

China's Changing Import Regulations— What Does It All Mean?



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There's a new normal in the world of recycling. Once the largest importer of post-consumer recyclables, China decided it didn't want "foreign garbage" inundating its country anymore.

So, it instituted a waste import ban on 24 kinds of solid wastes in January 2018; a new contamination standard of 0.5 percent went into effect in March—and even more restrictions may be coming down the pike. Needless to say, it's a tough time for the U.S. recycling industry as it scrambles to find both short-term and long-term solutions.

As a stakeholder, what do you need to know about this new and evolving situation? Below, we've rounded up articles and other resources to help answer your most pressing questions.

In addition to providing key points from the linked articles, we've also interspersed takeaways from "China's Import Regulations - What you need to know," a session

filmed live at WasteExpo 2018 featuring the following speakers: Dylan DeThomas, vice president of industry collaboration, The Recycling Partnership; Mark Reiter, assistant vice president and chief lobbyist, Institute of Scrap Recycling Industries (ISRI); and Susan Robinson, director of public affairs, Waste Management. We're all in this together.

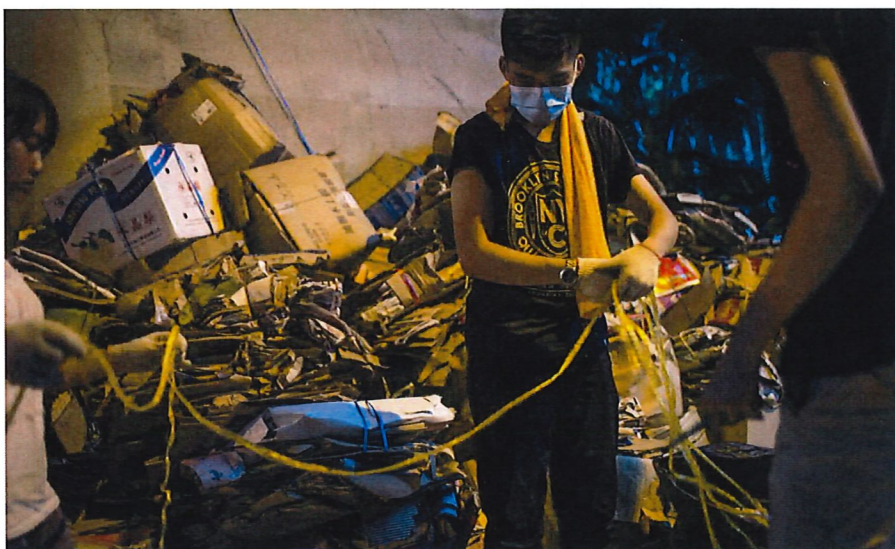
What caused this sudden change to China's waste import regulations?

In 2017, China notified the World Trade Organization (WTO) of its intent to forbid 24 kinds of solid wastes by the end of the year and to lower contamination thresholds. The rationale was to stop "foreign garbage" from inundating China, and the moves were characterized as environmentally driven.

Though the moves seemed sudden, DeThomas reminds us that trouble with the Chinese market has been brewing for some time.

It was around the turn of the 21st century when China started consuming recyclables in significant volumes from the U.S.—and it wanted these materials, even paying a premium. Slowly, however, materials recovery facilities (MRFs) started sending lower quality scrap and trash due to a lack of regulations.

As Chinese consumers were continuing to purchase these "dirty" materials, a media scandal erupted after photos were circulated of



“a 2016 documentary called “PLASTIC CHINA” garnered much attention and caused deep embarrassment to the Chinese government yet again.”

disgusting-looking paper bales coming from Europe. In response, the government pushed back and passed a solid waste law in 2008, which led to “Green Fence” (a customs enforcement protocol that took place during 2013), effectively resetting the quality level of what China would accept.

