

Interview with Xinhua News
March 30, 2018
10:30am

Interviewer: LIU Yang
Interviewee: Adina Renee Adler

Q: First of all, could you give us a broad picture of what the recycling industry in the United States looks like and what's the history of ISRI's cooperation with China?

A: Yeah, sure. So, the Institute of Scrap Recycling Industries – or ISRI – has more than 1,300 members worldwide, including a number of members throughout China, of companies that consume, produce, process, broker, trade and make equipment for the recycling industry. And our members recycle everything that can be recycled, so metals, paper, plastics, textiles, glass, electronics and tires and rubber. And this is an association that has been called ISRI for about 31 years, but it was the merger of two very long standing associations in the recycling industry that had been around for 50-80 years beforehand – I apologize I don't remember the exact amount of time but for a long time.

Q: How long has the United States been exporting scrap to China?

A: The United States has been exporting scrap to China for at least three decades, but as China's manufacturing growth started to take place, the demand for our high-value scrap commodities – *hui shou liao* (回收料) started to grow immensely within the last decade. And so, commensurate with that, we have been recycling more here in the United States both for the manufacturing sector here, but because Americans are such good recyclers, we're actually in a surplus situation where we can't actually consume everything that we process, which is about 130 million metric tons every year. And we have to export about a third of that overseas. We export to 150 countries, including China, but certainly China's growth over the last decade has resulted in China becoming one of our largest customers for the export of scrap commodities.

Q: So I see that you said China makes up about 40% - that consumes about 40% of the scrap. Can you give us a little picture of how that grew over time? So what did it start with over the past three decades?

A: You know, its growth has been all of the materials, for example, in the construction of new infrastructure within China that requires metal; um, the growth of a consumer goods processing – producing – industry within China that requires all of the materials; um, the packaging for those consumer goods to, uh, head back out into the markets requires recovered paper. And so the growth was happening on all of those commodities, not just one in particular.

Q: I see you have a showcase out here that, um, describes the different phases of recycling. There's weighing-in, processing, marketing and selling. Could you tell us when – at which point are the scrap exported to China, then? Which of the processes take place here in the United States and which processes take place in China?

A: It depends. Um, there are – it depends on the type of material; it depends on what the end-use is; what the end-consumer, or manufacturer, in China requires; what kind of specification it

must meet, um, in terms of the ISRI specifications of quality and for the makeup of that material. And so we have some materials that go through almost the entire recycling chain and only just the end-usable product goes to China to be transformed into a new product. Sometimes it will be in, you know, the first couple phases of the recycling process takes place here and then it finishes in China for use in the Chinese market. It really depends.

Q: So there are some material that would be processed and, uh, in China?

A: Yes.

Q: Which materials are those?

A: Sometimes some of the metals would be processed in China and sometimes it would be paper and plastics and sometimes you see glass and sometimes you see tire and rubber. Again, every single material has a different recycling chain, and it depends on what the end consumer requires for their manufacturing process.

Q: In the U.S. recycling industry, which players are, um, play a role in it?

A: I don't understand your question.

Q: Um, I mean, I assume there are the recycling companies, there are the landfills, there are the, uh, waste collections from city administrations and, I'm just saying, like, who might be, um, impacted by this ban?

A: The recycling industry is what is starting to be called globally a circular economy, and a circular economy implies that there are a number of different players along a supply chain, um, that also, uh, take advantage of infrastructure to ensure that feedstock gets from its original source to where its final destination needs to be. So, in the United States, you have a number of different ways that recyclable materials – and again we're talking about *hui shou liao* 回收料 – *ke shi hui shou liao bu shi fei wu* 可是回收料不是废物 - *hui shou liao* 回收料 is collected from various different places. It's collected from the households, it's collected from offices like the one we're sitting in here, it's collected from industrial sites. And it's collected by different types of collection companies that will take them to recycling, uh, facilities to be sorted, separated, cleaned, decontaminated. And then it might go off to the next phase, you know, somebody that does some, uh, some chopping, sorting, repackaging. Um, you know, it depends, again, what is the final customer need and how many processes does it need to go through, and there will be somebody along that supply chain who can handle that.

Q: So, how have the – each of the links been impacted by the ban, which has been imposed on for three months?

