China's 'Green Fence' makes unprecedented cuts in recycled plastic imports

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By Steve Toloken | Plastics News

GUANGZHOU, CHINA -- China's "Green Fence" crackdown on dirty scrap materials has reduced imports of plastic waste by 5.5% in the first four months of the year, a significant change for a country long-used to double-digit increases in recycled materials flowing in.

Imports of scrap plastic bound for recycling factories in the country fell to 2.4 million metric tons from January through April, after the Chinese government in February started implementing what recycling industry officials say is the toughest crackdown yet on imports of scrap materials.

The disclosure of the 5.5% drop, in figures provided by China's General Administration of Customs at a mid-May conference in Guangzhou, is one of the first statistical indications that the Green Fence policy is having a big impact on the industry.

While that drop may sound small, it's a major change in direction for an industry that has seen scrap polymer imports grow four-fold in the last decade and was accustomed to nothing but increasing volumes.

Chinese government officials say they are trying to limit pollution from dirty or contaminated waste materials such as scrap paper or plastics from other countries, and see the policy as a way to force the local industry to upgrade to higher, cleaner standards.

But some recycling industry executives, while supporting those goals, say the policies are also hurting legitimate businesses by causing long delays clearing materials at customs, creating shortages of materials in manufacturing plants, and cutting into profits.

Speaking at a meeting of Chinese plastics recyclers in Guangzhou May 18-19, Chinese government representatives said they plan to continue the "Green Fence" operation through October or November.

The next phases will include exerting tighter control over the limited number of licenses issued to import scrap materials in China, including the practice of companies selling licenses, government officials said at the conference, sponsored by the Beijing-based China Scrap Plastics Association conference.

Steve Wong, executive chairman of the CSPA and chief executive officer of Hong Kong-based recycler Fukutomi Co. Ltd., said that the crackdown is the most serious in China yet.
It's not a result of new law but rather much stricter enforcement of existing laws, he said.

China has had other crackdowns over the last few years, including a more localized one that saw scrap plastic imports through the port of Guangzhou, one of China's largest for recycled materials, drop 52% in the first half of 2012.

Other ports in the country at the time reported an increase in scrap plastic imports, as shipments were rerouted, but the new Chinese government figures point to the tighter policies being applied country-wide.

Wong said this particular initiative is more serious because it's part of a package of environmental policies supported by the country's top leaders, including current President Xi Jinping.

He said for Fukotomi, imports of scrap plastic have dropped 30%, and some companies at the conference pointed to similar drops for them.

But for other companies, the policies are proving beneficial.

Ni-Met Metals and Minerals Inc., an Oakville, Ontario-based recycler, said it's seeing increased demand from its customers in China because of Green Fence and the resulting shortage of materials there.

The company has always only supplied materials that clearly meet Chinese standards, so it's had no problems clearing customs, said Rajiv Shah, vice president of plastics with the company.

"We've had a philosophy of behaving in a socially-responsible manner and that is paying off now," said Shah, in an interview at his company's booth at the show.

Customs officials said they see the policy as helping the industry upgrade.

"This Green Fence is like a purification which will facilitate the further development of this industry," said Lu Xi Sen, an official with the Tianjin office of China's customs administration.

One recycler, speaking on condition of anonymity, said the policy had a dramatic impact on the company in February, when it was unable to get any materials to its factory in eastern Guangdong province.

But the company, which does not have a license to import materials directly, found a solution that works around the limits.

It buys its material from a factory that has that license, and while that practice may not be legal because factories with licenses are supposed to recycle all the material they import themselves, it's becoming a common solution, the manager said.
"Everyone is doing like this," the manager said. "Maybe some huge factory is not but most of the small factories do this."

He said part of the problem is that the government limits the number of licenses, and getting one can be difficult and require political connections, creating incentives for corruption.

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