

CHINESE IMPORT RESTRICTION IMPACT ON WASTE RECYCLING INDUSTRY IN MALAYSIA

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INTRODUCTION

- Wastes recovery and recycling has now become an important industry to manage wastes generated.
- Help to reduce impact on the environment and human health.
- According to a new report published by Portland, Oregon-based [Allied Market Research](https://www.alliedmarketresearch.com/global-waste-management-market-growth/), the global waste management market is expected to grow from \$285 billion in 2016 to \$435 billion by 2023, growing at a compound annual growth rate (CAGR) of 6.2 percent from 2017 to 2023. (<https://www.recyclingtoday.com/article/global-waste-management-market-growth/>).
- The fastest growing service for the waste management market is the disposal segment, which is expected to grow at a CAGR of 6.9% and is forecast to reach \$230.7 billion by 2023 (disposal services (landfills, recycling, composting & anaerobic digestion, and others)).
- However at the same time various approaches and level of practices leads to many environmental and human health issues.
- Many countries which have these industries are now experiencing positive and negative effects and impacts.

China Move to Tighten Restriction for Waste Import

- China action to reduce impact of wastes recycling industry to its environment and its people health and wellbeing is the main objectives for the restriction move.
- Guiyu experience has become one of example learned from mistake done in China.
- Restriction or Ban due to China needs to reduce impact to the environment and human health in their country.
- In July 3, 2009, China Government made: **Announcement on Amending Catalogues of Imported Wastes Management (Extract) No.36, 2009.**
- In order to regulate the imported solid wastes management and prevent the environmental pollution caused by imported solid wastes, the Ministry of Environmental Protection of the People's Republic of China (MEP), National Development and Reform Commission (NDRC), Ministry of Commerce of the People's Republic of China (MOFCOM), General Administration of Customs of the People's Republic of China (GACC) and General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China (AQSIQ) have amended the "Catalogue of Solid Wastes Forbidden to Import in China", "Catalogue of Restricted Import Solid Wastes that Can Be Used as Raw Materials in China", and "Catalogue of Automatic-Licensing Import Solid Wastes that Can Be Used as Raw Materials in China" (referred as Catalogues of Imported Wastes Management) according to the "Law of the People's Republic of China on Prevention and Control of Environmental Pollution Caused by Solid Waste", "Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal", and the relevant laws and regulations, which now are promulgated.

China Move to Tighten Restriction for Waste Import

- The amendment in 2009 list a large number of solid wastes which forbidden to be imported into China, involving three catalogues:
 - Catalogue of Solid Wastes Forbidden to Import in China (Annex1 of Announcement No.36, 2009) = 12 categories with 84 types of wastes.
 - Catalogue of Restricted Import Solid Wastes that Can Be Used as Raw Materials in China (Annex 2 of Announcement No. 36, 2009) = 10 categories with 51 types of wastes.
 - Catalogue of Automatic-Licensing Import Solid Wastes that Can Be Used as Raw Materials in China (Annex 3 of Announcement No. 36, 2009) = 3 categories with 20 types of wastes.
- In July 2017, 4 Classes with 24 categories/kinds of wastes have been restricts or ban for import to China.



Implication on China Import Restriction for Recyclable Waste

- The critical issue currently focus on plastic wastes .
- Although China forbid 24 categories of wastes.
- There are positive and negative implication from China action on restriction.
- Positive for recycling industry in other country as it create economic opportunity.
- Negative as the process of accepting the activity has lead to negative impact on the environment and human health. Many examples in many country who benefitted from increasing number of recycling industry and activity did not practice a good and clean production system.
- There are many cases where the low quality and “dirty wastes” imported into these countries.

