



National Sword — What is It and How will it Impact *My* Program?



THE RECYCLING
PARTNERSHIP

Dylan de Thomas, The Recycling Partnership

October 19, 2017

FUNDING PARTNERS

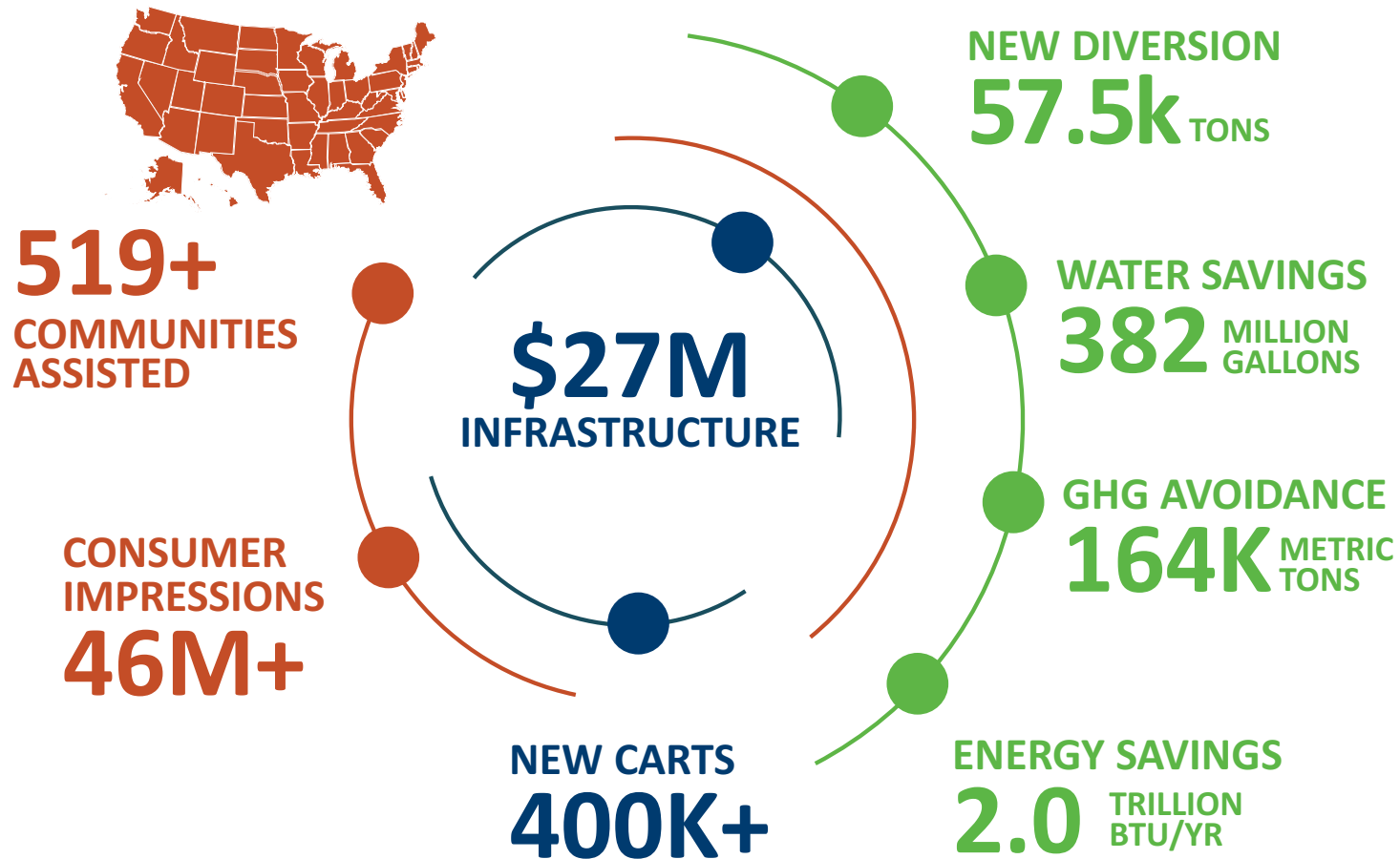


Nonprofit, working hand-in-hand with communities and companies across the country to improve recycling.



