

# Plastics News

## Guangzhou Iron and Steel enters recycling venture

PLASTICS NEWS REPORT

GUANGZHOU, GUANGDONG (November 17, 2005) -- U.S. electronics and durable goods recycler MBA Polymers Inc. is opening a plant in China — its first commercial-scale plant in the world — in a \$12 million (97 million yuan) joint venture with a local steel manufacturer.

Richmond, California-based MBA Polymers held an opening ceremony Nov. 18 at the Guangzhou plant, and said it plans to ramp up production at the 39,900-tonne-per-year facility over the next year.

Using more than \$30 million (242.5 million yuan) in private and U.S. government investment, the company has developed technology to recycle high volumes of plastic from products like computers, cell phones and refrigerators. The company has a much smaller facility in the United States, but is making its first significant investment in China because the market is growing.

"It's a booming market," said MBA President **Richard McCombs**. "It's attractive from a cost point of view and a growth point of view. It's always better to be building new facilities in markets that are growing rapidly."

As well, the company is trying to tap into interest around the world, including in Japan and other Asian countries, in legislation mandating the collection and recycling of electronics and other consumer products. McCombs said China does not have such laws, but the government is showing more interest.

MBA is importing materials from Japan, Europe and the United States because it can't get enough materials and in the right mix from domestic Chinese sources, he said.

MBA's plant could generate \$15 million (121.3 million yuan) in revenue when it reaches full production, probably in the third quarter of 2006, McCombs said. The company focuses on recycling polypropylene, ABS and high-impact polystyrene.

The venture is 55 percent owned by MBA and 45 percent by the Guangzhou Iron and Steel Enterprises Holdings, a large steel maker in southern China. GISE provides financing and help with things like local construction and dealing with the government, McCombs said.

The joint venture, called GISE-MBA New Plastics Technology Co. Ltd., spends between \$200 (1,620 yuan) and \$300 (2,430 yuan) a tonne for material, and sells it for between \$800 (6,470 yuan) and \$1,000 (8,090 yuan), he said.

MBA is using the same technology in a plant it is building in Austria, its second commercial-scale facility. The company's largest investors have been contract manufacturer Flextronics International Ltd., GE Plastics and Asia West, an investment fund that targets environmentally friendly technology.

The plant is located in Guangzhou's Nansha Development Zone, near plants for Toyota, Honda, BASF and GE Plastics.