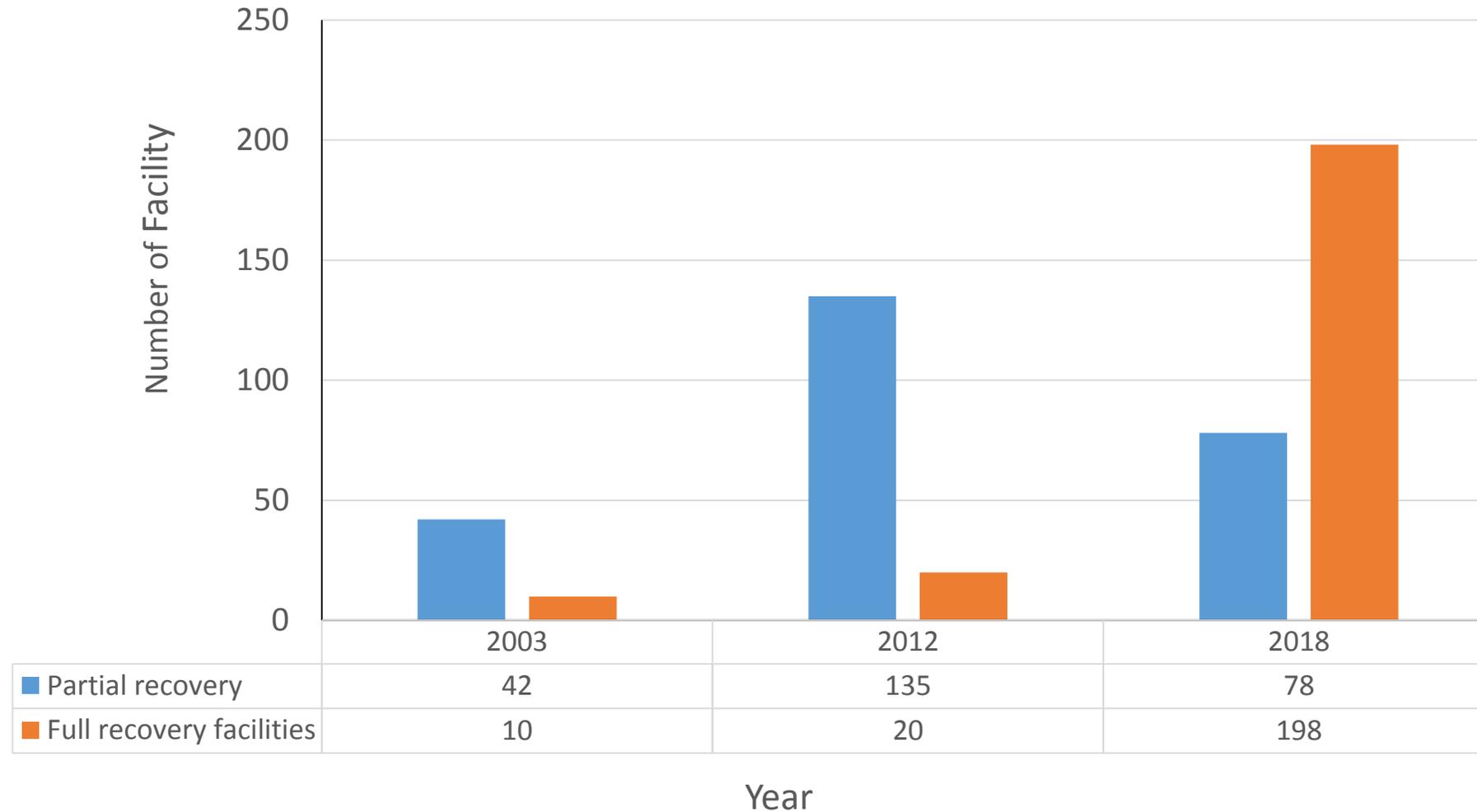
Chinese Restriction Impact on Recycling Industry in Malaysia

- Malaysia is one of the country who benefitted from China move to restricts solid wastes into their countries.
- Malaysia also experience both positive and negative impacts from the China Move.
- The positive impact, there is a significant increase in the number of factories for wastes recovery and recycling in Malaysia.
- However at the same time, cases of pollution impacts from the recycling industries were also reported due to bad practice with no cleaner production system in place.

