OCTOBER 2017 – GREEN FENCE – SPECIAL EDITION

CAN'T PAPER OVER THE GREEN FENCE

The higher the Green Fence goes up, with the planned ban of unsorted waste paper exports to China, the lower the statewide recycling rate goes down. The Chinese government, looking to protect its homeland manufacturers and to be mindful of environmental impacts, decided it would take action to improve the quality of the raw materials through the enhanced inspection of recyclables that are exported to China. The program, known as '*Operation Green Fence*', was formally implemented in February 2013, enforcing a 2011 law, and was billed as an aggressive inspection effort aimed at curtailing the amount of contaminated recyclables and waste that was being sent to China. China has raised the Green Fence even higher with a Catalogue of Solid Waste Forbidden to Import by the End of 2017, that will further decrease the contamination rate for mixed paper to just 0.3%. This would effectively create a ban where there is no plan in the United States to manage additional material, as prices plunge and bales stack up.

With '*Operation Green Fence*', there was also falling oil prices, a global economic slowdown, and a strong dollar, which hurt commodity pricing. Meanwhile, a rebounding California economy caused more generation tons without developing remanufacturing facilities to process the recyclables domestically. Just last year, export markets for recyclables dipped another two million tons, dropping for the fifth year in a row and losing over 7 million tons of capacity since 2011. Landfills dumped another 2 million tons in 2016, increasing for a fourth year in a row, and gaining 6 million tons on disposal since 2012. The California recycling rate has downcycled to 44% in 2016 from a high of 50% in 2012, as the 75% recycling rate goal by 2020 seems like an impossible dream. Anecdotal evidence demonstrates that what is not being exported is now being landfilled, as domestic remanufacturing for paper and plastic does not have capacity.

Mixed paper, cardboard, and paperboard exports accounted for about 8.9 million tons valued at $1.2 billion in 2016. China controls 86% of the market. Mixed paper is at least one-third of this export market – where, should China ban mixed paper, about 2.5 million tons would need to find a new market in 2018. Following historical trends, paper could be landfilled as the material recovery processing line may not have the technology or the labor to high-grade the paper waste. Building the Wall to the South has curtailed critical labor, and raising the Fence in the East, is mixing up the paper recovery rates and markets and boxing recycling in. Should another 2 million tons of mixed paper be landfilled in 2018, the statewide recycling rate would limp to just 41%.

CalRecycle needs to update their "AB 341 Report to the Legislature," which was last submitted in August 2015. Now is the time to update the AB 341 Report to determine the increase in landfill tip fee needed to actually get to the 75% goal by 2020, or delay the 75% goal. Should AB 1826 and SB 1383 be enforced to 2020 requirements, organics alone could lift the statewide recycling rate to at least 50% by 2020 should the export markets continue to slide and the emergence of domestic remanufacturing facilities stall out.

In 2016, AB 1063 (Williams) could have provided a 'Bale Out' with a $4 per ton landfill tip fee resulting in $140 million per year to support developing the domestic recycling and composting manufacturing capacity. AB 1063 was held in Committee, being labeled as a 'tax' and not a 'fee' even though there is a clear nexus to support recycling. The Governor's Office was briefed on a Berkeley Study calling for a $10 per ton tip fee to off-set cheap landfilling and encourage recycling and energy recovery. AB 1288 (Eggman) was introduced in 2017 to give recycling a chance with tip fee reform, but that too was stalled out, as there is no 'Bale Out' in sight leaving landfilling as the last resort.

DISPOSAL TONS
Pounds Per Person Per Day (PPD) - CalRecycle

2012 4.3 PPD
29.3 million disposal tons
50% statewide recycling rate

2013 4.4 PPD
30.2 million disposal tons
50% statewide recycling rate

2014 4.5 PPD
31.2 million disposal tons
50% statewide recycling rate

2015 4.7 PPD
33.2 million disposal tons
47% statewide recycling rate

2016 4.9 PPD
35.2 million disposal tons
44% statewide recycling rate

2020 2.7 PPD goal
20.0 million tons
75% statewide recycling rate

AB 341 REPORT

With the passage of AB 341 (Chesbro, 2011), the Governor and the Legislature established a policy goal for the state that not less than 75% of solid waste generated be source-reduced, recycled, or composted by the year 2020. This report submitted in August 2015, as directed by the Legislature, provides strategies to achieve that 75% goal. A series of recommendations for legislative changes were presented in this report and should be updated in 2017 to increase the recycling rate from 44% in 2016 to 75% by 2020. The State of Disposal and Recycling in California 2017 Update was published in August 2017 providing trends with the most recent data.

