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Slow scrap trade flows dominate discussions at BIR conference in Shanghai

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BY FLEUR RITZEMA

Operation Green Fence, slowing scrap demand and the volatility of the London Metal Exchange prices dominated discussions at the annual Bureau of International Recycling (BIR) World Recycling Convention and Exhibition in Shanghai on Monday May 27.

"Everybody wants to learn about Green Fence," UK-based scrap trader Robert Voss of Voss International said.

Increasingly dependent on the Chinese market, scrap market players have been coming to terms with Operation Green Fence, which involves a crackdown by Chinese customs authorities as officials attempt to ensure that previous regulations are sufficiently enforced.

Most delegates acknowledged that the enforcement of regulation was crucial to the smooth and safe running of the industry but called for clarity over exactly what will be affected by the clamp down.

Cargoes of material have already been turned away from China in recent months, prompting many shippers to tighten up quality control.

"This is not a bad thing. People are learning to live with tightening quality standards but we need a clear defined ruling," Voss explained.

"We know to avoid plastics and circuit boards but we need further clarification," he added.

Scrap exporters are calling for confirmation over whether an approval at loading point by Chinese inspection authorities is sufficient to allow for material to be imported into China. "Material has to be inspected at loading but we don't know if that is definitive," Voss said.

Chinese importers of non-ferrous metal acknowledged that the crackdown on scrap imports had slowed scrap movement but one argued that the poor economic situation in the western world was another key factor contributing to this.

"There isn't much demand right now but also supply is limited and scrap flow is slow," one Chinese importer of copper scrap explained.

"The uncertainty for western economies is definitely taking its toll," the buyer told Metal Bulletin.

"The other problem for us is the volatility of the LME price," she added. Chinese buyers import copper scrap at a percentage of the LME price, which has fluctuated dramatically in recent months.

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