

MARKET FOCUS: MEXICO / CHINA

The effect of China's „Green Fence“ in the mexican industry



„In the long run, the Chinese Green Fence was good for the environment.“

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The Green Fence policy put in place by the Chinese government affected the market for bottle scrap in Mexico, largely benefiting the local recycling industry.

Collection and recycling of PET in Mexico is strictly a private business, influenced by price and demand. This is the reason it has fluctuated over time. Thousands of people, from waste pickers at land-fills to well organized businesses, have been collecting PET waste along the disposal chain for 20 years.

A global dependency

The establishment of a recycling industry in Mexico was erratic, so for many years the main outlet for material collected was being exported to China. Consequently, the local price for scrap was set by the Chinese importers and included variables such as freight, currency, availability, and seasonality. China also set quality standards and other market conditions. When China sneezed, everyone in

Mexico caught a cold. There were several occasions in which China dramatically lowered the prices or changed the quality standards, causing many collectors – large and small – to lose money or even go bankrupt if they did not have the financial strength and storage capacity to withstand the change.

A rise in quality of recycled material

An important recycling industry has developed in Mexico with plants making fiber, sheet, and new bottles, both – for food contact and other. These companies had to compete with the exporters that preferred the lower quality demand and better payment terms of the Chinese companies. Then it all changed with the Green Fence. Payments were delayed, quality standards raised, and a series of new conditions were set; all of which amounted to a reduction in price. These changes made the local companies more competitive and the general quality of the bales improved, just in time when the price of virgin resin is low.

Recycling-industry in Mexico

