

BIR Meeting: Plastics Committee Discusses Challenges with Freight Rates

Exports of plastics scrap to India will be "severely affected" by new EU shipment regulations, the latest BIR Plastics Committee meeting was warned by its Chairman Surendra Borad of Gemini Corp. NV in Belgium.

India has been "very ambiguous" in its response to the EU about shipment controls, resulting in the implementation of a notification system, he explained. "When free trade is put under regulations, there are bound to be distortions," said Borad. At present, he added, approximately 7,000 metric tons of plastics scrap is being exported to India each month - mainly in the form of LDPE, but also PET.

European exporters have also been hit by a sudden 200-300 percent increase in freight rates for ocean going shipments, which is proving "difficult to bear for the plastics market". And also taking into account the strength of the Euro, Borad declared: "I strongly believe that the volume of international trade in our industry will be reduced substantially during this period."

Jackques Musa, Veolia Proprete France Recycling, noted that EU regulations, sea freight increases as well as CCIC controls have also had a significant impact on exports to China. "Sea freights have been increased by two to three times for shipping to China, but prices are not definitely finalized," he said. "Let's hope that rises will be contained - otherwise, low-price material will be difficult to export." Import taxes and inland transportation costs in China have also climbed, he added.

In regards to the French market, Musa spoke of a widening gap between supply and demand for secondary raw materials, with consumers forced to reduce their profit margins in order to maintain their supplies.

Export issues also preoccupied Peter Daalder of Daly Plastics BV in the Netherlands and Marc Figueras of Veolia Propreté France Recycling. The former complained of the scale and cost of environmental and customs checks carried out at Dutch ports, while the latter suggested that delays caused by the "rigidity" of export authority checks in Spain are threatening to "paralyze" container movements.

A report on the plastics market in Australia, provided by Fred Jiang of Sims Group, confirmed that 281,000 metric tons of secondary plastics had been reprocessed domestically last year - a "significant increase" compared to the previous year. "About 91 percent of the reprocessed material was consumed domestically," he stated. Australia is still recording considerable growth in its exports to China despite the "unpredictable" nature of this business.

A perspective on plastics recycling in Poland was provided by guest speaker Maciej Krzyckowski, Manager of the Recycling Department of Eko Cykl Recovery Organization Inc. Expressing confidence in his country's ability to meet EU plastics recovery and recycling targets, he revealed that about 64 percent of domestic scrap is subjected to materials recycling, 33 percent to energy recovery and 3 percent to chemical recycling. According to the Polish authorities, plastics are not deemed to have been recycled until regranulate has been turned into a new product, he added.

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