Three Years and Counting

Impacts 2014 - today





What we're covering today:

- What is National Sword?
- Where did it come from?
- Why does it matter?
- What's happening?
- Silver linings

**China is tightening the screw and
we have to respond**

**U.S. companies
concerned at China's
proposed ban**

Largest waste firms say their recycling loads are certified and clean.

**China's War on
Foreign Garbage**

Imported recycling has been a boon for China. So why ban it?

**What comes next after China's
scrap ban surprise?**

What is National Sword?

- Inspections of plastics recycling facilities
- 900 facilities inspected, 590 with rule violations
- 53 were already closed, 383 suspended operations



China's Scrap Ban

- July 18 WTO Notice
- “4 classes, 24 kinds of scrap”
- All plastics, unsorted mixed paper, textiles, some glass and metals



WORLD TRADE
ORGANIZATION

G/TBT/N/CHN/1211

18 July 2017

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(17-3880)

Committee on Technical Barriers to Trade

Original: English

NOTIFICATION

The following notification is being circulated in accordance with Article 10.6

1. Notifying Member: CHINA

If applicable, name of local government involved (Article 3.2 and 7.2):

Chinese authorities seize 85,000 tons in 'Sword' raid

What is National Sword?

- Import licenses not being renewed
- Customs enforcement in ports known for scrap
- Loads have been rejected



Where Did It Come From?

- Like Green Fence in 2013, stemmed from a media scandal
- At core, a political issue for China



Where Did It Come From?

- Anti-pollution and anti-corruption measures are connected and popular
- High-profile enforcement

Xi's Speech Had 89 Mentions of the 'Environment,' Just 70 of the 'Economy'

