

# CHINESE IMPORT POLICIES

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# Overview

“May you live in interesting times”

-Chinese Proverb

Since the beginning of 2017, the People’s Republic of China has announced a series of measures that will impact scrap trade between the United States and China.

*National Sword:* Crackdown on illegal waste imports.

*Import Restriction:* Prohibit entry of certain scrap materials

*Standards:* Strict contaminants thresholds on all scrap

# National Sword

Announced February 8 to crackdown on illegal imports of industrial and household waste; has resulted in:

- 100% container inspections (with associated extra storage and demurrage costs)
- Rejected imports
- Unclaimed cargo
- Cancelled orders hindering flow of goods

# Import Restrictions

- As part of the proposal, China will place an outright import restriction on particular items, including
  - Mixed paper
  - Plastic from “living sources” (*i.e.*, post-consumer)
  - Certain metals (beryllium, manganese, lead, molybdenum)
  - Certain electronic wastes

“so as to vigorously develop a circular economy, truly improve environmental quality, and protect the safety of the nation’s natural environment and the people’s health.”

# Proposal – Strict Standards

- On November 15, China notified the WTO of their intent to adopt new allowable contaminant standards for scrap imports beginning March 1, 2018.

# Proposal – Contamination Threshold

Commodity	Current Levels	Proposed Levels
Smelt Slag	1.00	0.50
Wood	1.50	0.50
Paper	1.50	0.50
Ferrous	2.00	0.50
Nonferrous	2.00	1.00
Electric Motors	2.00	0.50
Wires and Cables	2.00	0.50
Metal and Appliances	2.00	0.50
Vessels	0.05	0.05
Plastic	0.50	0.50
Autos	1.00	0.30

# What got us here



# ISRI'S position

- ISRI supports the government initiative to crack down on illegal waste traded under the guise of value commodities
- However, ISRI has concerns regarding the ban on certain items, particularly the paper and plastic restrictions.
- Similarly, ISRI is concerned with how the tightened allowable contaminants (“carried waste”) standards may hinder the trade of value commodity scrap



# Current Implications

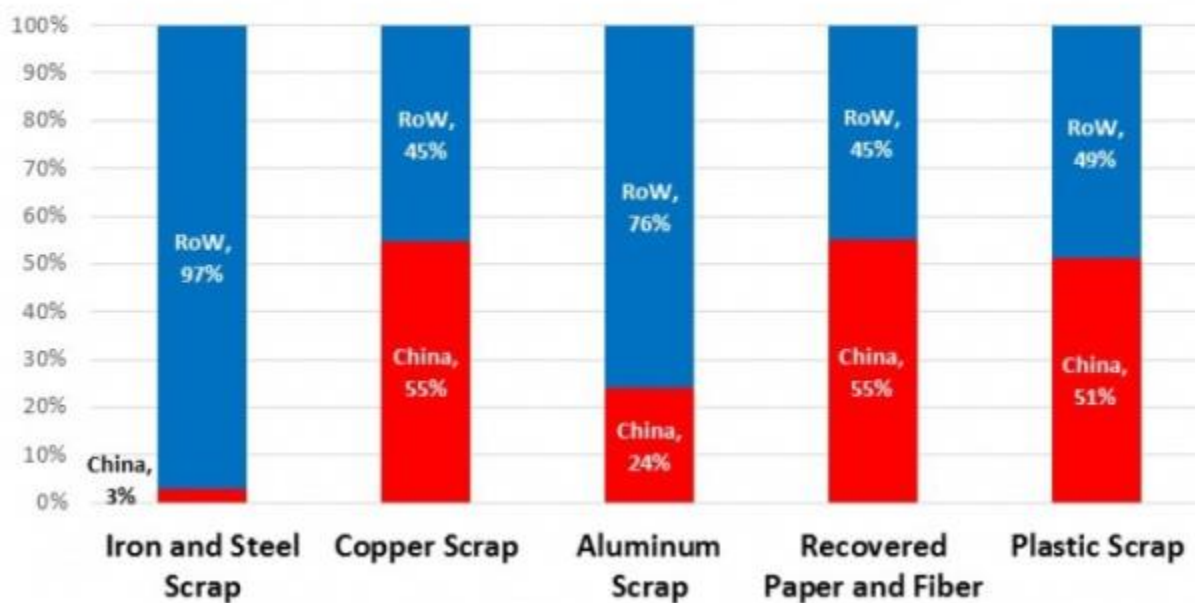
- According to ISRI \$5.6 billion in scrap commodities were exported from the United States to China including
  - \$1.9 billion in scrap paper (13.2 million tons)
  - \$495 million in scrap plastics (1.42 million tons)
- From ISRI President Robin Wiener

“If implemented, a ban on scrap imports will result in the loss of tens of thousands of jobs and closure of many recycling businesses throughout the United States [...] In any given year, approximately one-third of the scrap recycled in the United States is prepared for shipment to the export market, and China is the recycling industry’s largest customer”

# Current Implications (cont.)

## Mainland China's Share of Global Imports for Selected Recycled Commodities, 2016(p)

Source: UN Comtrade Database



# Short term Impact

- ISRI members and Chinese customers report that materials are still entering China under the current rules though notice has been given change is imminent.
- Anecdotally, however, there have been troubles moving all types of materials, even ones we believed wouldn't be impacted by the ban.
- The West Coast has been, and will continue to be, disproportionately impacted due to our high recycling rates and reliance on China for exports.

# Long term impact

- It is unlikely that markets will remain closed off over the long run. Recyclers have begun opening or moving operations to various Southeast Asian nations
- China's overall demand for cleaner and higher quality materials, paired with the glut of scrap material, may push other countries to impose similar import restrictions
- New opportunities may open for domestic scrap processors to access material at lower prices

# Final thoughts

- How do we work together in Washington State to ensure the continued viability of recycling programs?
- How do we continue diverting recyclable materials from the solid waste stream?

# Questions?

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