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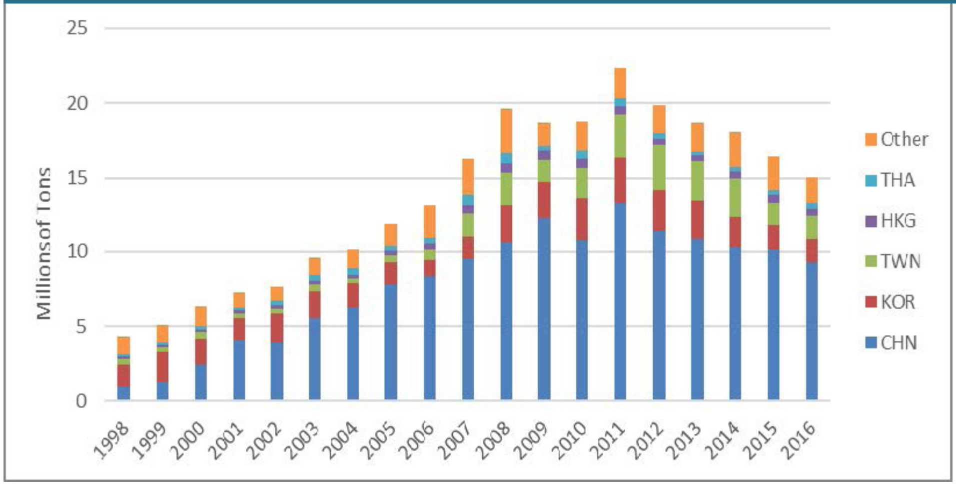

Local programs are feeling the dire effects of China's ban where some feel that the Sacramento region's recycling material may be landfilled. There has been an outcry from ISRI, WCRRC and SWANA over the market collapse. With America Recycles Day planned for November 15, 2017, will mixed paper need to landfilled by then as the bales have nowhere to go?

Statement of the West Coast Refuse and Recycling Coalition

The West Coast Refuse and Recycling Coalition (WCRRC), including CRRC, Oregon and Washington haulers, provided comments regarding the July 18, 2017 Notification to the World Trade Organization from the Ministry of Environmental Protection (MEP) of the People's Republic of China. The notification announced MEP's intent to forbid by the end of 2017 the import into China of 4 classes, containing 24 kinds of solid wastes, including plastics waste from living sources, unsorted waste paper and waste textile materials. The WCRRC respectfully requests that the ban be delayed to allow the recycling industry in the United States to work with China to ensure the environmental protection it seeks is realized while maintaining the environmental and economics benefit to both nations of a robust trade in these valuable recyclable materials.

ISRI Statement on China's Intent to Ban Certain Scrap Imports

(Washington, DC) – China notified the World Trade Organization (WTO) of its intent to ban the import of certain scrap materials by year end. Among the items included on the list are most scrap plastics ("including polymers of ethylene, styrene, vinyl chloride and PET…"), mixed paper and slags and drosses. In response, ISRI President Robin Wiener released the following statement:

"ISRI has already notified the Office of the United States Trade Representative and the U.S. Department of Commerce on the devastating impact such a ban will have on the global recycling industry, especially because ISRI has heard that China is considering additional notifications in the future on other scrap materials. Upon receiving this information, ISRI immediately briefed U.S. officials in preparation for tomorrow's U.S.-China Comprehensive Economic Dialogue (CED) in Washington.

"With more than $5.6 billion in scrap commodities exported from the United States to China last year alone, the trade in specification-grade commodities – metals, paper and plastics – between the United States and China is of critical importance to the health and success of the U.S. based recycling industry. 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.

"The scrap recycling industry is the first link in the global manufacturing supply chain. Recycled materials are key inputs into the production of new, usable commodities for the use in value-add production. 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. This includes more than $1.9 billion in scrap paper (13.2 million tons) and $495 million in scrap plastics (or 1.42 million tons). "More than 155,000 direct jobs are supported by the U.S. industry's export activities, earning an average wage of almost $76,000 and contributing more than $3 billion to federal, state, and local taxes. A ban on imports of scrap commodities into China would be catastrophic to the recycling industry."