Chinese Restriction Impact on Recycling Industry in Malaysia

- Trends on industry establishment:
- A total of 111 projects for Recycling activities approved by Malaysian Industrial Development Authority (MIDA) between 1980 – 2017.
 - 80 projects own by Malaysian
 - Plastic product (38) and Rubber products (32) are the highest number of recycling projects approved by MIDA.
- There are increasing numbers of company/industry granted licenses for scheduled wastes recovery by the Department of Environment Malaysia.
- The number increased from 52 licenses in 2003 to 276 licenses in 2018.

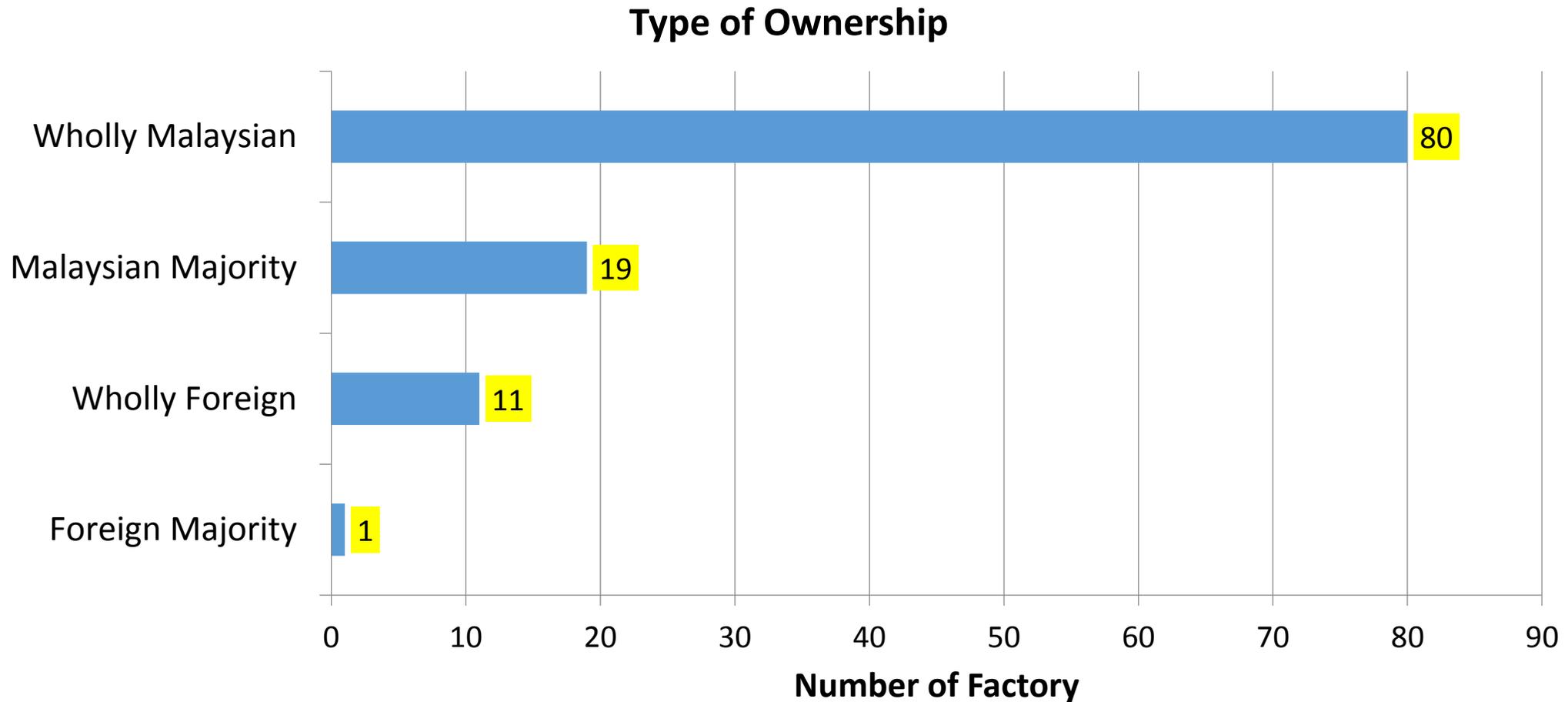
Scheduled Wastes Recovery Facility 2003 – 2018 Malaysia



