National Sword Update

SWIP Meeting
November 30, 2017

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Waste Reduction & Diversion Coordinator
What is National Sword?

- In 2013, China implemented “Green Fence,” an import restriction program.
- US exports to China fell by 40%.
- In July 2017, China announced “National Sword.”
- Seeks to limit or outright ban the importation of certain recyclables, including some paper and plastics, as of Jan. 1, 2018.
- Sets a new, exceedingly stringent contamination standard of 0.5%, inconsistent with global standards and perhaps impossible to attain (or even measure).
Why National Sword?

- China seeking to prohibit import of “solid waste with major environmental hazards and intense public reaction by the end of 2017.”
- Halt imports that can be replaced with domestic resources by the end of 2019

Chinese goals:
- ↓ importation of “waste”
- ↑ domestic recovery
Impact of National Sword

- US is the largest exporter of scrap commodities in the world at 37 million metric tons with a value of $16.5 billion
- 30% of scrap processed in US is exported
- In 2016, the US exported $5.6 billion to China
- In 2016, China imported 55% of the world’s recovered paper/fiber and 51% of the world’s plastic scrap
- Chinese import permits have not been renewed since May so material is already ‘piling up’ at docks here in the US and ports feeding China
Impact of National Sword

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<tr>
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<tbody>
<tr>
<td>China</td>
<td>14,292,148</td>
<td>14,979,164</td>
<td>14,527,207</td>
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<tr>
<td>India</td>
<td>1,747,162</td>
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<td>Mexico</td>
<td>1,321,855</td>
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<td>Korea</td>
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<td>1,120,781</td>
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<td>Canada</td>
<td>710,905</td>
<td>650,515</td>
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<tr>
<td>Indonesia</td>
<td>368,863</td>
<td>318,884</td>
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<td>Thailand</td>
<td>202,426</td>
<td>308,477</td>
<td>324,618</td>
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<tr>
<td>Taiwan</td>
<td>257,226</td>
<td>191,092</td>
<td>281,739</td>
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<tr>
<td>Vietnam</td>
<td>74,237</td>
<td>111,118</td>
<td>133,807</td>
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<td>Italy</td>
<td>89,894</td>
<td>112,536</td>
<td>102,700</td>
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<td>Japan</td>
<td>51,910</td>
<td>84,342</td>
<td>101,228</td>
<td>20.00%</td>
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<tr>
<td>Netherlands</td>
<td>80,373</td>
<td>90,650</td>
<td>88,467</td>
<td>-2.40%</td>
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<tr>
<td>Colombia</td>
<td>73,428</td>
<td>81,788</td>
<td>88,309</td>
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<tr>
<td>Germany</td>
<td>36,122</td>
<td>53,761</td>
<td>52,949</td>
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<tr>
<td>Chile</td>
<td>65,279</td>
<td>43,963</td>
<td>45,048</td>
<td>2.50%</td>
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Source: ISRI
Impact of National Sword

Source: ISRI
How Will National Sword Affect WI?

Paper

- Newspaper, cardboard, magazines and office paper are only materials banned from landfill disposal, but many programs collect ‘mixed paper’
- Strong WI paper industry should allow for programs to still effectively market their material
- Quality will be of utmost importance; significantly increased domestic supply will allow mills to take the best feedstock
- Educate and reduce contamination
Plastic

- #1 PETE and #2 HDPE are only materials banned from landfill disposal, but some programs collect #3-7 or mixed bulky rigid plastics.
- Only few domestic buyers of #3-7 bales; much mixed bulky rigid plastic is also exported.
- RUs /haulers/MRFs may cease collecting certain (non-LF banned) plastics.
- City of Madison recently stopped accepting mixed bulky rigid plastic.

How Will National Sword Affect WI?
How is industry responding?

- Institute of Scrap Recycling Industries (ISRI), Solid Waste Association of North America (SWANA), National Waste & Recycling Association (NWRA), Waste Management and others working collaboratively
- Engaging the World Trade Organization (WTO), US Commerce Dept, US Trade Relations, White House, etc.
- Commerce seeking to include this issue during President Trump’s Nov. trade visit to China
- Requesting clarification on definitions/what is covered by ban and longer timeframe for implementation
- Offering education and assistance to Chinese officials from US recycling expertise
Other Issues

Chinese Mill Demand
• China does not have enough material within its own country to feed its mills in the near-term
• Quality of US paper fiber is superior due to longer fiber length

Film Plastic/Plastic Bag Recycling
• In 2015, 52% of collected film was exported
• Currently, the US does not have sufficient domestic capacity for film collected
• May see reduction in film recycling opportunities
Adapting to National Sword

- Keep in communication with your hauler/MRF
- Communicate with the public: “Some programs go above & beyond & collect additional materials not banned from landfills. These materials have less stable markets & are recycled when markets are available.”
- Emphasize clean, properly prepared recyclables; reduce contamination

- Pricing for many recyclables (paper, plastics, metal) expected to decrease
- May result in additional domestic processing
National Sword & DNR

- Clarify what is included (and not included) in WI recycling law
  - Can MRFs legally landfill collected, sorted & processed (baled) #3-7 plastics? Yes
- Monitor work of ISRI, SWANA, NWRA & other US/international associations
- Work with a group of industry leaders (AROW, large MRFs, haulers, recycling programs) on consistent messaging for educating communities, RUs and the general public
Questions

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