



MEMORANDUM

To: Transportation and Public Works Committee
From: William Appleton, Public Works Director
Date: 6/21/18
Subject: China National Sword Policy Impacts on West Coast Recycling

Purpose:

To discuss the impacts of the China National Sword Policy (a policy put into place by the Chinese Government reducing the acceptable level of contamination within recyclable commodities (aluminum, plastics, mixed paper etc) allowed into the country), on the City's Solid Waste and Recycling contractor, Recology CleanScapes. Proposed mitigation measures intended to provide relief to Recology CleanScapes will be discussed.

Background:

The export of recyclable materials is a significant part of Washington's recycling infrastructure and the Country that has most of the world's capacity to receive and process these materials is China.

In July 2017, China announced a policy called National Sword, which limits the import of contaminated recyclable commodities and increases inspections of recyclable commodity imports. In October, the [Solid Waste Association of North America issued a notification about the policy](#), which went into effect in March 2018. This policy change is already starting to have adverse impacts on California, Oregon and Washington, and is resulting in more material being stockpiled at solid waste facilities and recycling centers or disposed of in landfills. Furthermore, in March of 2018, China began the Blue Sky 2018 enforcement campaign to prevent the import of materials outlined in the country's recycling ban. The materials banned by the end of 2018 include post-industrial PE, PET, PS, PVC and other scrap plastic. Additional banned materials include slag and residue from smelted steel and iron; a variety of metal and electrical appliance scraps, such as electric motors, wires and cables; and compressed scrap from cars.

Both the National Sword Policy and the Blue Sky campaign have resulted in a collapse in the value of recyclable commodities such as mixed paper, cardboard and plastics and has made unavailable more than 50% of the world's capacity for processing these materials into products for reuse/resale.

In response to this, waste management and recycling industry are taking steps to encourage waste prevention, reduce contamination of recyclable materials, and improve post-collection processing. Recology CleanScapes has hired more workers at their material recovery facility (MRF) and has slowed down sorting lines to ensure contaminated (nonrecyclable) material is diverted before recyclables are baled for export. However, existing market conditions coupled with the foreseeable future strongly suggest that additional measures will need to be taken if the waste management and recycling industry is to remain healthy.

One approach to mitigating this significant impact on our Solid Waste and Recycling Contractor would be to add a temporary surcharge to our ratepayer's bill until market conditions recover. For discussion purposes, Recology CleanScapes has provided a Recycling Cost of Service Analysis showing the monthly rate impact per account for three different recycling adjustment options.