

PRESS RELEASE

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

Plastics Committee:

“Panic” as China turns screw on plastic scrap imports

Brussels, 30 May 2017

Taking the five- to 10-year view, it was possible that China would decide to stop importing plastic scrap. That was the worst-case scenario presented by the Executive President of the China Scrap Plastics Association - Dr Steve Wong of Fukutomi Company Ltd - in light of the country's National Sword initiative to prohibit imports of any material that could contain contaminants and therefore lead to environmental pollution.

A lively rumour-mill was even suggesting that Chinese imports of film scrap could be halted as early as September this year, he told delegates to the BIR Plastics Committee meeting in Hong Kong on May 24.

During any hiatus in China's imports, no other county in the region would be able to absorb the 7m-plus tonnes that the Chinese have been buying internationally on an annual basis, Dr Wong argued. And given yo-yoing freight rates, he added, the “most effective solution” for the scrap plastics market would be increased processing at source.

For the moment, he said, the cost of importing plastic scrap into China was “so high” and 100% container checking was taking place at most ports.

India was not equipped to take up the displaced tonnage if China introduced a ban, insisted Plastics Committee Chairman Surendra Patawari Borad of Belgium-based Gemini Corporation, as the Indian authorities still regarded recycled plastics as “harmful to human health”. India's imports amounted to “less than 5%” of those of China and import licences were restricted to only around 30 companies. “Though the country is growing very well,” he said, “I do not expect an increase in the plastics scrap trade into India.”

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In a US market report also delivered by Mr Patawari Borad, “panic” over customs clearance issues and a possible ban in China had persuaded many exporters to stay “out of the scene”. Prices of certain lower grades of plastic scrap had duly slumped “more than 50%, and in some cases to near-zero levels”. There was a “bloodbath” too among the higher grades, with values having slid 15-20% over the previous two months.

In the European report from Veolia Propreté France Recycling’s Renaud Pfund, he suggested Chinese regulatory developments would potentially restructure the market. And for the Middle East, Mahmoud Al Sharif of the Sharif Group of Companies noted that only 10-20% of used plastics were entering the recycling loop in the United Arab Emirates but that recycling awareness in the Middle East was being boosted by government-led campaigns.

Guest speaker Nigel Mattravers of ALBA Integrated Waste Solutions (Hong Kong) Ltd explained that his company had been awarded a 10-year contract by the Hong Kong government to develop and operate the first local integrated WEEE management plant, with lines for handling refrigerators, air-conditioners, e-scrap and TV monitors.

During a subsequent joint presentation from Kerry Logistics’ Deepak Saxena and Anthony Ip, it was suggested by the former that structural changes within the shipping sector should help underpin higher freight charges. “Rates on 11 routes to and from Europe, the USA and China were 110% higher than this time last year - something which I have never seen in my life before,” Mr Saxena added.

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