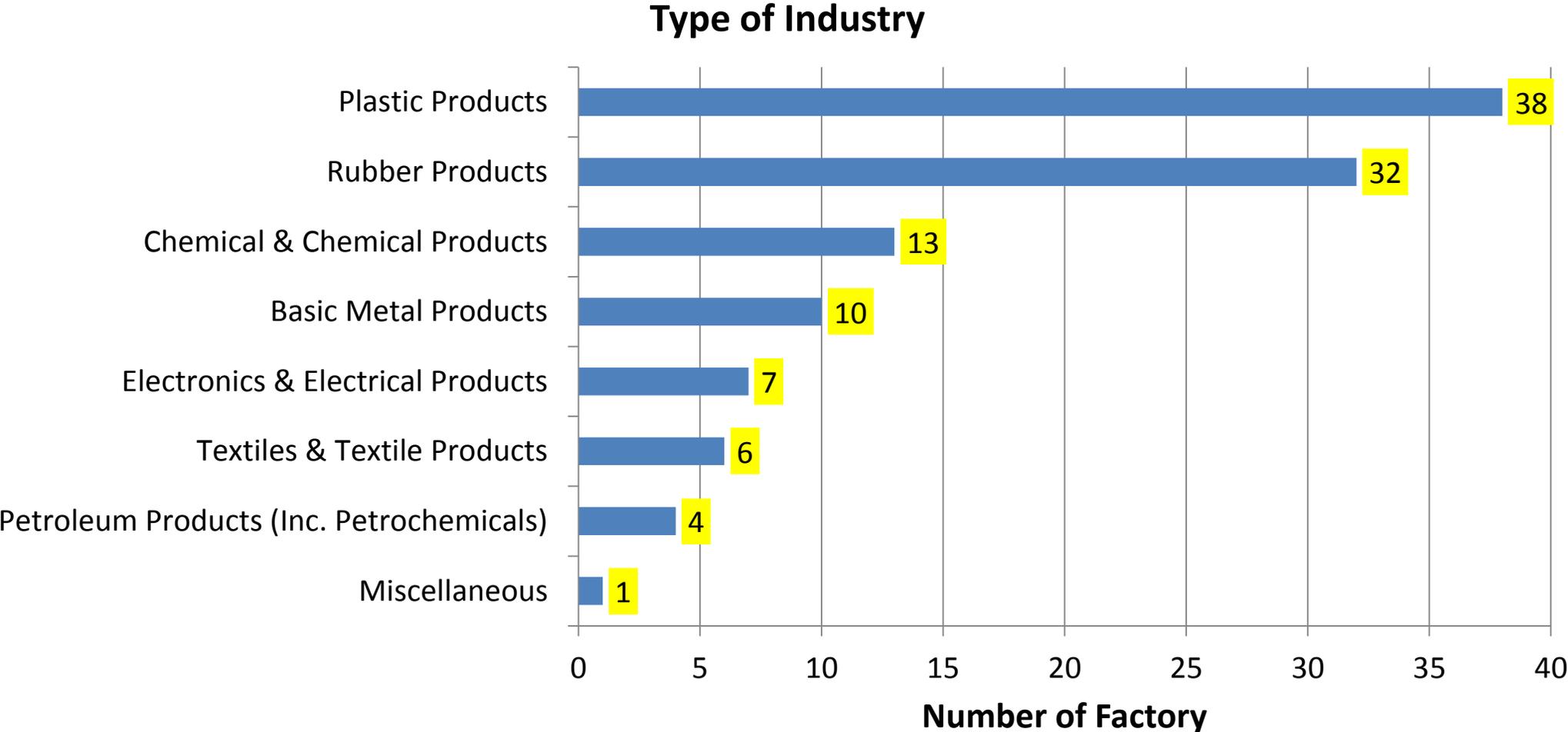
Source: Department of Environment Malaysia, 2018

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LIST OF INDUSTRY PROJECTS APPROVED (RECYCLING ACTIVITIES) 1980 - 2017 BY MIDA