A: There's a couple of different ways that there has been an impact on global trade. In an effort to protect the environment – which, by the way, is something that ISRI wholeheartedly agrees with and supports – is that China should not be the world's landfill. We agree with that. Our materials are not waste, they are not *fei wu* 废物. They are *hui shou liao* 回收料 – they are recyclable materials that are used in the manufacturing supply chain. So in an effort to protect the environment, which we support, unfortunately, the ban has also impacted the supply chain

for their manufacturers. And so as a result, we have seen some high value scrap commodities have to be diverted to landfills. So, again, while China is trying to protect its own environment, there has been an impact on our environment because of materials diverted to landfill. In addition, Chinese manufacturers no longer have that feedstock, and so they have to rely on primary material, which means more greenhouse gas emissions are being, uh, let into Chinese air to make that primary material because they cannot use the scrap material that otherwise would have come from the United States. And so that's the impact we're having here, is that some of our materials are going to landfill unfairly and also Chinese manufacturers are not able to get the feedstock commodities from our companies.

Q: Uh, so, speaking on the perspective of households or companies, um, are there instances where they're asked not to divide recyclable – scrap and normal waste? They're still being asked to divide those two.

A: Yes.

Q: But, sometimes the recyclable material would still go to landfills.

A: Because if you don't have your, uh, natural market for that, the material can only be stockpiled for so long. And so, inevitably, it has to be diverted to landfill. It's an unfortunate situation.

Q: Um, could you clarify the – is it – my understanding is that because some of the scrap can be sold to foreign countries, those revenues can help drive the price – the cost of waste collection down. And because of the ban, that revenue has been, uh, cut and that may drive up the costs for garbage collection.

A: The global economy for scrap commodities – *hui shou liao* 回收料 – is driven by supply and demand. It's driven by market forces. A customer demands materials, and a supplier supplies it to them. And the prices are determined on the market. If you have a market disruption, that will impact prices. And that's what happened here. There has been a market disruption, and so it's just basic economics. If you're going to have excess supply, the price is going to react in a certain way. If you don't – if you have excess demand, the price will react a certain way.

Q: Um, I have seen – read reports, some in Oregon, some in other places in the United States saying, um, households have to pay more money to have their garbage collected. Is there something – is that something – a widespread phenomenon?

A: I don't know if it's a widespread phenomenon.

Q: But that has happened.

A: I don't know. It's – it's – it's uh – it's something that I'm not tracking that closely. I apologize, I don't know the answer to that question.

Q: Okay. Um, and the forecast. What do you expect to happen over the next, uh, months or years?

A: Um, we do expect, um, that, uh, more opportunities will be generated for the use of scrap, uh, commodities and recyclable materials. Uh, we're seeing strong growth in demand by manufacturers in other regions of the world that do believe that the United States, especially, supplies high value, scrap commodities that are useful in their manufacturing supply chains. And so material has been diverted and is being traded to other places in the world. We also see some growth, uh, potential and opportunities here in North America, as well. Both as, uh, better technology comes online to better process recyclable materials as well as new technology to make new products out of recyclable materials. Uh, we're – we're pretty innovative people and we do – uh, we are starting to take advantage of our innovative drive, uh, to be able to fill that market void.

Q: To consume all the excess scrap.

A: Mm-hm.

Q: And, uh, what are the countries are you, uh, currently, um, eyeing?

A: It's not so much, uh, countries that we're eyeing. It's – it's countries where the demand is strong. The manufacturers demand the materials, countries don't buy materials. So we're seeing strong demand in Western Europe, we're seeing strong demand in India, in the Middle East, Latin America, as well as Southeast Asia.

Q: Um, but nevertheless, your, um, 2018 work agenda you listed, um, seeking to have China remove the ban one of your top priorities. Um, why is – why is that?

A: The ban is an effort to improve the environment in China. Again, a policy we wholeheartedly support. What has happened is it also, uh impacted the trade of high value, legally traded scrap commodities, and it would be our hope that the Chinese government would take us up on our many offers of being collaborative and supportive to try to find opportunities that – actually, we can help China improve recycling as well as ensure that the trade of these scrap commodities can continue.

Q: Um, but these are scrap and there are different phases to decontaminate the material – to clean them. So, where would them, um, environmental concern come from?

A: I don't know. That's a question for your government.

Q: You believe that it does not generate, uh, environmental pollution?

A: *Hui shou liao bu shi fei wu* 回收料不是废物. We believe that our companies process high value scrap commodities according to specification that are in great demand by manufacturers in China for their environmental benefit. They save the emission of greenhouse gas, they save on energy use. So we believe that those materials are of high quality and very useful in manufacturing. They are not waste.