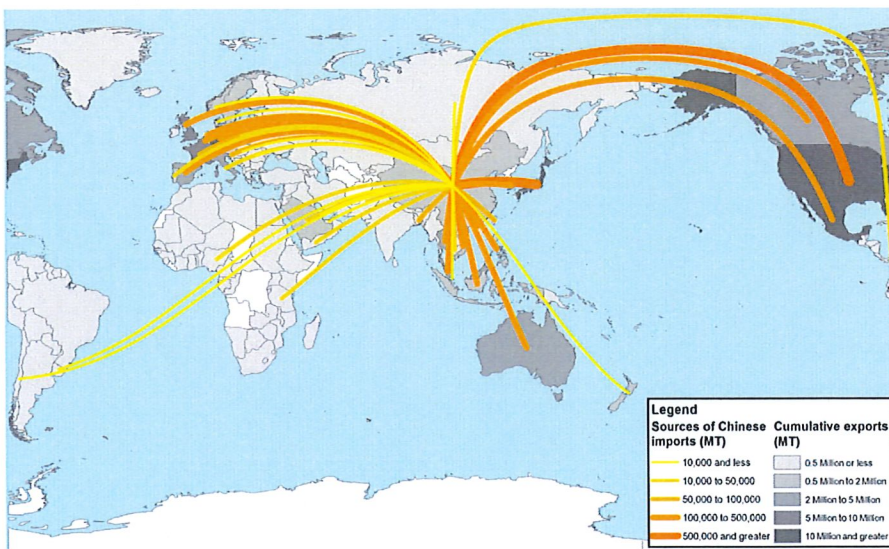
More recently, a 2016 documentary called “PLASTIC CHINA” garnered much attention and caused deep embarrassment to the Chinese government yet again. The film depicted the lives of two families who make a living recycling imported plastic waste. Ultimately, this film may have been the straw that broke the proverbial camel’s back—leading China President Xi Jinping to push for the current ban and emphasizing phrases like “Chinese dream” and “beautiful China” along with a desire for environmental improvement.

DeThomas says that this “still is a political issue just as it was in 2013.”

In response to the 2017 announcement that China would soon institute a ban and lower contamination thresholds, three major waste and recycling associations—the Solid Waste Association of North America (SWANA), the Institute of Scrap Recycling Industries (ISRI), and the National Waste & Recycling Association (NWRA)—submitted multiple filings and feedback regarding those intentions. They urged modifications and delays, but the Chinese pushed forward. The associations expressed their responses as below:

“SWANA is disappointed the Chinese government did not modify its waste import restrictions in response to the serious concerns raised by North American, European and Asian governmental authorities and associations. We support the efforts to improve the environment in China, but these extraordinary restrictions are already adversely impacting recycling programs throughout North America.”
—David Biderman, executive director and CEO of SWANA.

“ISRI is very disappointed to see the Chinese government finalizing its Environmental Protection Control Standards ... We continue to be supportive of the Chinese government’s drive to improve the environment in China, but we continue to hope that such support can be realized through collaboration that achieves China’s environmental improvement goals without impairing



trade of high-quality, specification-grade scrap commodities required by China’s manufacturing sector.”

—Robin Wiener, president of ISRI.

“NWRA has always supported China’s efforts to improve its environment. However, we believe there are better ways to achieve those goals than to tighten restrictions on imported recyclables. We have said before that the 0.5 percent standard would be nearly impossible for our members to meet, and it could cause some short-term disruptions in the industry. However, it could also present opportunities as our members continue to adjust.” —Darrell Smith, president and CEO of NWRA.

SWANA, ISRI and NWRA have all pledged to continue following developments related to this issue and their impact on the industry—as well as to work closely with governments, stakeholders and the public and private sectors on education efforts and contamination reduction efforts.

What exactly are “National Sword” and “Blue Sky 2018”?

“National Sword” was an initiative that took place in 2017, which inspected Chinese recyclables processing facilities and shuttered many of the smaller ones.

We are now in the midst of “Blue Sky 2018,” scheduled to run March through December of 2018. China’s customs authority, the General Administration of Customs of the People’s Republic of China, has announced this period of special actions against foreign garbage smuggling.

Zhang Guangzhi, spokesperson for the General Administration of Customs, said that the organization is fully committed to “investigating a number of large-scale smuggling cases of wastes, eradicating a number of smuggling gangs and cutting off a number of smuggling routes and chains of rubbish, and resolutely blocking ‘foreign rubbish.’”