LIST OF INDUSTRY PROJECTS APPROVED (RECYCLING ACTIVITIES) 1980 - 2017 BY MIDA



HS Codes and Products Description

HS Code: Harmonized Commodity Description and Coding System

3915	Waste, parings and scrap, of plastics
391510	Ethylene polymers; waste, parings and scrap
391520	Styrene polymers; waste, parings and scrap
391530	Vinyl chloride polymers; waste, parings and scrap
391590	Plastics n.e.s. in heading no. 3915; waste, parings and scrap

4004	Waste, parings and scrap of rubber (other than hard rubber) and powders and granules obtained therefrom
400400	Rubber; waste, parings and scrap of rubber (other than hard rubber) and powders and granules obtained therefrom

HS Codes and Description

4707	Waste and scrap of paper and paperboard
470710	Paper or paperboard; waste and scrap, of unbleached kraft paper or paperboard or of corrugated paper or paperboard
470720	Paper or paperboard; waste and scrap, of paper or paperboard made mainly of bleached chemical pulp, not coloured in the mass
470730	Paper or paperboard; waste and scrap, of paper or paperboard made mainly of mechanical pulp (eg newspapers, journals and similar printed matter)
470790	Paper or paperboard; waste and scrap, of paper or paperboard n.e.s. in heading no. 4707 and of unsorted waste and scrap

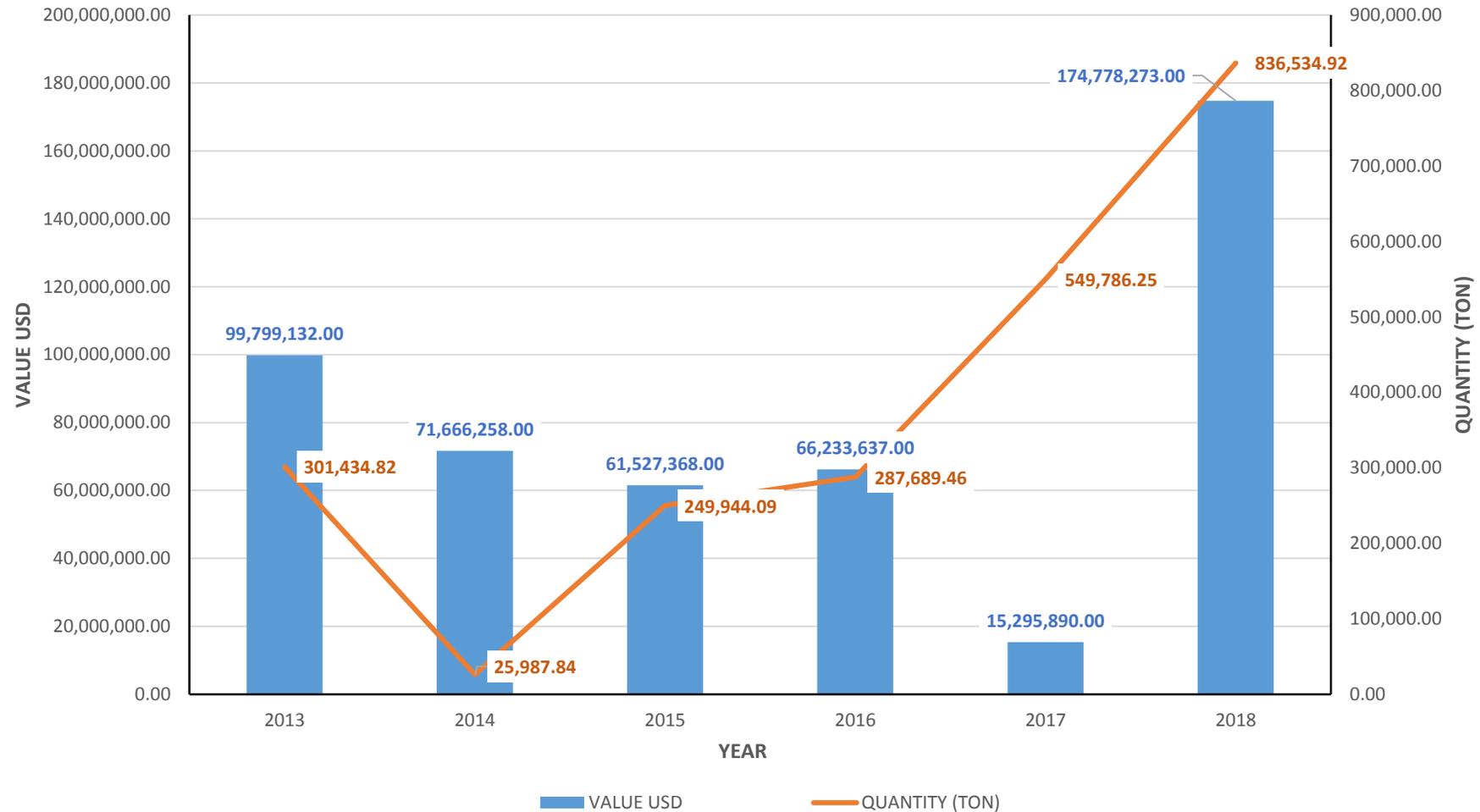
7112	Waste and scrap of precious metal or of metal clad with precious metal
711210	Metals; waste and scrap of gold, including metal clad with gold but excluding sweepings containing other precious metals
711220	Metals; waste and scrap of platinum, including metal clad with platinum but excluding sweepings containing other precious metals
711290	Metals; waste and scrap of precious metal other than gold or platinum but excluding sweepings containing other precious metals

