



PO Box 24364, Santa Fe, NM 87502, 575-224-2630

Open Letter to Members of the NM Recycling Coalition

September 20, 2017

Recent Chinese Government Actions Causing Disruption and Uncertainty in Global Recycling Markets

China is the single largest consumer of recyclable materials generated in North America. One-third of all scrap material collected in the U.S. is shipped overseas, with the large majority of this material going to China. In 2016, the US exported \$5.6 billion in scrap commodities to China (Institute for Scrap Recycling Industries). Also in 2016, according to the U.S. Census Bureau's and U.S. International Trade Commission's, China imported approximately 13 million tons of paper and 776,000 tons of plastic from the United States.

Many of NMRC's members may know, that the Chinese government has recently taken three noteworthy actions that have significantly disrupted the global market for recovered materials.

I) Ban of all Mixed Paper and Mixed Plastics

The Ministry of Environmental Protection of the People's Republic of China (MEP) informed the [World Trade Organization](#) (WTO) on July 18th of its intention to ban the import of 24 recyclable commodities, including "unsorted mixed paper" and "mixed plastics" effective January 1, 2018.

The ban proposal came amid China's National Sword customs enforcement effort that started in February of 2017. The National Sword campaign is essentially a crackdown on smuggling and contaminated scrap imports, and has led to arrests, confiscated scrap materials, and increased shipment times for exporters.

According to Robin Wiener, president of ISRI, in a June 13 press conference call with Resource Recycling Magazine, "Although all of us tend to (align) National Sword with this potential ban, it appears that they are really very different," Wiener said. "National Sword is really focused on quality concerns and smuggling, whereas the import ban appears to be not driven by an issue of quality concerns" but by a move to build up the domestic Chinese materials recovery industry.

II) Reduction of Contamination Threshold to .3%

MEP has announced that effective January 1st, 2018 all scrap materials imported into China may not exceed .3% contamination. This far exceeds the existing industry standard established by the Institute for Scrap Recycling Industries' (ISRI) Quality Specifications Circular which allows for 1.5% to 5% depending upon the grade. It is believed that a .3% contamination limit would render virtually all recovered materials ineligible for sale to China.

III) Suspension of all New License Approvals

MEP has frozen the approval of all scrap paper import permits since May. As a result, all of the prominent scrap paper import companies are not able to import any scrap paper into China causing a virtual total suspension of all imports as of September 1, 2017.

Most of the prominent national recycling trade associations including [ISRI](#), [Solid Waste Association of North America \(SWANA\)](#), and [National Waste and Recycling Association](#) have filed protests and requests for clarification on MEP's recent actions. The Chinese government has yet to officially respond.

The Chinese government has explained these actions as an effort to improve its environment by eliminating the import of pollutants mixed within recyclable materials. Industry participants support the government's environmental improvement goals, but question the efficacy of its sudden and disruptive actions.

What does this mean for New Mexico?

- The markets for recovered materials, particularly paper and plastic, have experienced significant price declines and limited movement as of September 1st. Difficult market conditions are expected to persist for the remainder of 2017. However, given the dominant reliance of China's packaging and manufacturing sectors on US recyclable raw materials, most industry experts anticipate an eventual moderation of the government's actions and a return to more normal market conditions by the end of the first quarter of 2018. The industry is hopeful that this will be a short-lived situation.
- Many domestic markets that are relatively close to New Mexico are located along the gulf coast of Texas and Louisiana and were affected by the recent hurricanes. As these markets work to get on-line again, the demand for domestic material is expected to increase.
- New Mexico programs that source-separate and bale their own material may have to reach out to multiple markets to find an end-market that is able to accept their material. A list of markets currently known to service New Mexico can be found [HERE](#). NMRC is happy to add new end-markets to this list as appropriate. Please contact Sarah Pierpont with any new market information.
- Many materials that can be readily diverted from the waste stream, such as organics, glass, and tires, do not depend on foreign markets. Over 60% of America's municipal solid waste is compostable (US EPA) and there are many yard-waste and food-waste composting operations throughout New Mexico. Click on the following links for more information on diverting [organics](#) and [glass](#) in New Mexico.
- This is a reminder that programs need to focus on quality. China's "[Green Fence](#)" in 2013, "[National Sword](#)" earlier in 2017 and now this ban demonstrate a clear message that China does not want garbage coming into their country. As markets tighten, it is imperative that recyclers produce high quality material. This is an opportunity to ensure that programs' recycling streams are as clean as they can be.
- Communication is key. It is important that municipal programs stay in close communication with their Material Recovery Facilities or end-markets to understand exactly which materials are contaminating the recycling stream.
- The New Mexico Recycling Coalition will continue to monitor the situation and will send updates to its members as they unfold. We're here as a resource to our members to share industry information that affects New Mexico's recycling programs.

In summary, recycling programs in New Mexico (and across the globe) will most likely experience drops in market prices for their material. Programs may need to work harder to find end-markets for their plastics and mixed paper, however it is important to continue to recycle these items as this slump in the foreign



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market is expected to pass fairly quickly. And remember your New Mexico Recycling Coalition is a resource. Please call or email with any questions or concerns.

Sincerely,

Sarah Pierpont
Executive Director
New Mexico Recycling Coalition
sarah@recyclenewmexico.com
505-603-0558