

**For discussion on  
27 November 2017**

**Legislative Council Panel on Environmental Affairs**

**Addressing Mainland's  
Tightening Requirements on Imports of Recyclables**

**Purpose**

This paper briefs Members on the measures promulgated by the Government to assist the local recycling industry in addressing Mainland's tightening requirements on imports of recyclables, and at the same time embracing opportunities to enhance the capacity to process recyclables locally, as well as raising the capability to recycle resources with improved standards.

**Background**

2. The Mainland authorities promulgated on 18 July 2017 the "Implementation Plan on Advancing Reform of the Administration System on Import of Solid Wastes through Prohibiting Import of Foreign Rubbish" (the Implementation Plan) so as to reduce the hazard level of solid waste in the Mainland, encourage utilisation of resources, protect safety of ecosystem and promote public health. The Implementation Plan sets out clearly that the Mainland authorities will, starting from early 2018, introduce more stringent requirements on the import of recyclables. The Implementation Plan will bar the import of four categories of solid wastes including waste plastics from daily sources, unsorted scrap paper, discarded textile materials and Vanadium slag. As for the latter two categories of solid waste, the steel furnacing activity is not active in Hong Kong with the Vandium slag rarely produced and recycled. In respect of discarded textile materials, local recyclers are mainly involved in their collection and reselling them to elsewhere other than the Mainland, instead of processing them locally. As such, we estimate the recyclables in Hong Kong being affected by the new Plan mainly concern waste

paper and waste plastics<sup>1</sup>.

3. The recycling chain involves multiple stakeholders engaged in inter-related stages of operations, ranging from source separation, collection and delivery to processing for export. Operations of each stage are subject to the influences of various factors, such as the recycling practice of the public, local or overseas market demand for recyclables, recyclers' modus operandi, and operation efficiency. The Government will introduce specific facilitation measures to help the industry and the community as a whole better grasp the emerging opportunities to be brought about by the Implementation Plan, with the aim of improving the cost effectiveness of recycling in our community as a whole and alleviating the need to dispose of waste at landfills.

4. The Government has launched in 2015 a \$1 billion Recycling Fund to facilitate the sustainable development of the recycling industry. In response to the promulgation of the Implementation Plan, the Recycling Fund has in recent months introduced a series of facilitation measures to support the recycling industry to upgrade their business in order to enhance their operation capabilities early. In addition, to enhance our waste management system, the Chief Executive has put forward a number of new initiatives in her 2017 Policy Address, with a view to further promoting waste reduction at source and clean recycling, as well as preparing for the municipal solid waste (MSW) charging to be implemented towards the end of 2019 at the earliest and providing more suitable recyclables to local recyclers for processing. Details of these measures are set out below.

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<sup>1</sup> According to the report "Monitoring of Solid Waste in Hong Kong — Waste Statistics for 2015", the total quantity of paper recyclables locally recovered was about 896 000 tonnes in 2015. All these paper recyclables were exported for recycling, among which over 95% were exported to the Mainland. For plastic recyclables, the total quantity locally recovered in 2015 was around 94 000 tonnes, among which some 87 000 tonnes (92.6%) were exported to the Mainland for recycling, some 1 000 tonnes (1.1%) exported to South East Asian countries, and some 5 000 tonnes (5.3%) locally recycled.

## **Enhancing Quantity and Quality of Recyclables at Source**

### Promulgating Policies to Promote Behavioural Change

5. Waste reduction at source is the most effective way to reduce non-recyclable waste materials or low-value recyclables such as waste plastics. We will strengthen our collaboration with stakeholders to promote a green lifestyle of “Dump Less, Save More”. Moreover, the quantity-based MSW charging to be implemented towards the end of 2019 at the earliest will provide financial incentives for our citizens and the business sector to practise waste separation and recovery, thereby making available more recyclables for the recycling industry. When the overall quantity and quality of recyclables increases, recyclers will then have financial motivations to expand their businesses. In addition, the Environmental Protection Department (EPD) has commenced a consultancy study on how to implement a producer responsibility scheme targeting suitable plastic containers (mainly those carrying beverages or personal care products) so as to enhance recycling of waste plastics.

