

China's New Waste Import Restrictions and the US Recycling Industry



Gatekeeper Regulatory Roundup
March 23, 2018

China's New Policy

- July 18, 2017 Notice filed with the World Trade Organization:
“By the end of 2017, China will forbid the import of 4 classes, 24 kinds of solid wastes, including plastics waste from living sources, vanadium slag, unsorted waste paper and waste textile materials.”
- A new 0.3% contamination standard.
- Approximately 1/3 of all recyclable scrap in U.S. is exported to China for processing.



International Reaction

“BIR warns of the devastating effect of Chinese ban on the Global Recycling Industry, costing billions of global trade and thousands of jobs..”

Bureau of International Recycling, 7/19/17.

"A ban on imports of scrap commodities into China would be catastrophic to the recycling industry... will result in the loss of tens of thousands of jobs and closure of many recycling businesses throughout the United States."

Robin Wiener, ISRI, 7/24/17.



Stakeholder Reactions

- SWANA and other stakeholders filed WTO comments in August and December 2017
 - Comments sought clarity re scope/timing & expressed concerns re feasibility of domestic markets by 1/1/18
 - Concern over contamination standard
 - Agreed with China's interest in improving environment
- US Commerce Dept/USTR /Canada
 - Recycling discussed in Beijing at bilateral trade meetings
 - Recycling raised at WTO committee meetings in Switzerland



China's Response

- China finalized the waste import restrictions in early January, became effective March 1, 2018:
 - Prohibition on imports of mixed paper & post-consumer plastic maintained
 - Slight relaxation of contamination standard to 0.5% except for non-ferrous metals (1%)
 - Comments requesting a less stringent contamination standard and a longer transition period were ignored.

Chinese Restrictions

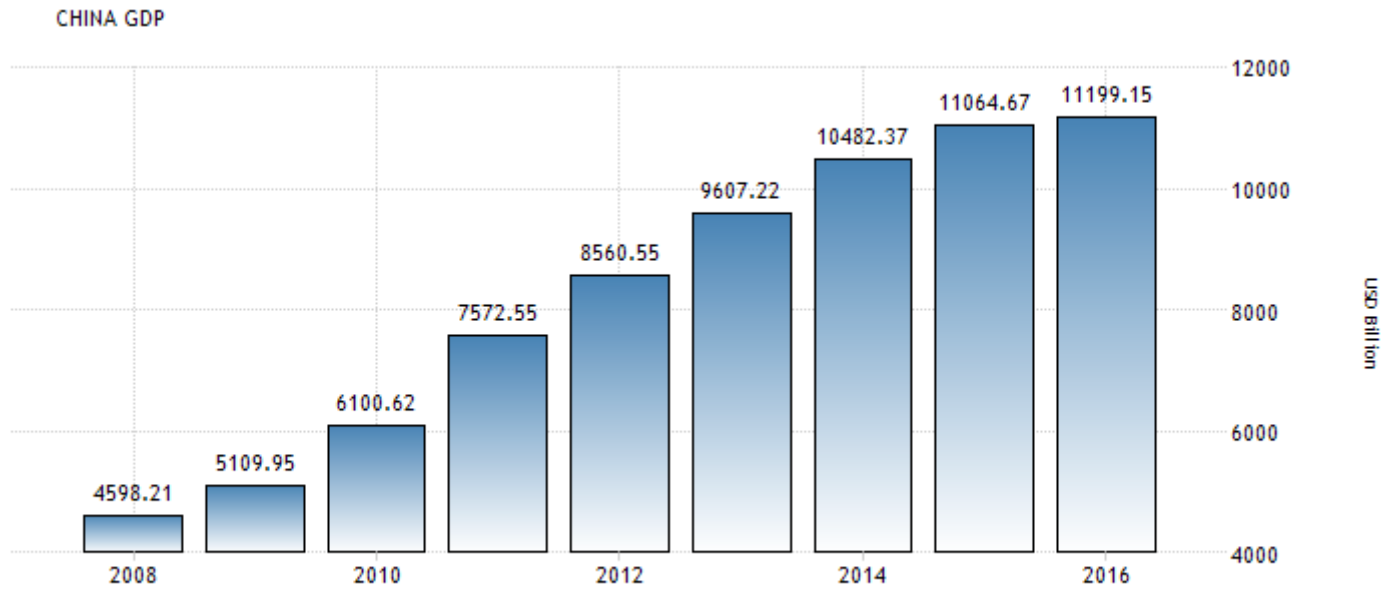
Eleven categories filed with WTO:

- Smelt slag
- Paper/Paperboard
- Wood/Wood articles
- Iron/Steel
- Nonferrous metals
- Electric motors
- Wires/Cables
- Metal/appliance scraps
- Vessels
- Plastics
- Automobile scrap

Scrap Export Background

- Growth in Chinese manufacturing
- Historic trade imbalance
- Recycling cost and US cost of export
- Recycling industry in China

Growth in Chinese Manufacturing

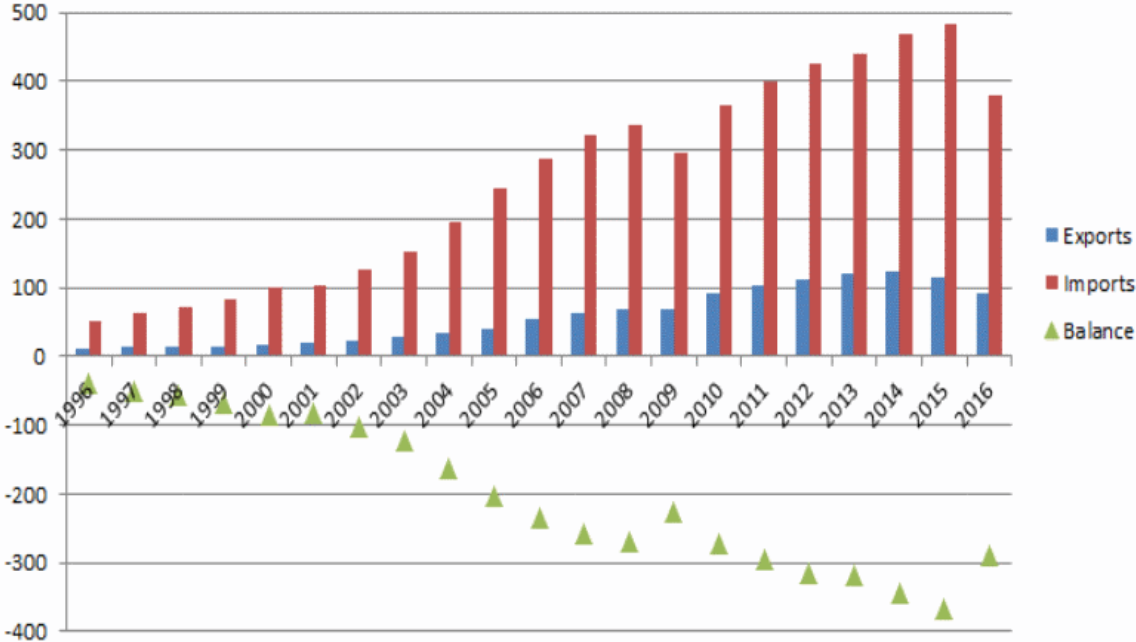


SOURCE: TRADINGECONOMICS.COM | WORLD BANK

Historic Trade Imbalance

US Trade in Goods with China
billions of US dollars, nominal value

ECONOMIC RESEARCH COUNCIL



Source: Census.gov



China's Development = Increased Waste Generation



Source: Shanghai American School, Mr. G. Science

China's Domestic Recycling Industry

- Policy to provide revenue to recyclable generators (a “jobs” issue)
- Domestic industry collapse in 2008-2010 global recession
- Implementation of local policies to improve recycling (mandatory sorting, 2020 in 46 municipalities)
- Looming disposal capacity issues for large cities



Operation “Green Fence” 2013

- Pre-OGF: Chinese officials generally allowed 3-10% contamination rates.
- OGF was a 2013 enforcement action under 2011 standards:
 - 1.5% contamination rate
 - Several banned items
- Inspected ~70% of imported recyclables
- Goal: Force “psychological” changes in scrap exporters
- Results:
 - ~1M tons rejected
 - 247 import licenses were terminated



US Recycling Industry Response

US Recyclers responded quickly to OGF:

- Implementation of new processes
- Implemented new quality control measures
- Upgraded recycling facilities
- New diversion goals (e.g. plastic bags, glass)
- Generally able to meet the 1.5% standard



OGF II: New Chinese Waste Import Restrictions

The new policy of:

- Waste import bans
- Stringent waste import restrictions
- Tougher enforcement at ports
- Inspections at MRFs
- Big reduction in import quotas

is making the **Green Fence** look like a minor issue

SWANA's Response

- SWANA met with EPA in early October as price and other impacts (import licenses) began to ripple through U.S.
- SWANA sent two letters to all 50 state environ agencies – providing update on status & focusing on potential disruption to municipal recycling programs.
 - Core messages: communicate w/ stakeholders & “quality”
 - Several states are in close/ongoing contact with SWANA