Trends of Plastic Wastes (HS3915) Import into Malaysia 2013-November 2018

YEAR	VALUE USD	QUANTITY (KG)	QUANTITY (Ton)	NUMBER OF COUNTRY
2013	99,799,132.00	301,434,820.00	301,434.82	75
2014	71,666,258.00	25,987,835.00	25,987.84	63
2015	61,527,368.00	249,944,086.00	249,944.09	58
2016	66,233,637.00	287,689,457.00	287,689.46	51
2017	15,295,890.00	549,786,247.00	549,786.25	70
2018	174,778,273.00	836,534,917.00	836,534.92	80
TOTAL	489,300,558.00	2,251,377,362.00	2,251,377.3620	

Source: Global Trade Atlas, 2019.

Trends of Plastic Wastes (HS3915) Import into Malaysia 2013-November 2018



Source: Global Trade Atlas, 2019.

Top 10 Country Malaysia import its plastic wastes (HS3915) 2013 – November 2018 (Import Value in Ringgit Malaysia (RM))

COUNTRY	2013	2014	2015	2016	2017	2018	TOTAL	RANK
	IMPORT VALUE (RM)							
AUSTRALIA	15,779,102.00	10,990,017.00	10,626,569.00	9,061,191.00	27,203,483.00	27,778,291.30	101,438,653.30	8
BELGIUM	5,945,729.00	3,669,620.00	3,145,056.00	10,062,855.00	14,011,606.00	23,489,707.70	60,324,573.70	10
GERMANY	18,370,133.00	19,360,813.00	27,279,401.00	42,217,527.00	59,193,311.00	68,978,018.70	235,399,203.70	4
HONG KONG	19,713,962.00	5,112,462.00	6,007,846.00	5,114,830.00	50,063,120.00	55,428,416.60	141,440,636.60	5
JAPAN	29,636,212.00	22,511,881.00	37,404,670.00	37,211,235.00	62,712,822.00	91,894,509.50	281,371,329.50	3
REPUBLIC OF KOREA	13,365,439.00	11,811,714.00	26,756,120.00	23,693,865.00	21,112,627.00	14,947,956.30	111,687,721.30	6
SINGAPORE	12,827,128.00	11,801,940.00	9,669,620.00	13,632,740.00	21,343,257.00	15,942,390.80	85,217,075.80	9
SPAIN	3,628,838.00	14,416,433.00	12,478,783.00	10,685,016.00	22,180,226.00	22,496,978.80	105,886,274.80	7
UNITED KINGDOM	55,997,457.00	52,347,353.00	50,684,023.00	55,871,957.00	65,671,679.00	92,972,932.50	373,545,401.50	2
UNITED STATES	50,016,562.00	34,433,755.00	29,878,602.00	36,782,439.00	76,046,442.00	150,836,544.10	377,994,344.10	1

Malaysia import of plastic wastes Values (HS3915) 2013 – November 2018

- The values of imports from the 10 countries for this period range from RM 60.3 Million (USD 14.8 million) to RM 378 million (USD 92.7 million).