### Clean Recycling

6. We will focus on encouraging and promoting public participation in waste reduction and source separation<sup>2</sup>, as well as the practice of clean recycling, thereby enhancing the quality and quantity of recyclables at source and hence increasing their overall recyclability and economic values. For the recycling industry, this will not only help increase the supply of quality recyclables but also facilitate the sector’s compliance with the more stringent Mainland’s requirements. In this connection, the EPD and the Environmental Campaign Committee (ECC) will work more

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<sup>2</sup> Launched in 2005 by the EPD, the Source Separation of Waste Programme has been joined by over 2 000 housing estates and residential buildings, covering over 80% of our overall population, as well as around 1 000 commercial and industrial buildings. Under the Programme, one set of three colour recycling bins will be provided to each building block in a private housing estate (or every 50 households served for villa-type residential developments); and a maximum of five sets of bins for each C&I development. EPD has earlier sought ECC’s support to relax the rules. Under the new arrangement, as long as the applicants are able to demonstrate that the additional recycling bins are to be placed at suitable common areas, there will not be any limit on the number of sets of bins to be provided to each estate or development, such to enhance the support on recycling in the community.

closely to step up their publicity and public education efforts on clean recycling. A new round of promotion activities will soon be launched with an emphasis on educating the public how to minimise “contaminants” and “impurities” in waste plastic bottles, particularly plastic containers of beverages or personal care products, as well as how to sort waste paper properly and keep paper recyclables clean and dry without watering them.

7. Specifically, members of the public will be educated on the procedures for clean recycling of waste plastic bottles: the bodies of the empty waste plastic containers (mainly those with plastic identification codes of “1” or “2”) of beverages or personal care products should be rinsed briefly where practicable and then put into recycling bins for waste plastics. Owing to market constraints and operational considerations, other waste plastics which have considerably lower recycling value should not be put into recycling bins, otherwise the recyclability of the whole batch of waste plastics will be reduced. As for waste paper, in light of the latest and more stringent Mainland’s requirements for import recyclables, only three types of waste paper, namely paperboards, newspapers and office papers, could be recycled. All other types of waste paper must not be put into recycling bins. Paper recyclables should be kept dry and clean, adhesive tapes on paperboards and staples and paper clips on office papers should be removed as far as possible.

8. Moreover, we will further explain to the public that contaminants or impurities in recyclables will directly affect the cost effectiveness of the recycling process, substantially increase the processing costs incurred, or even render the whole batch of recyclables polluted and hence the whole batch has to be discarded. Therefore, contaminants must not be put into recycling bins. In addition, certain waste materials (e.g. lunch boxes, beverage tetra pak and plastic cutlery etc.) cannot be properly recycled due to various practical factors such as market constraints, operational setup / arrangements, local industrial structure, tightening of requirements for importing recyclables by Mainland and cost effectiveness. As such, we will emphasize that the public should reduce waste at source and avoid using those products which are not suitable for recycling.

## Strengthening Support to Waste Reduction and Recycling at Community Level

9. A new outreaching team will be set up under the EPD to help drive behavioural change comprehensively and directly in the community towards better and more widespread waste reduction and recycling practices. Through strengthened field support including regular visits, on-site guidance and hands-on demonstration, one of the team's priority tasks is to assist property management companies and residents in practising waste source separation and clean recycling, arrange recyclers collecting recyclables, implement the forthcoming quantity-based MSW charging<sup>3</sup>.

10. Currently, the Community Recycling Centres (CRCs) funded by the Environment and Conservation Fund have been supporting the collection and recycling of waste plastic bottles and other low-value recyclables, generated from those residential buildings without proper building management. The EPD will, in early 2018, expand the scope of service of these CRCs to receive also waste plastic bottles delivered from other private housing estates and residential buildings (i.e. buildings with some form of property management) on a need basis. The EPD will introduce a new service to centrally collect waste plastic bottles received by the CRCs and, where necessary, direct from other sources (i.e. individual residential estates) across the territory for delivery to competent recyclers for onward processing.

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<sup>3</sup> We propose that a Municipal Solid Waste Reduction Office be set up under the EPD after the passage of the Amendment Bill for the implementation of MSW charging. The new office, which would subsume all relevant resources in the EPD on MSW charging (including the outreaching team), would be responsible for taking forward the preparation, implementation, enforcement and review of MSW charging in collaboration with other departments.

## **Optimising Operation and Management of Recycling Chain**

### Recycling Fund

11. As at the end of October 2017, a total of 137 projects for the Recycling Fund have been approved, helping recyclers enhance their recycling efficiency, operation and quality. Except for approved projects which were subsequently withdrawn, 105 projects are either completed, in progress or about to start, involving a total funding of around \$80 million.