Impact on States

- Many state agencies are monitoring the impact of China's new rules on state/municipal recycling programs and goals, and taking varying approaches.
 - Waste Dive 50 state survey
- States with high recycling rates that export a lot of material to China were the first ones being directly affected.
 - **Oregon**, Washington, Alaska, Hawaii
 - Idaho, Montana, Nevada, New Mexico, Massachusetts



Impact on States - Oregon

ODEQ has “concurred” with a dozen requests to landfill certain recyclables (only 2% of overall):

“DEQ, working closely with representatives from the recycling industry and local governments, has initiated a short-term stopgap solution to help alleviate the backup of material throughout the collection and processing system.”

<http://www.oregon.gov/deq/mm/Pages/Stakeholder-Resources.aspx>

DEQ is encouraging citizens to:

- Continue to recycle whenever possible
- Recycle right
- Prevent waste from the start



Local Impacts

The impact on municipal recycling programs varies widely, but we expect broader impacts if status quo of lower prices, 0.5% contamination limit, & fewer import licenses continues:

- Depends on whether you export – and where
- Depends on your contract (force majeure?)
- Depends on your contamination level
- 50-60% price reductions typical
- Small recyclers are financially vulnerable

What Should MRF Operators be doing?

It's All About Quality!

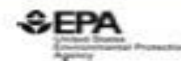
Clean up your bales:

- Communicate with customers
 - Slow down the line
- Hire more workers
 - Some MRFs having trouble finding workers
- Add new technology
 - Optical sorters/robotics



What Should Local Governments be doing?

- May not be best time to expand recycling programs - focus on educating residents/businesses
- SWANA/KAB/EPA discussing updating this communication from 2014
- How much are you spending on recycling education?



KEEP AMERICA BEAUTIFUL



Emerging Slogans

- When in doubt, throw it out”
- “Recycle Often, Recycle Right”
- “Clean and dry”
- Beyond 34
- Zero Waste





RECYCLING ONLY

Deposit Only These Clean Items:



Clean paper, Milk Cartons,
Cardboard (limit 18 x 24)
Junk Mail, Paper Egg Cartons,
Cereal Boxes



Newspapers
Magazines, Catalogs
Phone Books



Plastic Bottles and Jugs
(no caps)
Plastic Dairy Tubs (yogurt
margarine, etc.) no lids



Aluminum Cans
Steel or Tin Cans



Loose Glass Bottles
and Jugs



No Pizza Boxes



No Aerosol Cans



No Hoses



No Plants



No Toys



No Dishes/
Paper Plates



No Juice Boxes
or Pouches



No Tires



No Styrofoam



No Clothes
Textiles/Carpet



No Batteries



No Plastic Bags

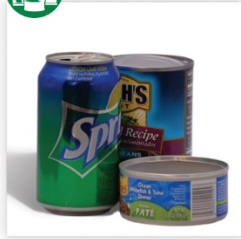


No Electronics

RECYCLE

THANK YOU FOR RECYCLING THESE:

Cans



Aluminum and Steel Cans
empty and rinse

Cartons



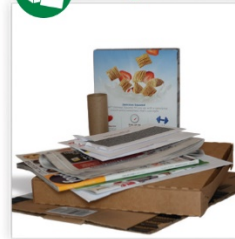
Food and Beverage Cartons
empty and replace cap

Glass



Bottles and Jars
empty and rinse

Paper



Mixed Paper, Newspaper, Magazines, and Flattened Cardboard

Plastic



Kitchen, Laundry, Bath: Bottles and Containers
empty and replace cap

NO!



Do Not Bag
Recyclables
No Garbage



No Plastic Bags
(return to retail)



No Food
or Liquid
(empty all
containers)



No Clothing
or Linens
(use donation
programs)



No Tangles
(no hoses, wires,
chains, or electronics)

Graphics provided by The Recycling Partnership

SWANA's Advice

Arizonan's need to take the following steps:

- Communicate with all stakeholders/elected officials about the current disruption in global recycling markets
- Educate all stakeholders regarding need to generate high quality material
- Renew waste reduction efforts
- Consider alternate markets – SE Asia/Latin America
- Review current & future recycling goals/regs



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- Mr. Peck is a licensed attorney and a licensed civil engineer in Arizona serving the solid waste industry since 1993.