

Recyclers alerted to upcoming Chinese scrap measures

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Houston, 30 May (Argus) – China's planned reform of its scrap metals imports will have "severe" consequences for nonferrous scrap exports to that country and suppliers should be ready to adjust their business models accordingly, delegates told a recent recyclers' convention.

Ma Hongchang, advisor on China's policies and regulations at Brussels-based Bureau of International Recycling (BIR), told delegates in Hong Kong on 22 May that the Chinese government may go so far as to ban imports of certain types of mixed metal scrap.

Copper and aluminium scrap policies will be subjected to a "tough" review to determine whether their imports will continue in upcoming talks among policymakers, Ma told nonferrous division delegates at the 22-24 May conference.

China's President Xi Jinping on 18 April announced a restructuring of import permissions for imports of scrap, ranging from metals to paper and plastics, without providing details.

The latest measures would dovetail with the "National Sword 2017" joint campaign launched by China's general administration of customs in February to crack down on smuggling of "foreign waste."

Ma urged overseas suppliers to closely monitor developments and adjust their businesses accordingly. Overseas suppliers should closely adhere to China's environmental protection policies, regulations and standards.

David Chiao, re-elected president of the BIR nonferrous metals division, referring to Ma's comments, warned the conference of "very severe weather coming towards us," according to a BIR summary of the conference.

Guest speaker Hong Yang of Minmetals told the meeting that China's domestic supply of copper scrap had overtaken imports of copper scrap and that the trend would likely continue. He said China's domestic copper scrap generation was expected to increase by 17pc this year alone.

Still, he added that China would continue to be the world's leading buyer of copper scrap. He told a panel discussion that government data indicated that China would require 4.4mn metric tonnes/yr of copper scrap from all sources by 2020.

Chinese imports of copper scrap from the US and western Europe were declining while intake from Asian countries was rising, Hong said. He added that the Chinese market was "consolidating" around importers and enterprises with the best environmental protection practices and more sophisticated processing methods.

China is also a major participant in the secondary aluminium market and a "major consumer" of imported zorba, Masao Montani of Daiki Aluminium Industry, Japan's largest secondary aluminium smelter, told delegates. He said Daiki had decided to more than triple capacity of its Indonesian smelter to 15,000t/yr, fed by zorba imported from Europe and the US. Montani said Daiki would likely consider "staking an interest" in India.

Guest speaker John Browning of Hong Kong-based boutique futures broker Bands Financial said base metals prices in 2016 had moved into a "long-term cyclical upturn" which he said may run for "five to 10 years." The upturn, however, was being constrained by China's efforts to maintain stability ahead of its leadership transition in November. After that, he said, there would likely be "considerable focus on infrastructure spending."

Infrastructure spending is also likely to increase in India, where the government is showing commitment to "fast-tracking" such projects, Graeme Cameron of Sims Metal Management Asia and nonferrous divisional board member told delegates in a review of global markets.

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