

Copper scrap imports of 240,429 mt firstly approved for Q3

SHANGHAI, Jun 21 (SMM) – Some 240,429 mt of copper scrap received the green light for import into China in the third quarter, according to the 9th batch of approvals for restricted solid scrap imports released by the solid waste management centre of China's Ministry of Ecology and Environment (MEE) on Thursday June 20.

The approval only covered importers in Zhejiang province and one in Anhui province. SMM expects the approval for restricted copper scrap imports in the second half of the year highly likely to be released quarterly by region.

The latest approval involved only Category Six copper, as China banned the import of Category Seven copper scrap from the start of the year and recategorised the Category Six materials from a non-limited import category into restricted imports from July 1.

SMM learned that the approved volume this time was basically the same as the imports of Category Six copper scrap in the third quarter of 2018. Standards for approval were based on the actual imports of Category Six copper scrap in the third quarter of the previous year, as well as capacity, production of the importers. This means that Category Seven scrap accounts for the decline in imports compared with last year. In the third quarter of 2019, copper scrap imports in Zhejiang and Anhui will stand some 44,800 mt, in Cu content, lower than the same period of 2018, SMM calculates based on MEE data.

Comparison of approved volume with imports in Q3, 2018 (Anhui, Zhejiang) (mt)			
	Physical content	Grade	Metal content
Approved volume	240,429	78%	187,535
Category 6 imports in Q3, 2018	232,121	78%	181,055
Category 7 imports in Q3, 2018	213,822	24%	51,317
Category 6+7 imports in Q3, 2018	445,944		232,372
Gap	205,515		44,837

SMM estimates that China will see a decline in Category Seven scrap imports by 60,000 mt in the third quarter, and by 131,000 mt in 2019. Both are in metal content.

Estimated decline in Category 7 copper scrap imports in China H2, 2019 (mt)			
	Physical content	Grade	Metal content
Category 7 imports in Q3, 2018	248,475	24%	59,634
Category 7 imports in Q4, 2018	297,288	24%	71,349
Category 7 imports in H2, 2018	545,763	24%	130,983

Major processors and smelters are unlikely to receive significant impact as the approved amounts in the third quarter for major importers in Zhejiang, including Jintian, Judong, Huacheng, and Shimao, limitedly changed from the same period of last year.

The release of import approvals for other areas in China will be monitored in the short term.

SMM expects the import approvals for other areas to remain stable in the third quarter as MEE hopes to make the transition for companies as smooth as possible. However, uncertainties remain regarding the import approvals for the fourth quarter.