

World waste plastics market struggling to find its feet in the face of Asian market closures

Recyclers look to quality, recycled content pledges, government support

(WW) – The global market for plastic waste is still reeling from last year's dramatic changes in Chinese import policies for secondary raw materials. As reported here in recent months, European and American merchants have diverted their exports to alternative markets in South-east Asia only to see policies tighten in those countries as well. An overview of the current situation in South-east Asia was provided by Steve Wong, president of the China Scrap Plastic Association (CSPA), at the Bureau of International Recycling's (BIR) autumn convention earlier in the month.

According to Mr Wong, who is also managing director of the Hong Kong-based plastics recycler Fukutomi, the most popular alternative destinations for secondary raw materials had been Malaysia, Thailand and Vietnam. But measures were now being taken to curb imports there and this pattern was likely to be repeated in other countries as well. It was now "a buyer's market" for waste plastics in the region, said Mr Wong. This assessment was consistent with a Chinese-language report Mr Wong posted earlier on Fukutomi's website (EUWID 20/2018).

South-east Asian countries just did not have the infrastructure to welcome those kinds of volumes. Mr Wong explained that some actors were looking for "a really, really efficient way to recycle their scrap and turn them into revenue". In some cases this meant that recyclers were adopting methods that were not approved by environmental authorities and were not environmentally friendly. In today's climate, however, there was a lot of public and media attention on these operations, making it impossible for governments not to intervene, particularly in cases where the necessary permits or pollution control systems were not in place, said Mr Wong. He reiterated his belief that plastic recycling would increasingly have to be done at the source.

Renaud Pfund of Veolia Propreté France Recycling considered the current situation a turning point for the plastics market. He recalled that when he began in the business nearly 20 years ago, others had spoken of an earlier time when margins were comfortable. He now felt that his own successors would not experience "the mass sales of containers" which had characterized the market until just a year ago and which are no longer possible given the successive closure of markets in Asia.

The news from India was also downbeat, according to Gemini Corporation founder and Plastics Committee chairman Surendra Borad Patawari. He explained that there was no opportunity to import plastic scrap at the moment as import licences were expiring and there would be a gap before new licences were issued. Mr Patawari had discussed the potential interruption in plastic scrap imports to India in an interview with EUWID published last month (18/2018).

Sally Houghton of the Plastic Recycling Corporation of California (PRCC) described the situation on the US recycled plastics market as problematic. China's National Sword operation last year had caught the domestic infrastructure in the US off-guard. With exports dried up, prices were generally low and space had become an issue for suppliers in California. The market remained steady in most areas, but there were few, if any, sales outlets for low-grade material. Ms Houghton expected there to be some adjustment of supply and demand for waste plastics in the US market over the winter.

HDPE and clean industrial film was selling well in the US. In contrast, LDPE was more problematic and both PVC and rigid PS were seeing negative prices. For EPS, there was steady demand in its traditional markets, said Ms Houghton. The closing of China to post-consumer imports had brought on some market changes. While once, merchants had sold mixed bales of rigids to China, this was no longer possible. Instead some materials recovery facility (MRF) operators were now sorting out PP tubs and lids and finding a new, domestic market for this fraction. For other MRF (sorting plant) operators, however, this was not a profitable option.

Ms Houghton believed that on the whole the US waste plastics market was adapting to the "new reality", but she felt it might take legislation or commitments from brand owners to bolster markets. RPET was a different story, with demand strong on the back of higher oil prices and commitments on the part of manufacturers to incorporate more recycled material in packaging.

Mr Pfund, too, highlighted the uptake of recyclate in new products among the possible paths forward. He noted that Europe was pursuing stronger regulation and proposals to encourage the integration of more regenerated materials in

response to the dramatic shift on the waste plastic markets. With regard to combating plastic pollution, he believed that developed economies should be assisting Asian countries in building their own waste collection and management systems. He saw this as a more effective means of reducing marine pollution than making international trade in waste plastics more difficult, as would a proposal by the Norwegian government to have plastic scrap reclassified as amber waste under the Basel Convention (EUWID 19/2018).

Like Ms Houghton, Mr Pfund also pointed to the success achieved in the food-contact market segment. It was now important to duplicate this success in other market segments, including the automotive sector, he said.