CALRECYCLE REPORT: 2016 CALIFORNIA EXPORTS OF RECYCLABLE MATERIALS

The CalRecycle presentation at their August 2017 meeting shows exports are down by over 7 million tons, since 2011 landfill disposal is up by 6 million tons over the same time period.

PACKAGING WORKSHOP OCTOBER 10, 2017

This workshop will build upon the policies discussed at the March 22, 2017 Packaging Reform Workshop and is a continuation of CalRecycle's Packaging Reform policy model development process. Given that there is not a one-size-fits-all policy solution for all packaging, CalRecycle is choosing to evaluate which mandatory policy models and instruments might be best suited to increasing collection and recovery of specific packaging types. In order to provide stakeholders with early opportunity to provide feedback and help make this workshop discussion more robust, CalRecycle is soliciting stakeholder input on potential screening criteria and data sources that will be used to evaluate each criterion for the purpose of evaluating and identifying packaging types. In order to help meet the state's aggressive 75% recycling rate goal by 2020, and particularly in light of significant recent developments such as the drop in California's recycling rate and potential implications of China's expanding regulations to ban certain scrap imports, it is critical now more than ever to address this portion of the waste stream. This will require a higher level of awareness and involvement by all parties involved to develop a comprehensive, mandatory policy model for managing packaging to significantly reduce its presence in the waste stream.

AB 1288 (Eggman)

TOPIC: This bill would increase the solid waste tipping fee from $1.40 per ton to an as-yet-to-be-determined amount, to help develop organic materials processing facilities and other market incentive programs that promote the highest and best use of recovered materials. The bill may also establish a generator charge to augment the existing disposal fee which funds CalRecycle administrative costs.

STATUS: **2-year Bill**

From the Sacramento Business Journal:
https://www.bizjournals.com/sacramento/news/2017/10/05/another-voicewill-the-region-s-recycling-material.html

Another Voice

Another Voice: Will the region's recycling material be landfilled?

SUBSCRIBER CONTENT: Oct 5, 2017, 3:43am PDT

COURTESY OF DAVID KUHNEN

David Kuhnen is general manager of Recycling Industries Inc.

The recycling industry serves a vital role in protecting our environment by recycling materials that can be repurposed to make everyday consumer products. This process results in reduced dependence on landfills and fewer natural resources being needlessly harvested, saving consumers money as they diligently dispose of what was once considered garbage into containers marked for recycling only.

But this may change.

China has notified the World Trade Organization that by the end of the year it will no longer accept imports of 24 categories of recyclables, as part of a government campaign against "foreign garbage." The stated purpose of the "National Sword" campaign is to crack down on poorly sorted waste that can be bundled with traditional recycled products such as paper, plastics and metals.

To achieve this ambitious and perhaps unattainable goal, China demands that imports contain no more than 1 percent non-recyclable waste, which is down from the industry standard of up to 10 percent. The reality is that few recycling companies have infrastructure in place to meet this new and costly standard, even if the public is willing to pay to deliver recycled products, say industry experts.

When China is the largest buyer of U.S. recyclable material, spending over $18 billion last year alone, and consuming 86 percent of California's recyclable fiber, it comes as no surprise that Robin Wiener, president of the Institute of Scrap Recycling Industries, predicts"catastrophic" consequences.

The impacts of China's campaign against U.S. exports also poses significant financial risks for recycling firms here in the Sacramento region that are locked into long-term fixed contracts with public agencies. Recycling Industries, a local business started by my father 35 years ago, processes recyclables locally on contractual margins that are no longer sufficient to cover the costs of processing and marketing recyclable material by this new standard.

The financial risks to recycling companies like ours and others throughout the U.S. are compounded by the fact that there are not enough alternative markets for recyclables being rejected by China, either domestically or abroad. Moreover, persistent rumors that China is considering an outright ban on all recyclable products from anywhere in the world is exacerbating fears.

While these problems showcase the danger of the U.S. being so dependent on one country to accept nearly all its recyclable material, meaningful solutions are desperately needed.

The obvious solution is for municipalities to crack down on residents more aggressively who perpetually discard contaminants into recycling bins or to increase collection fees.

If inaction prevails, few recycling companies will do business with them and recyclable material will make its way to landfills, a wasteful and harmful solution for our environment. For someone dedicated to a green economy, the latter scenario is not a sustainable solution.