Though it’s impossible to know exactly what China is thinking, it is assumed that some of its ultimate goals with these programs are:

- A consolidation of recycling facilities into “Eco-Parks”
- Larger, cleaner, better-regulated facilities
- To bolster its own domestic markets

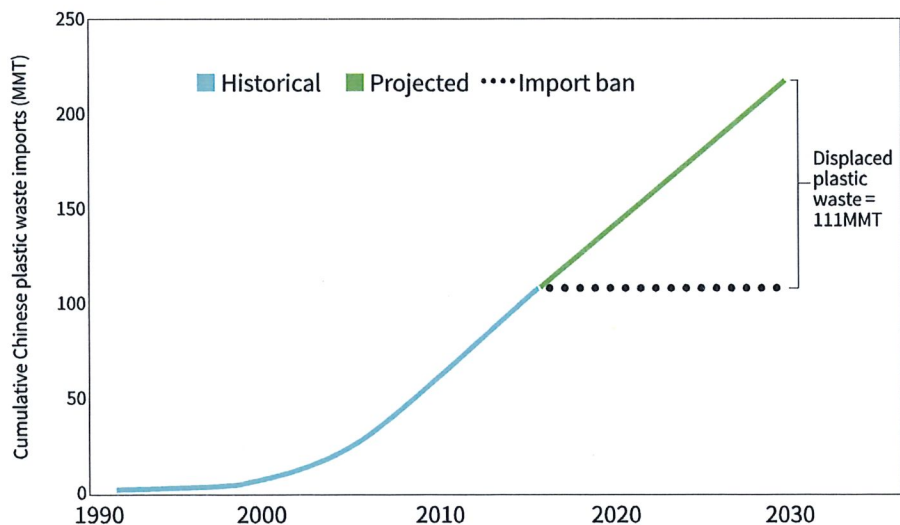
Consequently, due to all of the new regulations, U.S. exporters are seeing more inspections at ports both here

Other resources of interest:

[Chinese Customs Authority Launches “Blue Sky 2018”](#)

[How National Sword is Upending Exports](#)

[Impressions and Insights from WasteExpo 2018](#)



and in China, as well as rejected loads.

What is the magnitude of the impact on the U.S. recycling industry?

ISRI put the U.S.’ total scrap export market to China at \$5.6 billion last year. And from West Coast ports, recyclables export (mostly to China) was the single biggest export—24 percent of the total. Needless to say, a number of states and localities are in a bind.

There has thus far been a lack of other markets for some of these materials, which has depressed their costs and resulted in them being stockpiled or sent to the landfill. “Without action from the federal government, this could shake public confidence in recycling and create long-term consequences,” said Smith.

One other illustration: in 2016, China consumed 28.5 million tons of paper, more than 13 million of which

is now banned. That means there are more than 13 million tons of paper on the global market looking for a place to go. Between the banned material and the 0.5 percent contamination standard, there is an oversupply of paper and a demand for higher quality product at a lower price point.

What are some of the biggest challenges for recyclers in the U.S.?

Mark Reiter, assistant vice president and chief lobbyist at ISRI, categorizes the main challenges as below:

- Meeting strict quality standards
- Inspection inconsistencies
- Market competition from China

Robinson adds that:

- Supply is inelastic, producing an unfortunate mismatch between supply and demand. MRFs are expected to recycle curbside materials regardless of end markets, which is obviously presenting challenges at the moment.
- Consumers, whether they are aware of these new regulations or not, expect whatever they put into their recycling carts to be recycled—and, they expect the service to be “free.”

What have been some specific effects of the ban so far?

Waste Dive has been tracking the effects of China’s scrap import policies across the U.S. since 2017, offering a

Other resources of interest:

[The China Conundrum](#)

[SWANA Provides Update on How China’s Waste Import Restrictions are Impacting Recycling Programs](#)

[Industry Builds the Future of Recycling Amid China Ban Woes](#)

[China: One Year On](#)



Other resources of interest:

[What Chinese Import Policies Mean for All 50 States](#)

[Recyclables in Seattle are Being Landfilled Due to China's Restrictions](#)

[Waste Management Feels Impact of China's Contamination Standard, Import Ban in Q1 2018](#)

state-by-state breakdown and updates on its website. On the whole, Southern states are feeling the least effect; Western states the most.

For instance, hundreds of tons of mixed paper recyclables in the greater Seattle area are being sent to landfills. And Republic Services, which processes the recyclables from Seattle and other surrounding cities, is seeking permission to send even more.

Biderman reminds us of the overall significance of the changes: "A year ago, more than 200,000 tons of mixed paper and about 75,000 tons of scrap plastics were sent to China, and now, in the first quarter of 2018, nearly zero tons were sent due to the new restrictions."

What can municipalities and recyclers do?

