

BIR 2021: Proposed European scrap export restrictions to be revealed; industry to step up lobbying

The first proposed draft on scrap shipment regulation revisions in Europe will come out in a few weeks, with more restrictions on the free flow of secondary metal raw materials expected, panelists said at the Bureau of International Recycling (BIR) Convention, which started on Monday May 31.

The biggest point of uncertainty is whether the European Commission (EC) will stop the export of both unprocessed waste and of the secondary raw material that is commonly used as a substitute for primary material in steel, copper and aluminium production worldwide.

The European Union is the world's biggest exporter of steel scrap and is a major supplier of non-ferrous scrap to Asia.

"You will be surprised by their faces when you mention the values of metals [in scrap] to politicians, to members of the EU parliament, how they are looking to you even if it's online. You tell them, a copper briquette of this brick size actually has a value of more than \$50,000," Murat Bayram, managing director of non-ferrous Europe for European Metal Recycling said at a panel discussion on Monday.

"And you won't see these kinds of metal scrap [such as copper briquette] washed up on the beaches. If the [European] Green Deal is carried out as a one-size-fits-all approach, it will have a detrimental effect on areas such as ours," he said.

"We need to get a proper recognition in the legislation for the added value [of the scrap products] we traded," Emmanuel Katrakis, secretary general of the European Recycling Industries Confederation (EURIC), said during the panel discussion.

Since last year, the EC has been reviewing a potential amendment of the Waste Shipment Regulation (EC No 1013/2006) as part of its Circular Economy Action Plan (CEAP). The aim is to [avoid adverse "effects on the environment and public health"](#) caused by shipments of waste to third countries outside the EU.

"If we are closing ourselves to the end markets, we are also cutting the circuit," Katrakis said.

"If you don't have a free and fair market, it is counter intuitive. You ended up having recycling industry going backward, people can't make money if you can't make it work," Michael Lion, president of Everwell Resources, said.

"The fact that European scrap will not flow freely - we can expect all kinds of reactions from throughout the world. It will cause changes in raw materials availability globally," Olivier Francois, market developer officer of metal recycling company Galloo, said at a separate panel of the BIR convention.

"The EU has now realized waste is a resource. The reason behind this circular economy notion is to keep our waste, which is a resource, within our area. That is an open secret; the rationale for

the EU to accomplish [a circular economy] is to have more resources on hand,” Julia Blee, senior policy officer at EURIC, explained.

In 2020, 2.6 million tonnes of secondary aluminum was produced in Europe, close to one-third of the total, according to World Bureau of Metal Statistics. Meanwhile, 991,000 tonnes of refined copper in Europe was produced from copper scrap, accounting for over one-quarter of the total.

In 2019, the amount of steel scrap consumed by EU member countries amounted to 87 million tonnes, according to European steel association Eurofer.

According to the EC, a [proposal to amend its waste shipment regulation](#), which is expected to include more restriction on European scrap exports, will come in the second quarter of 2021.

After the EC proposal is released, it will take around one year for the new regulations to be adopted, and the recycling sector in Europe should seek to step up its lobbying efforts and advocacy in the coming 12 months, Katrakis said.

“Whatever is decided now will affect the European scrap metal industry in the coming decade. We will have to fight for it,” Bayram said. “We are no longer the nice guys on the bloc. We have to defend ourselves extremely seriously. We should not be the only ones that suffer the consequences.”

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BIR 2021: Malaysia to reject low-grade copper, aluminum scrap under proposed guideline

Major non-ferrous scrap products such as insulated copper wire (ICW) and zorba will not be able to enter Malaysia under a newly proposed import guideline, an industry body said at the Bureau of International Recycling (BIR) Convention 2021 on Wednesday June 2.

“Existing secondary investment will go down the drain if this guideline comes into force,” Eric Tan, president of the Malaysia Non-Ferrous Metals Association, said. “As you may know, plastic recycling capacity has been well established here for two years.”

The Southeast Asian country has been fighting in recent years to avoid becoming a dumping ground for scrap rejected by China and to move up the recycling value chain. In February this year, the Malaysian government proposed raising the import barriers for various kinds of scrap metal, including pre-shipment and on-port inspections, as well as imposing a stringent impurities threshold.

“We do not know why there is a need to have both inspections,” Tan said, adding that the double inspections proposed by Malaysia were not required by the Basel Convention on hazardous wastes.

In the case of copper scrap, the Malaysian government proposed a minimum copper content for scrap imports at 94.75%, meaning that ICW would not be allowed into Malaysia.

The new guideline, if applied, could disrupt the global flow of the copper scrap trade once more.

“We are still negotiating with the authorities and hope for a good outcome,” Tan said.

Since the beginning of 2019, a massive amount of low-grade copper scrap has been diverted to Malaysia [since China banned the import of category-7 copper scrap](#). Malaysia also overtook China for the first time in 16 years to be the [biggest importer of US copper scrap](#).

As a result, [scrap dismantling plants have mushroomed across Malaysia](#) over the past three years, to remove the plastic coatings from copper wire so it can then be processed into high-purity scrap eligible for shipment into China.

In the first quarter of this year, a total \$235 million-worth of copper scrap was sold to Malaysia, up by 85% from \$127 million a year earlier. The average three month price of copper on the London Metal Exchange rose by 50% year-on-year in the first quarter of this year.

Other than ICW, zorba is one of the most widely traded scrap products. It is the feedstock material for aluminium non-ferrous auto shred scrap, and is also likely to be banned from entering Malaysia under the new guideline, Tan said.

Zorba often comes with aluminium and copper dust, which are regarded as hazardous waste in the latest proposal. This means that Malaysian importers could only buy zorba with extremely clean surfaces.

“We have to ask exporters to rinse the zorba prior to exporting,” Tan said. “Do you think the exporters will do the washing for us?”

A total \$204.8 million-worth of aluminium scrap was imported into Malaysia in the first three

months of this year, official data showed, up by 76.8% year on year from \$115.8 million. The LME three-month aluminium price rose by 22.6% year-on-year over the quarter.

Increasingly hostile treatment of scrap metal imports has already created concern among investors. In April this year, China's [Jiangxi Copper shelved its plan to build a copper facility in Malaysia](#) with capacity for 150,000 tonnes per year, to process low-grade scrap including ICW. Asian buyers' continued shift toward high-purity copper scrap has [substantially narrowed the discount](#) between scrap and refined copper.

Fastmarkets has started a [consultation for the possible introduction of a monthly assessment](#) of the No1 copper material, RCu-2A,1B (candy/berry), cif China, LME/Comex discount, US cents per lb. This consultation will end on June 7.

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