

ISSUE BRIEF

China's Changing Policies on Imported Recyclables

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Overview

China has taken a number of steps this year to restrict recyclable materials imported into China. These measures will have significant impacts to recycling within the U.S., and the rest of the world.

China is the single largest consumer of recyclable materials exported from the United States. In 2016, approximately 41% of paper recovered in the North Americas was exported with about a quarter of recyclable paper exported to Chinese mills. Similarly, over 20% of post-consumer bottles and 33% of non-bottle rigid plastics from the U.S. were exported in 2015. The European Union exports over 95% of its plastic to China. The US and the EU are the largest exporters of paper grades to China.

Background

1. **In February, as part of China's broader "National Sword" campaign, customs enforcement began a one-year crack down on illegal smuggling of "foreign waste."**
2. **On July 18, 2017, China notified the World Trade Organization (WTO) of its intent to ban 24 materials from being imported.** These include mixed plastic and mixed paper effective January 1, 2018.
3. **On August 10, 2017, the Chinese announced a new quality standard for material limiting prohibitives to 0.3 percent.** This requirement applies to all materials, even those that are not banned (such as ONP or OCC).
4. **The Chinese Government has not issued the necessary import licenses to satisfy the demands of its mills for recycled material.** As a result, there has been a reduction of all recyclable tons entering China.

Impact to U.S. Recycling

Depressed commodity prices. Uncertainty in both the short and long-term Chinese export markets is already disrupting the markets for recyclables in some parts of U.S.

Due to this uncertainty, we do not know how long or how severe the disruption will be, but we will be monitoring markets closely.

- **The short-term disruption** is caused primarily by a lack of the quotas required by the Chinese Government for Chinese mills to be able import products
- **Longer term disruptions** may be caused by China's new material ban, and their new 0.3% prohibitives standard.

Availability of outlets. If the ban goes into effect, the ability of other markets to absorb all the recyclables will be strained. Some materials may not be able to find an end market.

Regional variations. The impact is expected to vary by region and local markets across the country.

Eventual relaxation of ban. Given the China's reliance on recyclable raw materials, industry experts predict that the ban may not be enforced against high quality materials.

What We Are Doing

NWRA has been working with ISRI and SWANA to amplify the voice of the American recycling industry. This includes meeting with the US Department of Commerce and USTR (US Trade Representative) on this issue. The US Department of Commerce is working with the White House to include this issue in President Trump's trade visit to China in November.

NWRA also submitted comments to the Chinese Government. Our letter requested that China:

- Reconsider the ban and instead, enforce the already strict international standards in place for recyclable materials.
- Provide clarity regarding the definitions of what is covered in the ban.
- If the ban were to move forward, an extension to the timing for implementing the ban to allow for sustainable alternatives to develop.

NWRA will continue to monitor the situation and share information with members.

Actions to Take

Ensure High Quality Recyclables - High quality material is more likely to find a market. The new 0.3 percent prohibitive limit is far below any existing international standard. However, high quality material will be welcomed by both domestic and international markets.

This is a global and an industry-wide issue, not a local or individual company issue. Our industry will benefit if we work together with city and state officials to develop solutions to volatile recycling market in the near term, and to work together for longer term solutions as necessary.

Communicate. It is important to communicate with recycling partners to focus on quality and to develop solutions for your communities. See the communications strategy below for more suggestions.

Communications Strategy

Develop a communication plan appropriate for your market area. Make sure to be transparent in messaging and avoid alarms that may be premature.

Contact your state regulatory agency to ensure that they are aware of the issue. Ensure key stakeholders know that we have been working at the federal level. Be careful in communicating the potential serious ramifications of this issue, recognizing that there is significant uncertainty.

Consider engaging local industry groups to help with the messaging. Work with your state's industry associations to convey a single message to cities "from the industry."

Communicate with transparency to your customers, and work to shore up the long-term benefits of recycling to reduce public backlash. Although the U.S. exports a significant amount of recyclables, domestic markets do exist and may expand, perhaps as a direct result of China's actions.

Recent News Articles to Share

<http://www.wastedive.com/news/china-rationalizes-scrap-import-ban-and-industry-concerns-re-main/448901/>

<https://resource-recycling.com/plastics/2017/09/07/roundup-latest-developments-chinas-ban/>

<https://resource-recycling.com/plastics/2017/08/23/china-offers-clues-will-wont-allowed/>

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