National Sword campaign in China has resulted in raids on plastic and metals recycling firms in provinces and cities throughout China, with more than 150 people arrested for activities considered as “smuggling,” said Ma.

He said China’s customs agency “will deepen its campaign against foreign [materials] in 2017,” with the agency often acting in cooperation with China’s Ministry of Environmental Protection [MEP] where environmental risks are allegedly being created by recyclers.

BIR Non-Ferrous Division Chairman David Chiao of Atlanta-based Uni-All Ltd., said BIR is working with the Washington-based Institute of Scrap Recycling Industries (ISRI) and China’s CMRA (which represents nonferrous scrap recyclers) and the groups are “doing our best to solve this issue,” which is considered “a severe threat” to how business is currently conducted.

Delivering betters news to the Division was John Browning of Hong Kong-based BANDS Financial Limited, who said, “Base metal prices have started a long-term cyclical upturn.” Part of the reason, said Browning, is China’s “One Belt One Road” spending initiative, which will involve more big ticket, metals-consuming infrastructure projects.

Ongoing global demand should help metals producers catch up with the increased capacity of the past several years, which caused “base metals [pricing to be] in decline from 2011 to 2016,” said Browning.

Browning added that while metals production capacity has increased from 2011 to 2016, mining expansions were brought to a halt. Even if metals prices rise, “Creating a new mine can take five to eight years,” said Browning, meaning an ore supply deficit could last several years—likely good news for scrap traders.

Also at the Non-Ferrous Division meeting, Masao Montani of Japan-based Daiki Aluminium Industry Co. Ltd. gave an overview of that company’s operations, which include ongoing investments in secondary aluminium alloys production in nations including China, Indonesia, Thailand, Vietnam, Malaysia, and the Philippines.

Montani commented that if “scrap is banned as an import in China,” the company’s plants there are “unlikely to survive” without making a shift to using scrap generated within China.

Hong Yang of Minmetals Germany Gmbh, a subsidiary of a Chinese metals producing firm, said on the red metals side “imported scrap is on the decline” in China but remains important. He said China’s market for imported copper scrap “is getting more centralized toward the importers and enterprises with sound environmental protection, advanced technology and larger scale.”

The BIR 2017 World Recycling Convention was held at the Hong Kong Convention Centre 22-24 May.