

PERFORMANCE OF PLASTIC

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Surendra Borad,
Chairman, Gemini Corporation N.V.,
Belgium

Export of plastic scrap from European countries towards Asia is getting difficult day by day. Almost all the Asian countries are of the opinion that the import of plastic scrap is a threat to their environment, and at the same time, it reduces the scope of recycling of the scrap that gets generated in their countries. After the recent ban on import of plastic scrap by India, prices of plastic scrap fall in Europe as exporters remain with fewer alternates to move the material. The month of August was the last date where Indian recyclers could import plastic scrap. Although they had their valid license until almost the end of the year, they were forced to stop imports due to amendment in import rules done by the environment authority and commerce ministry of India. All the recyclers are trying to set up a meeting with the environment ministry and get some extension at least until the last date of validity of their existing import permission. It's yet to be seen if they will succeed in this.

On the other hand, Indonesia, which became one of the biggest Asian importers of plastic scrap from Europe, had implemented lots of checks and controls at the time of loading the container at the yard of the supplier. In spite of having controls, there were 547 containers got rejected in the last three months' time. Indonesian environment ministry sent a message to exporting countries that they do not want to become "the garbage dump of the richest countries." Out of 547 containers, 331 containers have already been sent back to the exporting country and they are planning to send back the remaining containers as well.

Vietnam, where thousands of containers of plastic scrap were stuck, showed some positive movement. Many consignees, who had got approval to clear the cargo, achieved success in getting the containers released. Some who could not clear started to move the containers to different destinations. Still, a lot of recyclers are struggling to clear the cargo as the dues from port authority and shipping line is many times more than the cost of the material.



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Having some clearance done, some of the exporters have already started exporting to Vietnam once again. Shipping lines are very careful, and they are not accepting bookings very easily. The exporters can book containers for only approved recyclers by shipping lines.

With less solutions towards the export market most of the plastic scrap was getting recycled within Europe. Demand for recycled granules from China supported new investment and additional capacities established by European recyclers.

The trade war between the USA and China continues, and this is bringing an indirect negative impact on plastic scrap trade. Where European recyclers invested to increase the capacity of recycling, they had planned their sales towards China. Due to the trade war customers in China lost many contracts from their USA buyers which become unviable after additional duty imposed over the import of certain goods from China. This situation got worse where China imposed the additional reciprocal duty over the prime polymers getting imported into China from the USA. This war created extra availability of prime material in the market with lower demand from Chinese manufacturers.

High availability of prime material resulted in low prices, and that made a negative impact over the prices of recycled granules. Less demand for recycled pellets from China made European plastic recyclers' life difficult. All the additional capacities that were established in the last one and a half years came to a standstill, and the stock is getting piled up. Falling prices of recycled granules with no demand is pushing European recyclers to reduce their recycling capacity. Looking at this scenario demand of plastic scrap should remain sluggish in the coming month unless there is a change in the trade war between USA and China, which may impact the business in the long run. ♻️