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and

Standardization Administration of China (SAC)

Notification: G/TBT/N/CHN/1212

Title: Identification Standards for Solid Wastes General Rules (8 page(s), in Chinese)

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Statement of the Institute of Scrap Recycling Industries:

The Institute of Scrap Recycling Industries, Inc. (ISRI) is pleased to submit these comments regarding the People's Republic of China's 18 July 2017 Notification to the WTO of its intent to revise its **Identification Standards for Solid Wastes General Rules** to enter into force on 1 September 2017.

ISRI fully supports the efforts of the Chinese Government to protect the health and welfare of its citizens and the environment. The proper identification of goods that enter China's ports will support that endeavor, and ISRI offers suggestions on improving the language in the draft Standard to help properly identify scrap materials that are valuable commodities used as raw materials as distinct from waste that has no value or use.

Background on ISRI and the Recycling Industry

ISRI is the Voice of the Recycling Industry™, promoting safe, economically sustainable and environmentally responsible recycling on behalf of our more than 1,300 member companies located in the United States and around the world that process, broker, and industrially consume scrap

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commodities.¹ Access to global markets is a key component to the health of the recycling industry. Exports of scrap commodities account for well over 25% of the industry's economic activity and supports more than 134,000 individuals in good-paying, "green" jobs within the United States, and hundreds of thousands more globally.

Scrap is a world traded commodity that moves according to demand needs. As such, scrap recyclers are the first link in the global manufacturing supply chain, transforming obsolete, off-spec and end of life products and materials into valuable commodities that meet 40% of manufacturers' raw material needs around the world. It is estimated that approximately 180 million metric tons of recyclable materials, valued at \$86.5 billion, are traded globally each year, with the United States supplying more than 37 million tons of scrap into the export market, worth \$17.5 billion.

China is by far the largest importer of scrap in the world, fueled by its large manufacturing base and its growing middle class. For recycled commodities such as recovered paper and fiber, plastic scrap, and copper scrap, China accounts for more than half of the world's total imports. Thus, any change in Chinese policy concerning the import of these commodities will be quickly felt around the world. This is particularly relevant to the U.S. recycling industry, as the United States is the largest scrap exporter and China is our largest trading partner. In any given year approximately 30% of the scrap processed within the United States is prepared for export to industrial consumers around the world demanding high quality scrap. While exports move from the United States to more than 150 countries worldwide, China is the U.S. recycling industry's largest customer, accounting for 40% of exports.

Figures from the U.S. Census Bureau and the U.S. International Trade Commission (ITC) show that the United States exported 37 million metric tons of commodity grade scrap metal, paper and plastic commodities in 2016, worth \$16.5 billion.² Of that amount, China imported more than 16.2 million tons, valued at \$5.2 billion from the United States last year.³ This includes:

- Ferrous: 890,000 tons, \$661 million
- Copper: 670,000 tons, \$1.36 billion
- Aluminum: 692,000 tons, \$918 million
- Paper: 13.2 million tons, \$1.91 billion
- Plastics: 776 million tons, \$282 million

Proposed Identification Standards for Solid Wastes General Rules (the "Standard")

ISRI supports efforts on the part of the Chinese Government to develop guidelines for the identification of solid wastes, crafted in such a way as to promote environmental sound management of such wastes. Proper identification of what is solid waste also helps foster environmentally responsible recycling by clearly differentiating what is waste and what is scrap (or secondary materials) with appropriate controls over each. More specifically, there is a need to distinguish scrap from waste within the Standard, as well

¹ ISRI member companies operate at over 4,000 facilities located primarily throughout the United States, but also in 34 other countries around the world, including China.

² Total volume of scrap processed within the United States in 2016 exceeded 129 million metric tons valued at more than \$54 billion.

³ This data is specific to mainland China and does not include exports from the United States into Hong Kong. Should the ban also impact exports into Hong Kong, an additional 783 million metric tons of scrap would be impacted, worth \$352.4 million.

as in the underlying regulations and related notices issued by the Chinese, in order to better facilitate the legitimate trade of high-quality scrap commodities and at the same time prevent the improper trade of waste materials. Unfortunately, the Standard as drafted uses the term “solid waste” inclusive of both trash and scrap, creating confusion and uncertainty within the U.S. and global recycling industry.

What is “Scrap”?

Simply put, scrap is not waste. **Waste** – often called “trash”, “refuse” or “garbage” – is a material that has no value and is not wanted. Wastes are disposed of because they are no longer useful. In contrast, **Scrap** – often called “recyclable material” or “secondary material” – is a valuable commodity sold in the global marketplace according to industry-wide, globally recognized specifications as a raw material in lieu of virgin materials for manufacturing. Worldwide, more than 800 million metric tons of scrap commodities are consumed each year.

