

PRESS RELEASE

Recent BIR World Recycling Convention & Exhibition in Hong Kong (22-24 May 2017)

Non-Ferrous Metals Division:

China planning “very severe” scrap import approach

Brussels, 29 May 2017

China's reform of its scrap import regime will have potentially far-reaching consequences for the non-ferrous metals sector, the latest divisional meeting was warned by Ma Hongchang, BIR's advisor on the country's policy and regulatory developments. It was even possible, he told delegates in Hong Kong on May 22, that the Chinese government would go as far as to ban imports of certain items of mixed metal scrap.

The Chinese authorities have not yet issued timetables for import bans or details of the categories of scrap to be affected. However, it was Mr Ma's understanding that copper and aluminium scrap are also to be discussed and would then be subjected to a “tough” review to determine whether imports could continue.

The speaker urged overseas suppliers to the Chinese market to “pay attention” to the country's scrap import policy trends and to adjust their business models accordingly, urging them to strive at all times to comply with China's environmental protection policies, regulations and standards.

In the context of Mr Ma's comments about Chinese imports, re-elected BIR Non-Ferrous Metals Division President David Chiao of Uni-All Group warned of “very severe weather coming towards us”.

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Guest speaker Hong Yang of Minmetals, a company which handles 80,000 to 100,000 tonnes of non-ferrous scrap per annum, indicated to the same meeting that China's domestic supply of copper scrap had now overtaken imports and that this trend could be expected to continue. "Scrap imports are declining all the time," he said, adding that domestic scrap was expected to increase by 17% this year alone.

However, Mr Hong emphasised that China was still the world's leading buyer of copper scrap on the international market. Imports were "likely to continue to play an important role" as government data indicated that the country would require an annual total of 4.4m tonnes of copper scrap from all sources by 2020, he said during a panel discussion moderated by Paul Coyte of Hayes Metals, New Zealand.

Copper scrap imports from Western Europe and the USA were on the decline whereas Asian countries were increasing their share of total shipments to China. And the market was consolidating around importers and enterprises with sound environmental protection practices and more sophisticated processing, Mr Hong observed.

China also constituted a huge player in the secondary aluminium market and a major consumer of imported Zorba, delegates to the BIR Non-Ferrous Metals Division meeting were told by Masao Montani of Daiki Aluminium Industry Co Ltd, Japan's largest secondary aluminium smelter with affiliated companies in Thailand, Indonesia, Malaysia and the Philippines. His presentation touched on Daiki's decision to more than triple the capacity of its smelter in Indonesia to 15,000 tonnes per year, to be fed by Zorba imported from Europe and the USA. India was another Asian market in which Daiki would consider staking an interest, he added.

The final guest speaker, John Browning of Hong Kong-based boutique futures broker Bands Financial, argued that, in 2016, base metal prices had embarked on "a long-term cyclical upturn" that could run for "five to 10 years". The speed of the uptrend was being constrained at present by China's desire for stability ahead of its leadership transition in November this year, beyond which there was likely to be "considerable focus on infrastructure building".

In a review of global markets based on the latest BIR Non-Ferrous Metals World Mirror, divisional board member Graeme Cameron of Sims Metal Management Asia highlighted that the government of India was also showing commitment to the fast-tracking of mega infrastructure projects.

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