	Price/Kg
Min Price USD	0.05
Max Price USD	12.45
Median Price USD	4.70
Average Price USD	5.13

Source: Global Trade Atlas, 2019.

The Negative Impact in Malaysia

- The Ministry of Housing and Local Government Malaysia aware and has taken action of polluting wastes recovery and recycling industry.
- July 2018, 40 unlicensed factories processing imported plastic have been identified and 24 were ordered to close, with 17,000 metric tonnes of plastic seized . These factories located in Kuala Langat, Selangor.
- While in the Penang state there are up 200 enterprises recycling plastic waste in Penang, and only 27 of them are licensed as of 2018.
- The capacity of the licensed enterprise import 109,655 tonnes of plastic waste a month, as stated by the Penang State Government.

The Negative Impact in Malaysia

- Illegal import of plastic wastes done without approved permit: A total of 175 containers at the North Butterworth Container Terminal (NBCT) were found to be laden with undeclared plastic waste and without any approved permit (AP)- 14 November 2018.
- 397 containers filled with plastic waste imported from 12 different countries, stranded at the North Butterworth Container Terminal (NBCT) since January 2019 (the Penang Customs Department, Malay Mail, 14 June 2019).
- There also cases of false declaration of import items: some companies that import plastic waste had falsely declared their products using other codes, and not the HS Code 3915, following the freeze on all plastic waste import activities for three months starting July 23.
- There are also report linking bad practice of waste recycling to increasing number of Dengue cases in the surrounding areas of the factory.



Source:Big business: One of the illegal plastic recycling factories and waste dumping site in Jenjarom, Kuala Langat
Photo courtesy of Persatuan Tindakan Alam Sekitar Kuala Langat.



Inspection of plastic recycling factories in Kuala Langat
by Zuraida Kamaruddin, Minister of The Ministry of Housing and Local Government Malaysia, July 2018



Inspection by the Department of Environment Malaysia Officer at the Plastic Wastes Recycling Facility, August 2018



Action Taken on Illegal Waste Contractor



Source: Selangor Kini, 2017

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Malaysian Respond to Recyclable Waste Import and Export

- Control on low value and dirty wastes import.
- Block of non-value wastes import.
- Illegal import wastes control.
- Tighten of licensing enforcement.

- Housing and Local Government Minister Zuraida Kamaruddin, announced that a levy would be imposed at RM15 per tonne of plastic waste after Oct 23, when the freeze on approved permits (AP) on plastic waste import ends.

- On July 23, the ministry revoked the AP on plastic waste import of 114 plastic waste companies and factories all over Malaysia for three months in order to allow the authorities to look into the plastic waste issue.

- Sending back 3000 tonne of illegal imports non-recyclable **plastic waste**, with first batch of 450 tonne on May 28 2019.

Malaysia send back illegal import non-value plastic wastes

“Malaysia will not be a dumping ground to the world... we will fight back. Even though we are a small country, we cannot be bullied by developed countries.”

Yeo Bee Yin
Environment Minister,
Malaysia



Getty

CNN News 29 May 2019

BBC News 2 June 2019



MOHD RASFAN/REUTERS/GETTY IMAGES

Malaysian Respond to Recyclable Waste Import and Export

- The Malaysian Government acknowledge that the industry has contributed to economic growth and it has a estimated value of RM 30 Billion (USD 7.1 Billion) (Zuraida Kamaruddin, Minister of the Ministry of Housing and Local Government, 15 November 2018).
- Malaysian government will continue to support and promote Wastes Recovery and Recycling industry.
- Government of Malaysia also propose other types of industry such as wastes to energy initiative as an alternative to the existing recycling industry, with one RDF facility is ready and tested.
- However the Government prioritize the need for good practice which will not have negative impact on the environment, human health and wellbeing.



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Thank You