



To: NRC Members

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Date: November 28, 2017

Subject: Response from the National Recycling Coalition (NRC) to its members regarding the China Trade Restrictions of Secondary Materials prepared for Recycling



ISSUE

On July 18, 2017, China notified the World Trade Organization (WTO) of its intent to ban the import of certain scrap materials by year end.

On September 13, 2017: draft revised “GB 16487” Environmental Protection Control Standards for Imported Solid Wastes as Raw Materials, with further restrictions on allowable prohibitives.

On November 15, in a series of eleven filings with the WTO, China’s Ministry of Environmental Protection proposed adopting new limitations of allowable prohibitives in materials being shipped into China.

WHAT IS THE NRC DOING ABOUT THE TRADE BARRIERS?

The NRC has issued two responses to the World Trade Organization (WTO) in protest of the restrictions placed by China on imports of recycles shipped from US ports. The NRC objections are based on the following:



- China’s declaration to prohibit *the importation of solid waste* is based on improper terminology and a presentation that secondary materials prepared as raw material for recycling is categorized as waste distorts the environmental claims issued by China. WE request WTO to utilize internationally accepted definitions for trade negotiations, including the NRC definition of recycling.
- Quality standards should be set on already established internally acceptable industry standards, such as the standardization guide for bale quality in the ISRI standard commodities and scrap market specifications. These standards are embraced and utilized by recycling markets within North America and through ISRI member companies in at least 34 countries globally. The NRC requests the WTO for consideration of utilizing the standards of bale quality utilizing these global ISRI adopted standards as a basis for resolving quality issues with China’s GB 16487 claim on allowable prohibitives.

- The NRC also request the WTO to impose an extension of time for any import restrictions, as the sharp deadline of March 1, 2018 cannot be reflected with significant operational changes in the US recycling industry. The NRC requests that WTO engage between the parties involved as a arbitrator.

NRC believes building, expanding and improving infrastructure in the recycling sectors in both the US and China will greatly benefit the environment and the economy in both countries. In the US, fundamental core changes are needed to ensure that this industry will be less subject to the vagaries of other nations and commodity prices. Using a focused systems approach and working together as an international industry, we could work to stabilize the market. However, this is a long-term solution and one that will simply not meet a March 1, 2018 deadline for reducing prohibitives in recyclables.

WHAT CAN YOU DO ABOUT THE TRADE BARRIERS?

The NRC calls upon its members to address the China trade barriers with the following actions:

1. Focus on Quality
2. Focus on Rebuilding America's Recycling Industry
3. Focus on Increasing the Recycling Economic Impact in our Local Communities

FOCUS ON QUALITY

The discussion evolving around the China restrictions of prohibitives and contaminants requires a focus on quality. Such concerns also involve American MRFs as they attempt to meet bale international shipping standards. The ISRI standards are the quality standards that American MRFs rely upon to meet their business needs. However, local recycling collection programs often are unfamiliar with these quality concerns.

Education Quality: All of our local education programs could be re-tuned to empathize quality control. Residents have been trained to recycle as much as possible, sometimes to the extent of "when in doubt, throw it in the recycle bin." This push for quantity may be over-riding the quality needs of our recycling industry. Retooling the local education programs for quality is a great start toward addressing the trade barriers we are faced with today.

Collection Quality: Local collection programs around the US have moved primarily to single-stream recycling collection through traditional trash collection vehicles. As such, the collection of recyclables is compromised to some degree through compaction and full mixture of all commodities. It is time for our collection programs to focus on quality of materials as they are delivered to the local MRF. This may involve the search for higher quality collection vehicles, the consideration of separate collection for cross-contaminate materials, and the reduction of compaction on recycling vehicles.



MRF Quality: The brunt of the international shipping restrictions lies on the MRF operator, thus the focus on quality is front and center at your local MRF. You may have noticed resistance from your local MRF operator in regards to adding new potential curbside recyclables, as adding to the mix adds complexity to the contamination equation. As residuals are defined through composition studies, some of the residual quality concerns are sourced from residents, some from collection compaction, and some from MRF processing quality issues. Yet, it's the MRF operator that has the responsibility to market the material received from the community. It's a community wide issue that requires community wide attention toward quality.

REBUILDING AMERICA'S RECYCLING INDUSTRY

As the recyclables we collect are commodities, they are raw material in lieu of virgin materials for manufacturing. The Bureau of International Recycling (BIR) estimates that more than 40% of manufacturers' raw material needs around the world are met through the recycling of obsolete, off-spec, and end-of-life products and materials. The added value through recycling is directly related to the investment in quality collection and quality processing. In essence, we recyclers are generating the feedstock material for industries to make new products and packaging. We may be focused today on feeding China's industrial production system, but perhaps we should refocus our attention on America's recycling industry.

As I previously stated in an editorial on June 20, 2017 in Resource Recycling Magazine, the National Recycling Coalition (NRC) strongly supports efforts to invest and improve our country's aging infrastructure. The recycling industry particularly needs a 21st-century transportation system to efficiently transport raw materials and feedstocks to manufacturers throughout the nation and the globe, including increased capacity and investment in all modes of transportation, covering rail, surface and waterways. All infrastructure projects could generate far more jobs from the reuse and recycling of buildings and roads and the use of recycled and recyclable materials wherever economically and technologically possible (for example, use of rubberized asphalt in road construction and use of rebar from ferrous scrap).

NRC also believes that investing in American recycling infrastructure would provide an excellent return on investment and leveraging of federal funds. Support of American recycling infrastructure would enable America to bring home recycling jobs from overseas, and dramatically expand the three-quarters of a million jobs and tens of billions of dollars already occurring in economic activity. Instead of shipping half of all recovered recyclables to overseas markets, a refreshed recycling infrastructure will support new American end markets, manufacturers and businesses creating closed loop material streams and lower transportation costs.

Today's rapidly evolving waste stream requires an upgraded recycling infrastructure from collection to processing to manufacturing. Recycling industry experts note that



the “evolving ton” reflects the light-weighting of PET containers, a significant reduction in newspaper in the consumer stream and a significant uptick in old corrugated containers (OCC) known as the “Amazon Effect” due to internet sales and home delivery.

Single-stream materials recovery facilities (MRFs) that service residential communities were not designed for these consumer shifts and are in need of redesign and expanded capacity. End-users and remanufacturers also need to reflect these consumer shifts. The “evolving ton” creates pressure points throughout the value chain from consumer product redesign and sales all the way through the recycling system, requiring a full upscaling of the American recycling infrastructure.

Investing in America’s recycling infrastructure is an investment in American jobs, in the American economy and in reducing costs for businesses that will provide an excellent return for the investment of federal, state and local funds.

INCREASE RECYCLING ECONOMIC IMPACT IN YOUR LOCAL COMMUNITY

Consider creating a local recycling incubator research lab at your local university, through research grant funds. Innovation can advance recycling to create a new American leadership on the international recycling stage. We are challenged with gaining higher diversion *and higher quality*, at a low collection and processing cost. Can we invest in the research toward collection changes and MRF processes to gain high *quality* recyclables?

Talk to your local economic development office about locating recycling jobs to your community. Note the linkage between local economic development and the recycling circular economy. Note the growing green job network, the ability to control the end destination of your recyclables by placement of end markets in your own community. Recycling remanufacturing offers a new and growing tax base, clean manufacturing, stable employment opportunities, and the synergies of locating processors and end users in the same proximity to the reduce carbon footprint of your recycling program.

We ask our NRC members to focus on delivering quality recyclables to the local MRFs, and seek local Investment in the American recycling infrastructure – in your local community!



Respectfully,

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