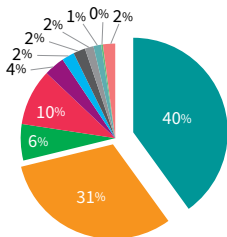


China Recycle: Uncertainty Ahead



Imports are **50%** of China Recycle Market
With the scrap ban on imports, what will western countries do?

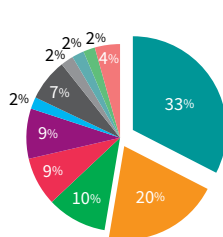
2016 US Polyolefins Scrap Exports



1.2 MMT

- China
- Hong Kong
- India
- Canada
- Vietnam
- Indonesia
- Malaysia
- Taiwan

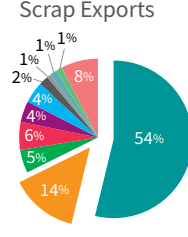
2017 US Polyolefins Scrap Exports



1 MMT

- China
- Hong Kong
- India
- Rest of the World
- Vietnam
- Indonesia
- Malaysia
- Taiwan

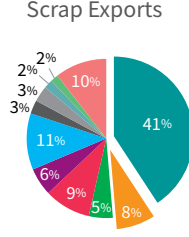
2016 West Europe Polyolefins Scrap Exports



2.0 MMT

- China
- Hong Kong
- India
- Malaysia
- Vietnam
- Indonesia
- Poland
- Turkey

2017 West Europe Polyolefins Scrap Exports



1.6 MMT

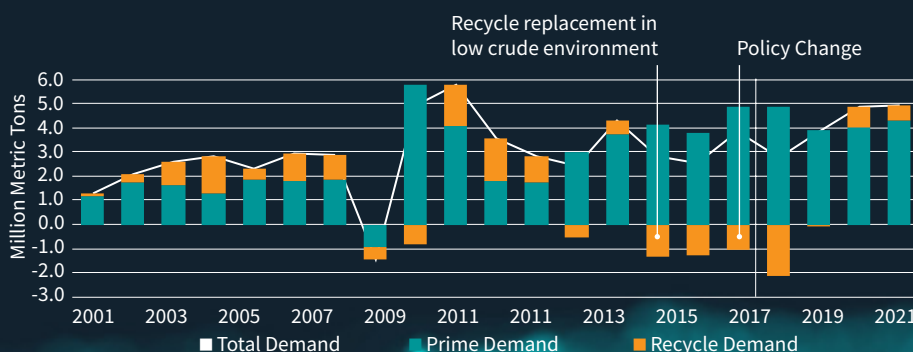
- China
- Hong Kong
- India
- Malaysia
- Vietnam
- Indonesia
- Poland
- Latvia
- Slovenia
- Turkey

Polyolefins scrap exported to **China in 2016**

West Europe - **54%** scrap exported to China

United States - sent **40%** of scrap to China

China polyolefins year-over-year demand change



IF ban is 100% implemented

Loss of more than **2MMT** of polyolefins recycle supply in 2018

China Polyolefins Recycle vs. Prime Demand



The recycle market will be challenged in the next few years as near-term PE resin expansion is likely to keep resin **prices low and competitive.**

Uncertainty Factors:



National Sword Campaign: Crackdown on illegal imports of "foreign trash"



Scrap Ban: ban on plastics scrap imports—including PE, PP, PS, PVC, PET etc. starting Jan 2018

The challenges with the uncertainty in China bring opportunities such as new recycling investment in Southeast Asia countries, potential acceleration of investment in WEP and USA, large-scale recycling facilities in China utilizing domestic scrap

IHS Markit will continue to monitor this dynamic and its impact to the market. Contact us to discuss in more detail about what this means to your business and how to capitalize on the opportunities arising.

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