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Money in plastics

By TAN CHENG LI

When he started recycling plastic waste in 1992, S.N. Cheah had to visit dumpsites all around the country to talk scavengers into collecting the material. Back then, plastic recycling was uncommon. Buyers were inconsistent, so few collected plastic waste.

The situation could not be more different today. Cheah cannot expand his factory production because he cannot get more plastic waste, which he uses to make plastic pallets. A lot of our plastic waste, he says, is being exported to China which offers lucrative prices for plastic scraps.

Cheah, executive director of Intraco Group, makes pallets out of plastic waste. Such a product is made worldwide but Intraco is believed to be the sole local manufacturer currently as another company with a similar product is no longer in operation.

Factories and warehouses require pallets to transport, load and stack cargo. Traditionally made of wood or metal, there is now a shift towards plastic pallets. Metal pallets are expensive while wooden ones tend to rot and produce splinters that can contaminate food products. Plastic pallets, on the other hand, are durable, washable, maintenance-free and recyclable.



S.N. Cheah, executive director of Intraco, which recycles plastic waste into pallets.

And if made of plastic waste, they definitely have an ecological edge over wooden pallets which cause tree-cutting.

Intraco bought and improved on a German technology. Its pallets are made totally from plastic waste, mainly high-density polyethylene (HDPE) polymer (such as detergent and shampoo containers) and small amounts of polypropylene (PP, such as plastic furniture and margarine tubs).

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The waste is purchased in the form of crushed flakes from scrap dealers who collect from dumpsites. Intraco now pays RM1.70 per kg for the waste, compared with 70 sen five years ago. The waste does not always arrive at the Intraco factory in Sabak Bernam, Selangor, clean. So the material is washed and dried during manufacturing.

Cheah declines to detail the manufacturing process in order to maintain trade confidentially. He only explains that the crushed plastic is melted and then moulded into pallets. A 29kg pallet is derived from a similar amount of plastic waste. The company also buys back old or damaged recycled plastic pallets for another round of recycling.

The biggest users of plastic pallets are automobile warehouses and food and pharmaceutical industries. Intraco sells its pallets locally as well as exports to India, China, Indonesia and the Philippines.

The pallets may be derived from plastic discards but Cheah assures that they are just as strong and durable as those made from virgin plastic resin. However, he says the product's green feature was not what drove the choice of Intraco's customers.

"It is the price," says Cheah, adding that reclaimed plastic pallets are cheaper than normal ones. They cost more than wooden pallets but are more economical in the long run because of their durability.

Although Intraco's product plays an environmental role, Cheah says governmental backing was absent in the firm's recycling venture.

"We should encourage production and use of more recycled products but the government must support such efforts and projects," he says.

He cites the example of German subsidies based on waste volumes recycled. In its initial years, Intraco relied on plastic waste sourced from Germany – waste which not only came free, but together with a US\$1,000 (RM3,800) incentive for each 6m container.

"It was waste to them but raw material to us. But now, the waste is no longer free as growing demand has pushed prices up. Now we have to buy," says Cheah.

Cheah estimates that Malaysians toss out some 800 tonnes of HDPE waste each month. His factory can recycle all of that but is getting no more than 500 tonnes now because of shipments abroad. Exports of plastic waste are depriving local recyclers of raw materials and some, like Intraco, have resorted to imports to make up shortfalls in local supplies.

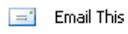
Permits are needed to import plastic waste and these come with a 25% import duty. The result? Cases of undeclared and under-declared shipments.

Calling on the government to stop exports of plastic waste, Cheah urges for a long-term consideration.

"Recyclers like us, having invested in factory machinery, will always consume plastic waste as that is our raw material. But exporters may not want the waste forever as they depend on foreign demand."

Pallet users, too, should take the long-term perspective. That is, recognising and choosing a product that is good for the earth.

Intraco can be contacted at 03-40421355.



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