Q: I understand they're not waste, and they are not going to Chinese landfills, but I'm saying in the processing of these materials, is there possibility that pollution might occur during this phase?

A: What I'm saying is that the nefarious, illegal trade of waste has unfairly impacted the trade from my members of high value, clean, specification-grade scrap commodities.

Q: And you think that a blanket ban is, um, is – doesn't work to either end's benefits?

A: Correct.

Q: But, your – you said that you were willing to work with the Chinese government to ensure there are no environmental concerns. Does that imply that there are?

A: No. What I said was, we are willing to work with the Chinese government as they ramp up their recycling efforts. Um, China does recycle, um, by their own admission, they could do better, and we have a lot of good industry best practices that we can help support the enhancement of recycling within China. And we wanna do that in a way that can support –

Q: Can you specify?

A: Uh, there are ways –

Q: How – how can you –

A: Yeah, I understand. Uh, we, uh have good experiences in the environment, health and safety of the processing facilities and the employees in addition to the materials themselves. Um, we can offer, uh, advice on proper handling, uh, advice on, uh, properly, uh, protecting the employees so that their productivity stays strong. Um, offer advice on infrastructure development. How do you get recyclable materials from their source to their final consumer. Um, how do we create more opportunities for trade, you know in – in that, uh, in that development, um, of the recycling industry because recyclables are globally traded commodities.

Q: Can you, um, give us a number of – what is your estimate for the loss of the industry, um, due to this ban? I understand that – that the, uh, last year you sold, uh, 5-point-something billion to China. Uh, but, that must be only part of the loss – that were lost.

A: Yeah, we don't yet know what will be the loss.

Q: Do you have a ballpark number?

A: No. It's, uh, it's a little early days, um, and we'll have to see, uh, as these policies, if they continue, we'll have to see what the impact will be. I don't have any numbers for you right now.

Q: Okay, though –

A: It's just – it just takes a while – a while to collect data.

Q: Sure.

A: I'm not trying to be evasive, it just takes a while to get it.

Q: There's only been three months, so I know –

A: Exactly.

Q: Uh, and that currently that – the – the export of scrap to China is down to zero. Has it – has it – all been stopped?

A: No. Um, I believe there's still material moving to China. I just don't know how much.

Q: So, there is still –

A: There isn't an outright ban. I mean, I acknowledge that there is not an outright ban, uh, of scrap commodities into China. Um, there are import licenses being issued to Chinese customers to bring materials in. So trade, as far as I know, continues. It's just probably has declined. I just don't know how much.

Q: Okay. So, as a result of this ban, uh, your landfills will be filled up quicker?

A: I don't know if it will be filled up quicker. It's just that materials that should be heading into a recycling process, unfortunately, you can only send so much through a recycling process. So some of those high value commodities will have to be diverted to landfill. I don't know how much.

Q: Even before the ban – the Chinese ban – there are scrap being diverted to landfill.

A: I don't understand that question.

Q: I mean, uh, I think you mentioned that even before Chinese has stopped the import of scrap, um, the world cannot consume all the recyclers – recycling material –

A: That's not what I said.

Q: Okay.

A: What I said was in America, in the United States, we are very good recyclers. We process 130 million metric tons. Not all of that 130 million metric tons can be consumed in the United States. So, what can't be consumed, about a third of it, is exported. Not sent to landfill. It's exported to 150 countries worldwide, including to China.

Q: But generally –

A: That's what I said.

Q: But generally, they are all recycled either here –

A: Yeah.

Q: - or abroad.

A: Yeah.

Q: Okay. I just wanted to get that.

A: Okay. Perfect.

Q: Yeah, I think I've covered all of – all of it.

A: Okay. Good.

Q: Um, right, this is not part of the interview, but um, are there any, um, members of yours that, um, may be willing to talk to us about their – um, from their perspective. How are they feeling about the ban?

A: I will have to ask a few people before I can give you any names –

Q: Sure.

A: That's just our general practice is to ask permission.

Q: Sure. I understand, yeah.

A: Um, so you gave me your card – is your email on that card?

Q: Yes.

A: Yeah, so I will reach out to a few people and then if anybody's willing to talk to you, I will, uh, email you their contact –

Q: Yeah, so we, uh, maybe want to talk to people, um, on different parts of the supply chain. You know, uh, are there any landfills here – around here that we can visit?

