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PERFORMANCE OF PLASTIC

July-August Report

All the Asian countries are aiming to find a solution and recycle the scrap generated in their own countries. As a result, there is a lot of pressure on plastic scrap exports from Europe to the Asian countries.

European plastic scrap market in the month of June remained under pressure due to low demand from recyclers around the world. Demand was low due to increasing restrictions on import of scrap by different Asian countries. Most of the Asian countries are following the path of China and all of them intend to reduce the import of plastic scrap substantially. All the Asian countries are aiming to find a solution and recycle the scrap generated in their own countries. As a result, there is a lot of pressure on plastic scrap exports from Europe to the Asian countries.

Prices of LDPE film scrap were down from Euro 25 to 30 per ton in the month of June. LDPE natural film scrap was trading at Euro 270-275 in the beginning of the month of June and it slipped to Euro 240-245 per ton. On the other hand, the price of mixed color film fell from Euro 45 per ton to 20 per ton during the course of this month. Prices remain stable for some of



the LDPE film grades which are being recycled within the European market.

One of the main reasons of the fall in price was the reduced shipments towards the Indian market, which has a deadline to close the import from the end of the month of August. Many shipping lines had learnt from the Vietnam issue, where still thousands of containers are stuck, and stopped giving bookings for shipments to India where ETA was seen to be falling in the month of August. This was a precautionary step from their side to avoid any blockage of containers at the Indian ports. India was the only market that was paying the highest price for LDPE film clear material and in the absence of sales in India prices started falling.

On the other hand, there was major news from Indonesia, where the custom authority had seized almost 65 containers at the port. They suspected that these containers were filled with contaminated or household plastics waste material. During inspection they found some containers had mixed plastics which seem to be from municipal waste collection system. Environment authorities took some samples and sent them to their laboratory for analysis. For the time being they had given instructions to their inspection agency CWM worldwide to stop shipments to Indonesia. This news brought a big setback in the market. At the end of this inspection, some containers were

found to contain wrong material, so the authority decided to send these containers back to the country of Origin. Other containers which had clean material received clearance.

To tighten the control, the authorities took major steps and introduced some new controls for all new loadings from any part of the world. According to the new rule CWM, who pre-check each load that is entering Indonesia has to ensure the following:

1. That the imported waste is not from landfills
2. That the imported waste does not contain hazardous and toxic material
3. That the imported waste is not mixed with other waste (garbage)

To fulfill these 3 conditions in the implementation, the inspected scrap material must be in a Clean, Dry and Homogenous condition. To ensure that the scrap inspected meet the above criteria, if the material was packed or baled then any 2 bales must be re-opened to see the contents inside while loading the container. These same bales have to be repacked or baled on the spot and has to be placed at the door of the container with given marking for identification at the port of arrival.

This process has put lot of difficulty for the trading companies who are not equipped with baling machines. At the same time all these operations are taking lot of time, so the cost of inspection has been increased; and that is an additional cost for the supplier and customer.

The shipping situation seems to be bit tight and many shipping lines have started to put pressure on freight from European ports to Asian destinations. In general, freight rates rose from 50 to 100 USD in different lanes in the month of June and expected to remain stable during the month of August. ♻️

