Plastic bag ban forces closure of factory

Huaqiang, China's largest plastic bag manufacturer, has closed because of a national environmental drive that will impose limits on the use of certain types of bags from June 1, a local government official said yesterday.

The factory, located in Suiping county, Henan province, halted production in the middle of last month, Liu Henglie, director of Suiping's commerce bureau, said.

The 20,000 employees of the plant are awaiting news of their fate, he said.

All the machinery from the factory will be sold, he said, although full details about the future of the plant and its workers are as yet unknown.

The factory, which is owned by Guangzhou-based Nanqi Plastic Industrial Ltd, had an annual capacity of 250,000 tons of plastic bags with a value of about 2.2 billion yuan ($307 million).

A member of the company's management team was quoted by the Henan Business Daily newspaper as saying the closure was caused by the new policy to restrict the use of plastic bags.

"More than 90 percent of our products are on the limited list," he said.

"As a result of the restriction, our only option was to close the factory."

On Jan 9, the General Office of the State Council ordered a ban on the production, sale and use of ultra-thin bags (defined as less than 0.025 mm thick) from June 1. Also from that date, shops will be banned from providing free plastic bags to customers.

Supermarkets caught giving free bags could face fines of 30,000 yuan, under a new regulation from the Ministry of Commerce.