China's Xi Looks to Strengthen His Hand at Upcoming Communist Party Congress

China televises raids to enforce National Sword

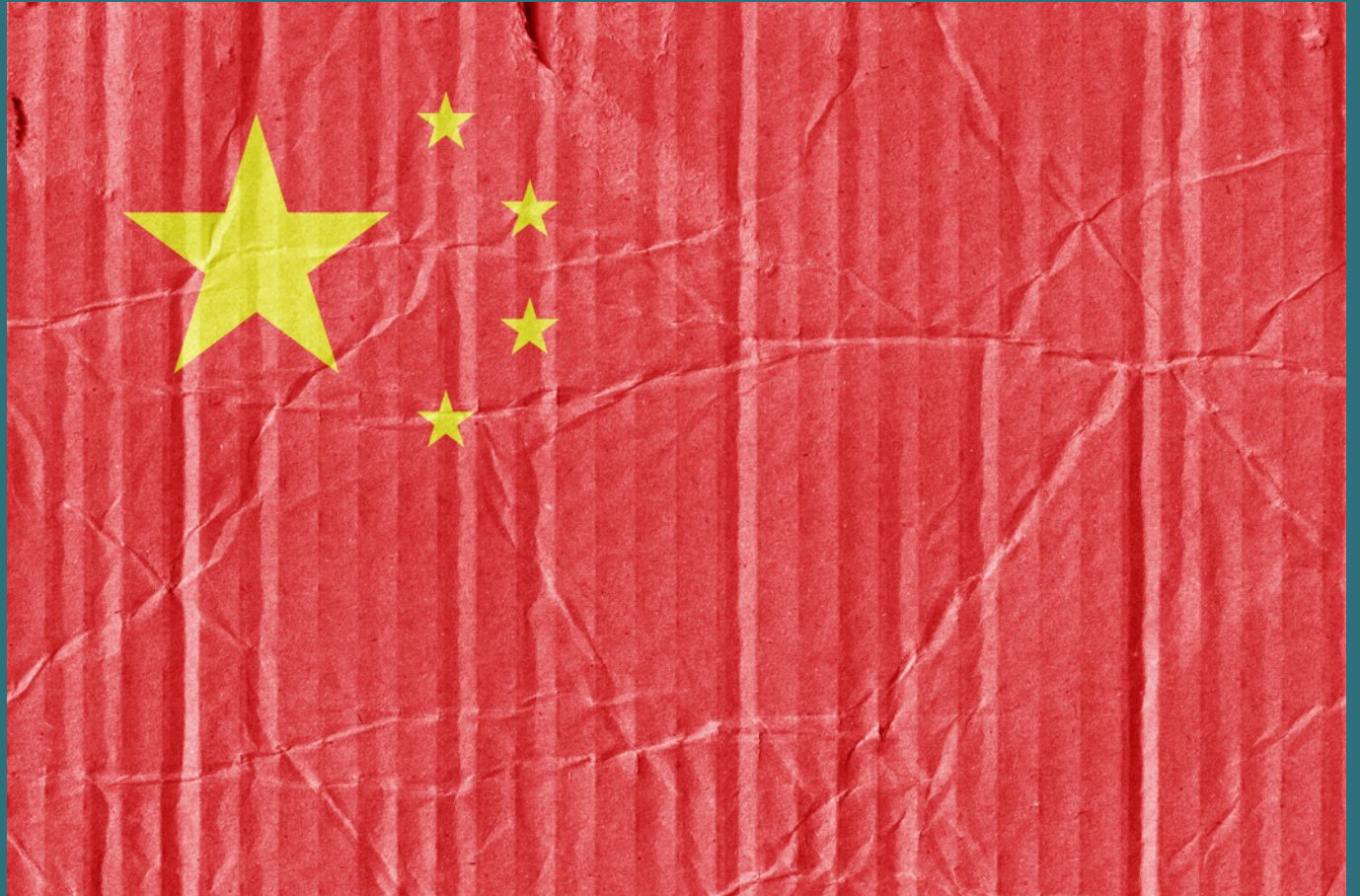
Why Does It Matter?



- Approximately 30% of all recyclables collected are exported outside the U.S.
- Hong Kong and China account for 69% of all U.S. exports for plastics other than No. 1 PET

Why Does It Matter?

- China consumes 55% of the World's scrap paper
- In 2016, 37 million metric tons of recyclables went outside the U.S., 44% to China
- 13.2 million tons of scrap fiber went to China in 2016
- ISRI estimates that 18% of scrap exports are at risk due to the ban



Impacts of National Sword

- Prohibitive content for all fiber grades will now be 0.3%, down from 2%
- Not much excess domestic capacity
- Many looking for alternative int'l outlets



Impacts of National Sword

- Short-term market concerns
- West Coast looking at all options for the material
- Medium-term uncertainty
- China needs the material!
- Silver lining?



China offers clues on what will (and won't) be allowed in

What's Happening?

- Large regional differences
- Some buying Nos. 3-7 bales
- Some having trouble moving material
- Some paying to move material
- Some producing No. 5 PP bales (Tubs and Lids)
- Some talk of landfilling



Are There Silver Linings?

1. MRFs can sort for No. 5 PP instead of Nos. 3-7 bale and sell to existing markets



Are There Silver Linings?

2. Growth Opportunity for U.S.
Nos. 3-7 Consumers



Are There Silver Linings?

