November 16, 2017

RE: Update on Chinese Recycling Rules

The Solid Waste Association of North America (SWANA) has been alerted by federal officials that the Chinese government submitted revised contamination standards to the World Trade Organization (WTO) for certain grades of paper and plastics. SWANA is concerned that these standards, scheduled to take effect on March 1, 2018, are not achievable by most recycling facilities and programs in the United States.

On November 15, China filed a series of new notifications with the WTO relating to the import of recyclables. These include a notification setting the contamination rate at 0.5 percent for certain categories of paper and plastic materials. The previously proposed ban on mixed paper has not been modified.

These contamination standards are generally considered unattainable by the recycling industry, and could result in an effective ban on the importation of virtually all waste and scrap commodities from the United States to China.

As part of the WTO notification process, comments on the revised standards will be accepted until December 15, 2017. SWANA will consult with other stakeholders to determine next steps, which may include the submission of additional comments.

As SWANA noted in its October 11, 2017 letter to you and other state agencies, China is the largest recipient of exported paper, plastic and other recyclables commodities from the United States. A copy of that letter is available here. If these proposed contamination standards take effect, along with the previously proposed ban on mixed paper, continued disruptions to global recyclable markets and local recycling programs should be expected.

Separate from the contamination standard filed with the WTO, China has also issued new guidelines for obtaining import licenses for recyclable paper, restricting them to mills with 300,000 metric tons or more of annual capacity. If implemented, it is likely this will cause many smaller paper mills in China to shut down, further limiting access to the Chinese market.

These most recent actions by the Chinese government are part of a broader effort to improve environmental conditions and public health in China. Environmental improvements were a major theme of the October 2017 Communist Party Congress.
Since July, SWANA has been working closely with the Department of Commerce, Office of the U.S. Trade Representative (USTR), and the US Environmental Protection Agency on addressing issues surrounding both the proposed ban and contamination standards. This includes understanding the effects these actions are having on recycling programs across the United States. SWANA has also been in contact with Canadian governmental officials concerning this important issue.

**What Should State Agencies Do?**

SWANA suggests that states be prepared for continued market volatility, which is likely to drive greater uncertainty among your stakeholders. Consistent with our October 11 letter, SWANA recommends state agencies take immediate steps to encourage programs in their jurisdiction to reduce contamination in recyclables, including:

1. Continue to communicate with local governments, industry partners, generators, and other interested parties about the proposed Chinese rules and the current disruption in recycling markets.
2. Educate all stakeholders about the importance of generating high quality material. China’s efforts to limit the amount of contamination in material imports -- dating back to the 2013 “Green Fence” -- highlight the need for recyclers to produce high quality material. Additional investment in recycling education programs may be warranted.
3. Renew efforts to encourage waste reduction and the development of alternative domestic and foreign markets for recyclable materials. Both have the potential to reduce reliance on Chinese markets.
4. Review current and contemplated recycling goals and regulations in light of current market conditions.

We will continue to monitor developments domestically and overseas, and will provide additional information as warranted. SWANA remains committed to recycling and resource management, and to working with members and partners at the local, state and federal levels to improve and expand recycling programs in the United States. If you have any questions, please free to contact me at dbiderman@swana.org or 240-494-2254.

Sincerely,

David Biderman
Executive Director & CEO
Solid Waste Association of North America