A: I'm sure you can find that in your own search, yeah.

Q: They're not your members?

A: No. We represent the – the brokers, traders, the consumers, the producers and the processors of recyclables. That does not include waste collectors, that does not include the landfills.

Q: Okay. I was – Okay. Alright, so um, just one or two would be great.

A: Yeah. Sure. And do you need them in this area, does it matter. I mean –

Q: Well, in DMV area would be great.

A: 'cause you want to go visit them?

Q: Yeah.

A: Yeah. Okay. I just wanna make sure that I –

Q: So there are, um, these companies here –

A: There are recyclers in all 50 states.

Q: Right, but I understand. But I – Okay, so, uh –

A: That's a different question from what you asked me earlier about landfills. So – But, yeah, we can find you – hopefully I can find you a couple people who will be willing to speak to you –

Q: Right, but the closer the better –

A: Understood. I just wanted to make sure if you were traveling or you wanted to just to call them.

Off camera

Q: ...protect its own industry?

A: I do believe that through policy statements made by the Chinese government that there is an element of, uh, creating an opportunity for domestic production to take place.

Q: Domestic production?

A: Yeah. Processing, recycling and all that stuff.

Q: But, it's already been done in China, so what is it trying to foster?

A: According to statements from your government, it sounds like they want to improve that or make it bigger.

Q: How does that help by stopping foreign scrap?

A: I would like you to ask your own government that question. We've been asking that as well.

Q: Interesting.

A: Yeah. It is. It is. It's made for an interesting year.

Q: Well, I mean, I have to admit that I'm not an expert in this industry. So I'm just – I might have to ask, you know, simple or dumb questions.

A: No, and you should. You should. But I think a lot of it is geared towards your government because your government is the one that is promulgating the rules and they clearly have a philosophy –

Q: I also think there, um, there's a need to make this industry more – better known for common, um, Chinese people because most people associate, um, recycling material as garbage. You know, they think of it as something dirty and –

A: So, a great way to start is to think about the word usage. That's why I keep – kept emphasizing during my interview *hui shou liao* 回收料. It's a good phrasing to – to describe recyclable materials rather than *fei liao* 废料 or *fei wu* 废物 which implies –

Q: Chinese people are quite familiar with recycling, um, material. I mean it is – for us, growing up, everyone knew that newspaper, cardboards or, um, plastic and glass bottles can be sold for money. I mean, that's –

A: Yeah.

Q: - that's how we do it in China.

A: Right.

Q: Not here. Um, and there are people going around on tricycles and collecting those from households. So everyone was familiar with this concept of recycling, but there has also been reportings of villages, um, swamped in, um, electronic waste and other kinds of waste. And –

A: So, again, that's a question of – of then what does the government perceive is the problem. Ask – I mean ask – ask them. I'm actually curious about that same question. What is the problem? If – if recycling is already taking place, why did those other problems happen? Do they need to improve the infrastructure? Do they need to improve education? Maybe they were better in the big cities but not in the smaller cities. I understand – all I can do is go by statements and policy declarations that I read, and I get the sense that the government acknowledges that they can do better. And that's what they're working on now. But it has also included solid waste import management and in an effort to try to protect the environment from what's coming in from the outside world and scrap commodities is, uh, has been roped into that.

Q: Have you seen reportings of these villages in China that –

A: Mm-hm.

Q: Um, but you don't – you don't think pollution is inevitable?

A: Pollution is inevitable?

Q: I mean –

A: What do you mean by that?

Q: The public opinion attaches a lot to these dirty villages to foreign – or *yang la ji* 洋垃圾 – or foreign waste and you think that's, uh, unfair connection?

A: I don't know that I can comment on that. I think it's, again, it's all about perception and what is the government believe – your government, the Chinese government believe is the real problem. There is a pollution problem. Period. I think everybody can acknowledge that. You see that in the air, you see that in the water and you see that in the land. The question always is how do you fix it and what is the approach to fixing it and how do you engage a lot of different people with – the stakeholders in the communities to think about different ways that could result in improving, you know, these – these pollution problems and how do you do it in a way that solves the problem but yet does not completely disrupt, you know, other economic drivers. So, again, it's – questions back to your government. What - what are they seeing, what do they want to try to do, and how do they want to try to react. And I think they've been very, very clear about all of that.

Q: Alright, thank you.

A: Okay. Good. Well, thank you so much for the opportunity. It was really nice to meet you.