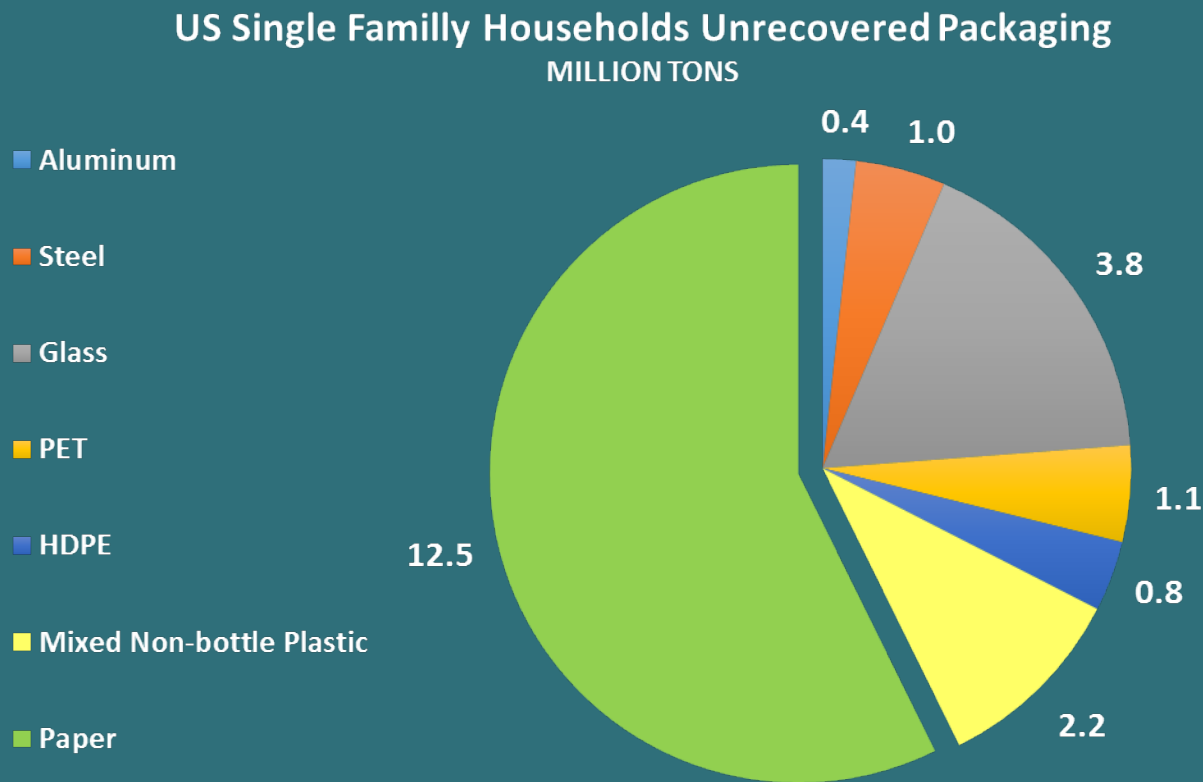
3. Investment in domestic processing capacity for Nos. 3-7 plastics

- Both for Chinese buyers and domestic processors who sell into overseas markets

China's ban prompts US recycling investment



How Much Recyclable Material Is Left in Single Family Homes?



A Total of 22 Million Tons



National Sword Partnership Messaging

Shielding Your Program from National Sword

National Sword ('naSH(ə)n(ə)l sôrd): 1 China's new quality rules on importation of recyclable material, focused on mixed paper and 3–7 plastics.

Is this a problem? It is. But it is also an opportunity. An opportunity to diversify market options. To refocus on quality. To support jobs in U.S. recycling. To grow U.S. manufacturing.

What can you do? Keep calm, stay informed, and focus on clean material.

What else? Well, since you asked:

1. Listen to market experts. [Register now](#) for our October 19 webinar. Have your questions ready.
2. Clean up your recycling stream. High quality bales are the best shield for National Sword. Use [these 6 steps](#) to keep contamination in check.
3. Talk to Your MRF. What are they seeing? Is it going to get bumpy? What does this mean for costs? How can you work together?
4. Don't take any recyclables off your [YES list](#). Markets ebb and flow. Rapid change is confusing for residents. Stay steady.
5. Don't freak out your residents. So long as there's no interruption in service – and there shouldn't be – you don't need to dive into the complexities of international markets. Keep it simple and [keep them recycling](#). Focus on quality. Again, stay steady.
6. Don't feed the trolls. If negative messaging comes up, pivot to the good. Ignore the bad and the ugly. Truly, stay steady.