Robinson advises that this is the beginning of "the next recycling

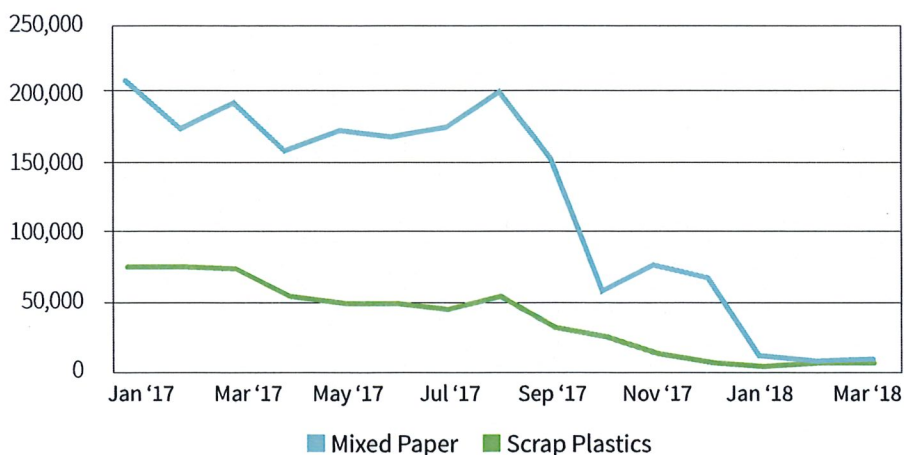
industry." In light of the current ban and regulations, and the fact that China intends to phase out imports of all recyclables by 2021, she urges the following actions:

- Work on quality; partner with local stakeholders; look for solutions.
- Remember why we recycle—not to divert the material but to "create a valuable product that offsets the use of virgin resources."
- Create programs that prioritize actions for the greatest environmental good for the long run.
- Educate residents and businesses to "recycle right," not just "recycle often." We have to reduce confusion on the part of people using recycling containers and services.

The National Recycling Coalition (NRC) elaborates that, "Residents may be unsure about what can and cannot be recycled, and cities and companies don't all accept the same materials for recycling. This confusion often leads to 'wishful recycling' from residents and business that want to do the right thing, but this concept actually hurts the economy and environment more than anything because it can mix a dirty product in with a clean, recyclable product, resulting in contamination."

From Biderman's perspective: "In the short term, we need to prioritize education, update technology in MRFs, identify new markets for

U.S. Exports to China of Scrap Plastics & Mixed Paper



Other resources of interest:

[NRC Calls for U.S. Recycling Improvements Amid China Crackdown](#)

[Industry Associations Respond to China's Expanded Waste Import Ban](#)

[Thailand Temporarily Halts Imports of Plastic Waste, E-waste](#)

[Could Standardized Recycling Labels Be the Solution to Overcoming the Industry's China Ban Woes?](#)

materials and be more transparent about costs associated with recycling as well as the revenue that's generated from the sale of recyclable material.”

For tools, webinars and further resources, visit RecyclingPartnership.org. The organization also provides infrastructure grants and consulting for communities to better their recycling programs.

What are some of the longer-term implications for recycling operations in the U.S.?

NRC has recently explained that the recent moves from China have shined a light on the United States' poor recycling efforts—and that citizens can no longer pretend that waste diversion equals recycling. It is calling for the U.S. to improve these efforts as soon as possible.

Toward that end, Recycle Across America, a nonprofit dedicated to expediting environmental progress

and helping people understand the importance of recycling, is pushing for society-wide standardized labels on recycling bins.

“Around 2009, contamination was such a large issue, and China was already starting to warn the U.S. about the importance of keeping its recyclables clean,” noted Mitch Hedlund, founder and executive director of Recycle Across America. “Fast-forward to 2013, and China officially warns the U.S. with its Green Fence policy to restrict the amount of recyclables it would buy from the U.S. until the country cleans up the materials. Nothing was done about it, so now, in 2018, China is banning certain materials, which is causing everyone to finally wake up about this issue.”

NRC is calling for every aspect of the industry to work together, and it's working through collaboratives, its series of Market Development Workshops and Quarterly Market Calls to take the necessary steps to turn recycling into an industry with quality products.

On top of the existing problems and bans, China's Ministry of Ecology and Environment (MEE) says more changes are coming. Sixteen types of solid waste, including compressed car scraps and scrapped ships, will be banned from import beginning December 31, 2018, and another 16 types, including stainless-steel scraps, will be banned beginning December 31, 2019.



