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China's Recycling Regulations: How American Cities Can Benefit

A new report highlights how municipalities can effectively respond to, and possibly benefit from, China's import ban.

Waste360 Staff | Sep 26, 2018

The National League of Cities (NLC) released a new report, "Rethinking Recycling: How Cities Can Adapt to Evolving Markets," which analyzes how city leaders can develop resilient local waste management systems in response to China's stringent regulations .

The report, which marks the beginning of a larger effort to examine sustainability in solid waste management, highlights how municipalities can effectively respond to—and even benefit from—China's ban.

"In the face of adversity, city leaders have historically been our nation's problem solvers," said Clarence Anthony, CEO and executive director of NLC, in a statement. "China's new policy is a wake-up call that we need to think more critically about waste management, and cities now have the opportunity to strengthen domestic markets and chart a sustainable path forward."

Historically, China's demand for materials to feed its manufacturing led it to purchase recyclables from all over the world, driving healthy commodity markets in paper, plastics and more. The rest of the industry relied on these sales, not taxes or fees, to fund their collection operations. But China's new policy, National Sword, is upending this approach. Phase one, which took effect earlier this year, institutes a ban on the two most common U.S. commodity mixes: mixed paper and plastics.

The second phase, which has been proposed to take effect in 2020, could mean a total ban on all solid waste imports. This change could potentially diminish markets, cause market fluctuations and reversals and lower revenues, explained NLC.

The U.S. exported 16 million tons of recycling commodities to China per year before the ban. In 2016, these shipments were worth $5.2 billion.

Recycling is seen as a crucial service in many communities. Many Americans recognize its importance to fighting climate change, reducing pollution and limiting municipal landfill costs. The recycling industry also accounts for 757,000 stable jobs, $36.6 billion in wages and $6.7 billion in state, local and federal tax revenues. For many cities, this is also a question of equity, as poor people and people of color are disproportionately burdened by waste-contaminated soil and water.

In addition, oceanic plastic contamination has come to the fore as a major international crisis. Inefficient waste management practices have led to 8 million metric tons of plastic being dumped in the oceans annually. As a result, there is an international dialogue on how cities can work with the recycling industry and other business partners to keep more plastic out of oceans.

"Although China has cited environmental and human health concerns as the main motivation for the revised material contamination policies, the country's economy will also benefit from building a domestically based recycling industry," according to the report. "Additionally, China has historically struggled to manage its own waste and is the biggest contributor of ocean pollution in the world. The new policies will allow China to turn its focus inward."

In the U.S., cities like Durango, Colo.; Fort Collins, Colo.; and Washington, D.C., are profiled in the report for being proactive and utilizing partnerships and educational campaigns to both increase recycling rates and maintain local control over waste management systems.

"This market shift has a major impact on cities, since their service revenues are intertwined with their processors' and haulers' ability to sell high-value recycling commodities," according to the report. Across the country, cities are experiencing multiple related effects, including diminished markets, market fluctuations and reversals and lower revenues.

Long-term recommendations for city leaders from the report include:

- Conducting an economic analysis of current management operations.
- Working with contractors.
- Ensuring fees and rates reflect current costs.
- Evaluating local policies and economic incentives.
- Exploring local and unconventional markets.
- Considering streams.

- Examining asset ownership and considering infrastructure investments.

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