1. Webinar
2. Clean up your recycling stream
3. Talk to Your MRF
4. Don't change your programs
5. Don't freak out your residents
6. Don't feed the trolls



National Sword Partnership Messaging

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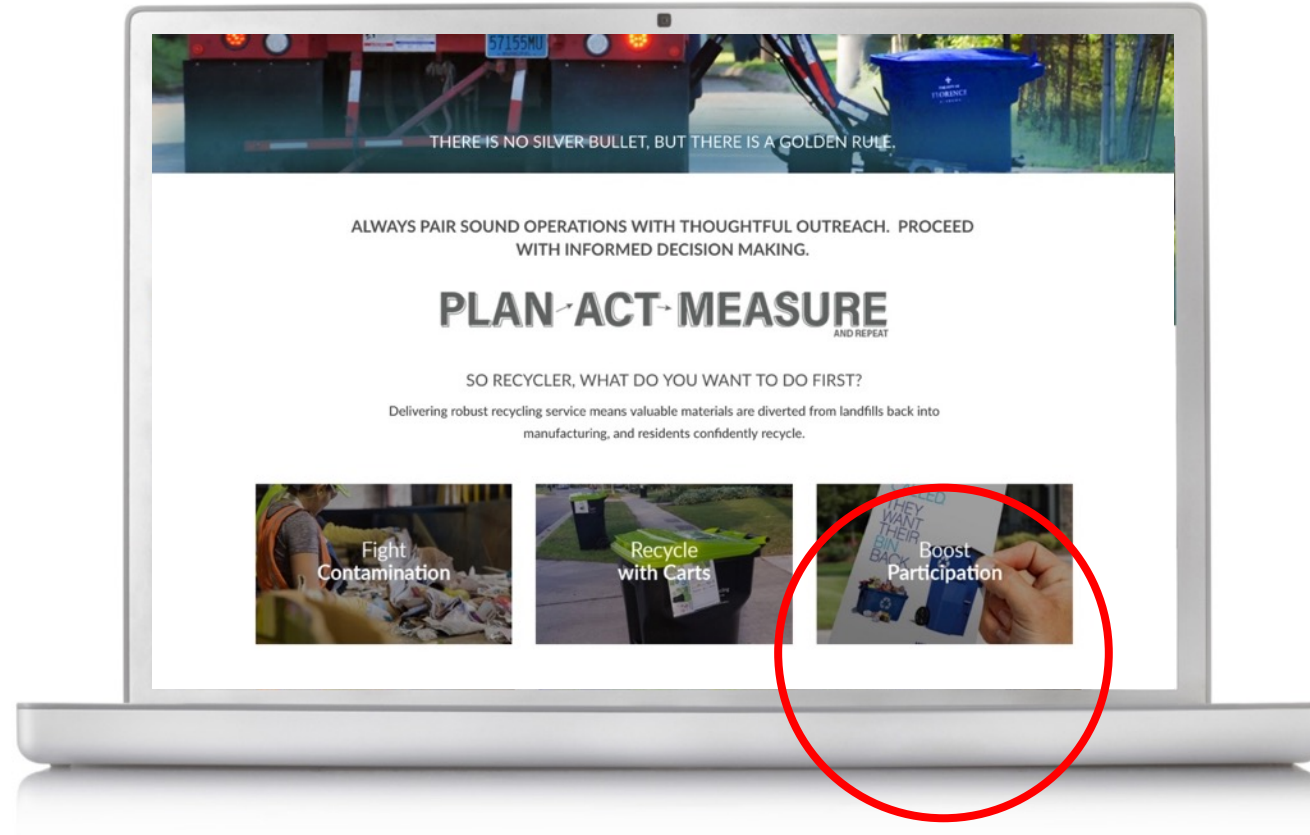
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Find them on our website:
www.RecyclingPartnership.org



New! – Social Media Kit

Ready-to-Use



RecyclingPartnership.org/Social



QUESTIONS?

ddethomas@recyclingpartnership.org