



COUNCILMEMBER CHRIS CATE

SIXTH DISTRICT
CITY OF SAN DIEGO

September 13, 2018

Steven Terner Mnuchin, Secretary of the Treasury
Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, D.C. 20220

Robert E. Lighthizer, United States Trade Representative
Office of the United States Trade Representative
600 17th Street NW
Washington, DC 20508

Dear Secretary Mnuchin and U.S. Trade Representative Lighthizer:

In 2015, the City of San Diego adopted an ambitious Zero Waste Plan (ZWP) that outlines a strategy to divert 100 percent of its refuse away from local landfills by 2040. To reach this objective, the City must bolster recycling operations, increase landfill diversion requirements and infrastructure, and establish partnerships with local franchise haulers to promote the value of conservation. However, recent international economic tensions have begun to negatively impact San Diego's finances and ability to reach the targets set forth within its ZWP.

For decades, China has been the largest international consumer of recycled materials. San Diego previously exported approximately 80 percent of its material to international markets, 60 percent of which was shipped to China. Since, China's National Sword Policy (NSP) was enacted, China has banned certain recyclable commodities and imposed unprecedented low contamination allowances, significantly impacting San Diego's ability to export its recyclable materials.

According to the City's Environmental Services Department, exports to China dropped by 40 percent in the first quarter of 2018 alone. This sudden decline is now affecting the City's finances, with revenue from the City's residential curbside recycling program decreasing by at least \$2.5 million since the implementation of the NSP. Local private sector franchise haulers cite similar challenges after seeing exports to China decrease by nearly 90 percent. Recyclable materials are now beginning to stockpile citywide. For both public and private sector hauling operations, the current situation is unsustainable.

In light of reports that the United States seeks to restart trade talks with China, I respectfully request this issue be placed high on the priority list for the negotiating team. It is of utmost importance this matter be resolved expeditiously for not only the City of San Diego, but the many private haulers who have been negatively affected by China's unprecedented embargo on recyclable materials.

Sincerely,

Chris Cate
Councilmember, Sixth District