Scrap is relied upon by manufacturers around the world as a competitive, environmentally preferable and energy efficient feedstock material. In its unprocessed form, it is derived from residential, industrial, manufacturing and/or commercial sources and is composed of ferrous, nonferrous, plastic, paper, glass, textiles and/or rubber. In its processed form, it is manufactured by processors to a specification grade to meet the needs of the industrial consumer.

Scrap is a product sold on the open market in competition with virgin raw materials. It is processed by scrap recyclers to one of hundreds of specification grades. Unlike waste, recycled materials are processed into commodity-grade specifications used by buyers and sellers of scrap around the world. As the predominant source of scrap specifications, **ISRI’s Scrap Specifications Circular** contains several hundred specifications covering ferrous scrap, nonferrous scrap, glass cullet, paper stock, plastic scrap, electronics scrap, and tire scrap (www.isri.org/specs). These specifications are used by industry members to facilitate the buying and selling of their materials and by customs officials for customs clearance purposes.⁴ To that end, ISRI supports a ban on unusable waste that does not meet the specifications.

Use of the term 回收料

ISRI respectfully requests the Chinese government use more specific terminology in reference to recyclable materials (such as 回收料) in order to properly distinguish between high-value scrap commodities and waste. This is an opportunity to incorporate such terminology in the Standard and other rules and regulations under consideration by the Chinese Government.

Suggested Modifications to the Standard’s Text

ISRI recommends the following modifications to the Standard’s Text to provide clarity between scrap and waste. Insertions are in *red italics* and deletions are indicated with a ~~red-strikethrough~~.

3: Terms and definitions

⁴ ISRI’s Scrap Specifications Circular has been used globally for more than 80 years, promoting consistency and quality in the trade of scrap around the world. In fact, the Government of India references the ISRI Specifications within their own rules concerning the import of scrap. The specifications are used by both India Customs and the Indian Directorate of Foreign Trade (DGFT) as a reference point for determining what materials are acceptable for import into India.

3.1 Solid wastes

Refers to solid or semi-solid substances or articles, including gases placed in containers, that are produced in production, living or other activities and have lost their original use value, or that have been discarded or abandoned despite not having lost their use value, as well as articles and substances that laws and regulations have stipulated are to be included under solid waste management, *with the exception of scrap as secondary material.*

3.3 Recycling

Refers to ~~the activity of extracting substances from solid wastes to serve as raw materials or fuel~~ *a series of activities in which material is processed into specification-grade commodities, and consumed as raw material feedstock, in lieu of virgin materials, in the manufacture of new products. The series of activities that make up recycling include the collection, processing, brokering and subsequent consumption of industrial, end of life and obsolete scrap, as well as the process of transforming used products, whole or in part, into reusable commodities.*

ISRI also recommends adding the following new definition into the Terms and Definitions:

3.8 Scrap as Secondary Materials

Refers to a valuable commodity relied upon by manufacturers around the world as a competitive, environmentally preferable and energy efficient feedstock material. It is derived from residential, industrial, manufacturing and/or commercial sources and is composed of ferrous, nonferrous, plastic, paper, glass, textiles and/or rubber. In its final processed form, it is manufactured by processors to a specification grade to meet the needs of the industrial consumer.

4: Identification of Solid Waste based on the Origin of Solid Waste Identification

ISRI proposes that in this section "*items or materials*" is inserted following the terms "substances" in each instance that it is found. In addition, ISRI proposes that "by-products" be clearly distinguished from waste materials as follows:

4.2 ~~By-products~~ Wastes produced in production processes include the following:

- a) Waste, ~~scrap~~, etc generated during product processing and manufacturing
- m) ~~By-products~~ Other wastes produced in other production processes.

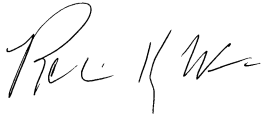
6: Substances not subject to solid waste management

6.1 The following substances shall not be managed as solid waste:

e) Scrap as secondary materials: Specification grade commodities relied upon by manufacturers around the world as competitive, environmentally preferable and energy efficient feedstock materials in the manufacture of new products often in lieu of virgin materials.

We again thank you for the opportunity to comment on the proposed Standard, and welcome the opportunity to provide additional information and support as China moves to improve environmental management of recycling operations.

Sincerely,

A handwritten signature in black ink, appearing to read "Robin K. Wiener". The signature is fluid and cursive, with the first name "Robin" being the most prominent.

Robin K. Wiener
President