

EU scrap exports to China halted amid no consensus on 'waste' regulation

Scrap metal shipments have been halted from European Union countries to China following a lack of regulatory consensus between the parties on what constitutes 'waste' and 'recyclable raw materials', sources told Fastmarkets.

[No1 copper material, RCu-2A,1B \(candy/berry\), cif China, LME/Comex discount, US cents per lb](#)

	Price	Change
29/11/21	11.00	–
STLM	13.50	-18.52%

Monthly Averages

Oct 21	13.50	-18.52%
Sep 21	9.75	12.82%
Aug 21	13.75	-20.00%

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The European Commission (EC) recently amended the EU's regulation concerning the export for recovery of certain 'waste' materials, including ferrous and non-ferrous scrap, to certain countries not belonging to the Economic Co-operation and Development (OECD) group.

Notice of the new regulation was published in the [Official Journal of the EU](#) on October 21 and the regulation came into force on November 10 this year.

In 2019, the EC sent a written request to the non-OECD countries in question, seeking confirmation in writing that 'waste' and 'mixtures of wastes' may be exported for recovery in those countries.

China, which takes a firm stance against imports of 'waste' and has very high standards for imports of scrap metal, did not reply to the EC's questionnaire.

Therefore, no agreement to import these materials can be expected from China, BIR Environment and Trade Director Ross Bartley said on Monday November 29.

EU-China scrap trade stops

As a result of this, China has been removed from the list of countries allowed to receive EU-origin 'waste', meaning that China cannot currently import any scrap metal from the EU.

"Nobody in Europe is able to sell any scrap metal to China right now. This is an imminent problem," a major EU scrap exporter told Fastmarkets on Thursday November 25.

"We have not been able to book scrap shipment from European suppliers since mid-November," a manager from one of China's biggest copper scrap importers said.

"Some have refused to sell to us and some say they are still examining the feasibility," the procurement manager said, who mainly imports candy-berry of copper content 98% or above from overseas.

In China, high-purity copper scrap and certain grades of brass and aluminium scrap have been classified as 'recyclable materials' since [November 2020](#) using its own definitions. These metal scrap products are considered to be merchandise but not 'waste' - which has been banned from entering the country since 2019.

No trading conflicts arose for sales of this high metallic content 'waste' from Europe to China, where they would be cleared at local customs as 'recyclable materials', over the past year.

For the first eight months of this year, about 250,000 tonnes of non-ferrous scrap and 5,000 tonnes of ferrous scrap were exported from the EU to China, Eurostat database shows.

Over the past two weeks, in the absence of European spot supply, prime quality copper scrap was sought after by Chinese importers at very thin discounts to the refined copper price. Fastmarkets assessed [No1 copper material, RCu-2A,1B \(candy/berry\), cif China, LME/Comex discount](#) at 9-13 cents per lb, narrowing from 12-15 cents per lb one month ago.

End-of-waste - a partial solution?

The exception to the EU's restrictions on the export of metal scrap into China is material that fits into the high quality 'end-of-waste' standard category.

Material fulfilling this category must contain at least 95% homogenous metallic content. End-of-waste material would still be allowed to be sold to China under the new export regulation, but such material cannot be currently sold because EU sellers must first be audited and there is a bottleneck on such approvals.

"We can't ship end-of-waste material right away - we have to go through a certification process for this and all auditors in the EU seem to be fully booked. If a company didn't manage to book a slot way in advance, they're [in trouble]," the EU recycler source said.

"Legally speaking, waste shipments to China with prior written notification procedures are still possible, but practically speaking, the Chinese authorities will not consent to any waste shipment, even if it involves high quality recycled metals," a representative of the Association of German Metal Traders (VDM) told Fastmarkets.

"This is a paradox because the Chinese import regulations for copper and copper alloy scrap already exceed the European end-of-waste standard. We export according to waste law, but we do not export waste, we export raw materials from recycling. Unfortunately, European waste law does not recognize this status," the VDM spokesperson explained.

China will continue to accept scrap metal meeting their standards for 'raw materials from recycling' because these are products and not subject to the waste legislation, Bartley said.

"BIR fully endorses VDM's suggestion to use the European end-of-waste regulations. If the scrap complies with the respective material-specific European end-of-waste regulation and complies with the respective material specific Chinese [national] standard, trade could continue to be possible," he added.

The China Nonferrous Metals Industry Association Recycling Metal Branch (CMRA), which was responsible for compiling the importable recyclable metal criterion, had not responded to Fastmarkets' request for comment at the time of publication.

The change to scrap export rules to China comes at a time of [great reform in the EU's waste shipment rules](#), including a major shakeup of the bloc's Waste Shipment Regulation (WSR), which will take at least four years to come into force.

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