12. The EPD and the Advisory Committee on Recycling Fund (the Advisory Committee) have been maintaining a close dialogue with the industry with a view to identifying and rolling out facilitation measures to support the industry to rise to the challenges ahead and add value to promote its sustainable development. In this regard, the operation of the Fund has been enhanced and the application procedures have been progressively streamlined to assist members of the trade, particularly the small and medium enterprises, in expanding and upgrading their businesses<sup>4</sup>. Key measures introduced by the Fund since September 2017 to support the industry in meeting the tightening requirements of Mainland on imports of recyclables include:

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<sup>4</sup> The Recycling Fund has introduced various facilitation measures since the Fund's early stage of operation. Firstly, to minimise the administrative workload of small and medium enterprises (SMEs) in making applications, a category of Standard Projects (SPs) has been established under the Enterprise Support Programme. The SMEs undertaking SPs may submit applications, report achievements and seek reimbursements in accordance with a set of streamlined procedures. Besides, the Advisory Committee has approved the waiving of a condition on opening a designated project bank account for SPs; the provision of partial reimbursement of expenses midway through the project period of SPs; the establishment of a prescribed list of items under the SPs to facilitate recyclers to procure equipment for efficiency upgrading or for minimising nuisances to the neighbourhood; and counting, as fundable items, the cost for third-party liability insurance and a portion of the rental expenses required for carrying out additional recycling business or activities.

- (a) earmarked \$20 million for recyclers to procure facilities for upgrading their capability in processing local recyclables (in particular waste paper and waste plastics), with a view to fulfilling the Mainland's relevant import requirements;
- (b) earmarked \$50 million for encouraging recyclers to use compactor trucks for more effective and efficient transportation of waste plastics and waste paper, hence reduce the collection and transportation costs of recyclables;
- (c) to nurture a local industry for manufacturing recycled products, explored incorporating facilities required for the manufacture of recycled products into the list of fundable items under "Standard Project". Such facilities would include moulding and blow moulding machines used for the manufacture of plastic products;
- (d) agreed allowing EcoPark tenants to apply for the Fund's support for projects related to the manufacture of recycled products with local recyclables without committing additional processing throughput; and
- (e) In consultation with the recycling industry, encouraged trade associations to make use of the Fund to procure conveyor belt systems and sorters for processing waste paper, with a view to addressing the Mainland's new requirements on imports of waste paper.

### Enhancing Land and Infrastructural Support

13. The EcoPark is developed by the Government to provide long-term land at affordable cost for the recycling industry, thereby encouraging their investment in advanced technologies and value-added processes. At present, a total of 11 lots in the EcoPark have been leased to private recyclers for recycling waste cooking oil, waste metals, waste wood, waste electrical and electronic equipment, waste plastics, waste batteries, waste construction materials, waste glass, waste tyres and food waste.

14. The Government has been searching for suitable short-term tenancy (STT) sites for bidding and use by the recycling operators. Currently, a total of 32 STT sites have been leased out for recycling operations, occupying a total area of 4.8 hectares. In addition, the EPD and the Marine Department have made available a total of 16 berths in public cargo working areas for exclusive bidding by waste paper recyclers, where they can sort, process and prepare waste paper for shipment before export. We will review the situation at suitable juncture and enhance the bidding arrangements as appropriate.

## **Providing More Stable and Diverse Outlets for Local Recyclables**

### Exploring Other Markets

15. To provide more stable and diverse outlets for local recyclables and reduce the reliance on a single export market, the EPD will strengthen its efforts to assist local waste paper recyclers in tapping into other export markets. Through the Hong Kong Economic and Trade Offices as well as the Hong Kong Trade Development Council, the EPD will collate information on the trade laws of various markets and the trends of different recyclables markets and support local recyclers to establish their business networks. The Recycling Fund and the EPD will organise a thematic seminar in December 2017.

### Incubating a Local Manufacturing Industry Using Recycled Materials

16. We will study the feasibility of incubating a local manufacturing industry using recycled materials, seeking to find more effective and diverse outlets for locally-generated recyclables and reduce export of recyclables. We are examining how to support the development of such an industry leveraging on the land and ancillary facilities at the EcoPark. As waste paper takes up the largest proportion of local recyclables, the development of a recycling industry capable of processing local waste paper is currently accorded priority. In this connection, we have launched a market sounding survey recently to have a better understanding of the industry's interest in developing waste paper



recycling and manufacturing businesses in Hong Kong. Based on the information collected from the market survey, we will consider whether it is possible to amend relevant terms and conditions of tendering of EcoPark lots before commencing the relevant tendering process. We will also continue to promote green procurement to increase the market demand for recycled products.

#### Liaison with Mainland Authorities

17. The Environment Bureau and the EPD have been maintaining close communications with the Ministry of Environmental Protection and the Department of Environmental Protection of Guangdong Province to exchange views on work plans and experiences mutually, reflect the views of the local community and recyclers and, on the premise of compliance with relevant policies and regulations of both the Mainland and the HKSAR, discuss ways to help the local community and recyclers better cope with the Mainland's policies and arrangements on solid waste import management. We will continue our close dialogue with the industry, and adopt a multi-pronged approach to help them keep abreast of the latest regulations, so that they may upgrade their operational standard and capacity as early as possible in complying with Mainland's policies.

#### **Advice Sought**

18. Members are invited to note and comment on the above measures.

**Environment Bureau / Environmental Protection Department  
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