



# National Waste & Recycling Association<sup>SM</sup>

Collect. Recycle. Innovate.

---

## Recycling & China

# What's happening?



- 2013 – Green Fence
- February 2017 – National Sword
- July 2017 - WTO Notice – import ban
  - Post-consumer plastics
  - Mixed paper
- August 2017 – New specifications
- Ongoing 2017 – import license renewals delayed indefinitely

# National Sword



- China's General Administration of Customs
- Year-long crackdown on illegal smuggling of foreign "waste"; agricultural products, drugs and guns
- Increased inspections
  - Arrests, facility closures
- Delays at ports



# WTO Notice - Import ban



- Filing with the World Trade Organization announcing the ban of 24 “wastes”
- Effective end of the year
- Products affected:
  - Mixed paper
  - Post-consumer plastics
  - Various metals and other materials not included in curbside programs
- October 3<sup>rd</sup> – 5 WTO members questioned China’s import ban
  - U.S., EU, Australia, Canada, Korea



# National recyclable standards



- Draft recycling standards released by China's Ministry of Environmental Protection in August
- Applies to materials not covered by the ban
- Effective end of the year
- Includes lower limit on prohibitives



# Import license restrictions



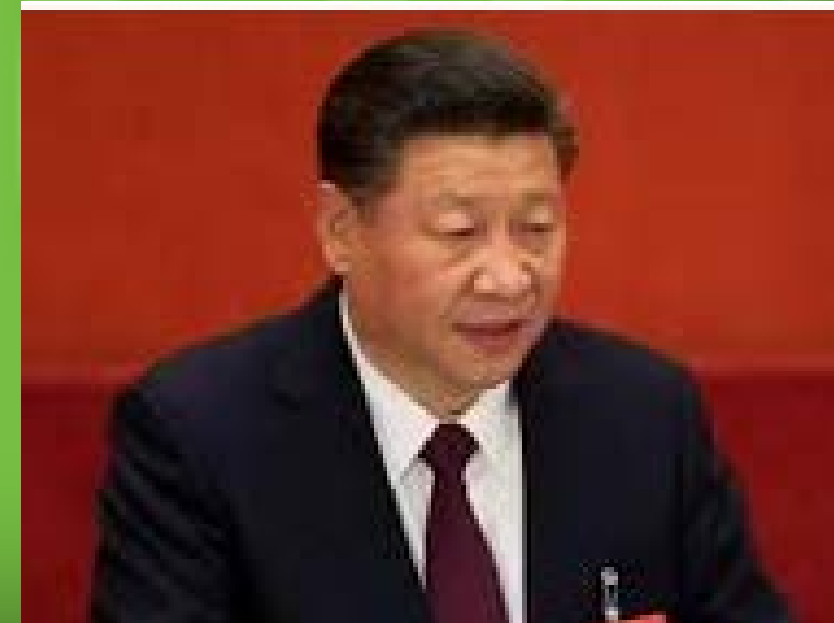
- Import licenses are not being issued since May
- Rumors suggest new licenses may be issued in November
- Uncertainty abounds



# 19<sup>th</sup> National Congress



- China Communist Party Congress opened October 18, 2017
- Weeklong congress where Xi Jinping is expected to be reelected
- Xi is expected to focus on improving the environment
- Anticipated to result in businesses adopting more controls



# Why do China's policies matter?



- Lots of stuff headed to China...
- Paper
  - Over 40% recovered paper exported
  - About 25% of exported paper goes to China
  - 70% of mixed paper exported
- Plastics
  - Over 20% of bottles exported
  - About 33% of non-bottle rigid plastics exported
- Global issue – EU, Canada, Japan all experience restrictions





# Impacts of these policies



- Lower revenues – Commodity prices dropped
- Concern about materials movement
- Impacts vary by region and by end markets
- MRFs are focused on quality
  - Throughput of materials is reduced affecting processing costs

# Industry commitment to recycling



- More stringent specifications will likely be the new normal
- Complying with new standards may require upgrades to MRFs and limits to what is collected
  - Focus on core materials vs. non-core materials
- Not a good time to add new materials to programs
- MRF upgrades may require higher processing fees

# What can be done?



- Support development of alternative markets outside of China:
  - Domestic outlets
  - Other Asian markets (Vietnam, India)
- Understand that alternative markets will develop but not at the timelines for implementation of these new policies
- Ensure consumers know that quality is important!
- Develop durable contracts where risks are distributed among all contractual parties



Garbage in, garbage out.

(Proverb)

# Focus on quality!

- Eventual relaxation of restrictions are predicted
- Higher quality standards will be the norm
- Communicate with the community on the importance of generating a marketable commodity!

Quality means  
doing it right  
when no one is  
looking.

Henry Ford



**QUALITY**

*...is everyone's  
responsibility.*

(Deming, W. Edwards)

# Anticipate higher costs



- Quality. Quality. Quality. Ongoing cost investment in quality will require discipline and ongoing investment in education and processing (including financial support)
- Complying with new standards may require upgrades to MRFs
- MRF upgrades will likely require higher processing fees