Other resources of interest:

NRC Calls for U.S. Recycling Improvements Amid China Crackdown

ISRI Advocacy Delivers for Recyclers in Latest Tariff Measures

Vietnam Temporarily Suspends Scrap Plastic Imports

“The announcement serves as a timely reminder that no one should be expecting China to roll back the recently implemented waste import restrictions, and that we need to support domestic, job-creating recycling markets here in the U.S.,” said Biderman.

Wiener also commented on the announcement: “The Chinese government’s announcement will have an impact on more than 676,000 metric tons, worth about \$278 million, in U.S. scrap commodity exports to China in the first year and another 85,000 metric tons worth more than \$117 million in the second year. Although we anticipated more import restrictions would be announced, we remain concerned about the effect these policies have on the global supply chain of environmentally friendly,

energy-saving scrap commodities and will instead promote an increased use of virgin materials in China, offsetting the government’s intent to protect the environment.”

Are there any silver linings?

Despite the array of both short- and longer-term challenges, the Chinese import ban does give U.S. recyclers the chance, and imperative, to clean up their act as well as get innovative and creative.

Among the opportunities that are presenting themselves:

- Growth for companies that will consume plastics
- A chance to invest in domestic processing capacity for plastics
- Opportunities to sell into India, Canada, Mexico and Southeast Asia

We need to find more uses for our materials, both domestically and abroad. And make sure the materials are of the highest possible quality.

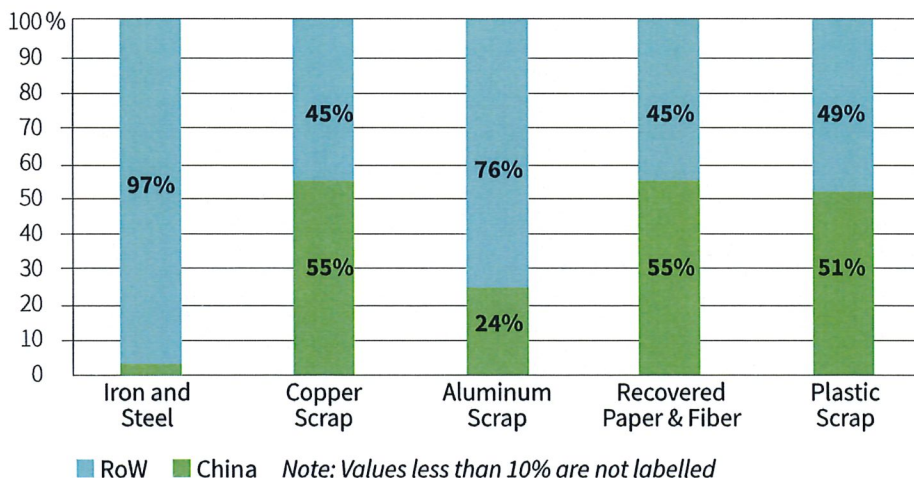
How does the recent talk of tariffs and the escalating trade war impact all of this?

The bottom line is that, “We are in the midst of global uncertainty when it comes to trade policies impacting the recycling industry,” said Wiener.

What’s next?

As we’ve witnessed, and in the words of Leone Young, principal of LTY ERC, LLC, “China is not bluffing.”

Mainland China’s Share of Global Imports for Selected Recycled Comodities, 2016



Source: UN Comtrade Database

Other resources of interest:

Why Your Recycling May End Up in Landfills

China Stops Buying the World's Trash, Leaving 120 Million Tons Up for Grabs

SWANA Provides Update on How China's Waste Import Restrictions are Impacting Recycling Programs

The China Conundrum

The recycling industry has to face this new normal head on, work together, improve its processes and capabilities, educate customers and find new markets for its materials. Many advocates hope the recent changes will force more domestic recycled product markets to develop, but this will take time.

Hopefully, and ultimately, a challenge like this encourages our smartest and most innovative companies to find solutions and see the possibilities in this crisis.

As noted by Jim Fish, president and CEO of Waste Management, "... We simply cannot continue with the model in its current state." Municipalities and recyclers that are able to quickly adapt will set themselves up for success.

Concludes Robinson: "As the cost of recycling increases, maybe we should start focusing more on upstream recycling, which is really where we get the most environmental benefits.

Recycling is one tool in the toolbox to achieve the goal of improving the environment, and we need to focus on recycling correctly ... By bettering our education efforts and improving the quality of materials, we can maneuver through this market challenge and create a better future for recycling." ●

Visit Waste360.com for continuing coverage of this important topic.

