



Northeast Recycling Council Current Market Issues Secondary Fiber

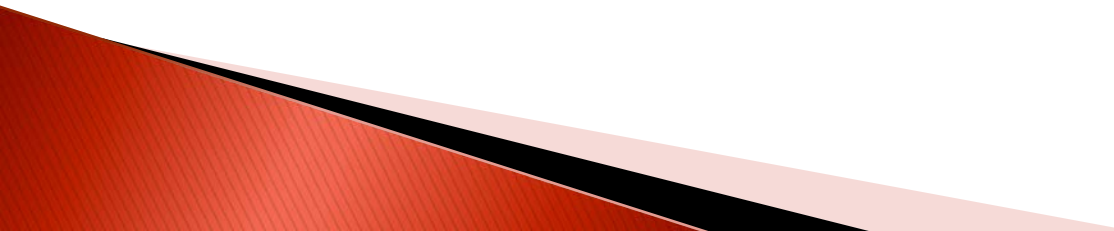
April 3rd 2018

Today's Market Impact

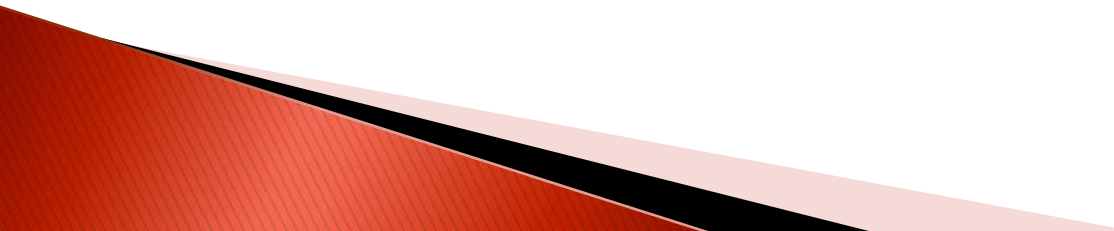
- Trucking
- China



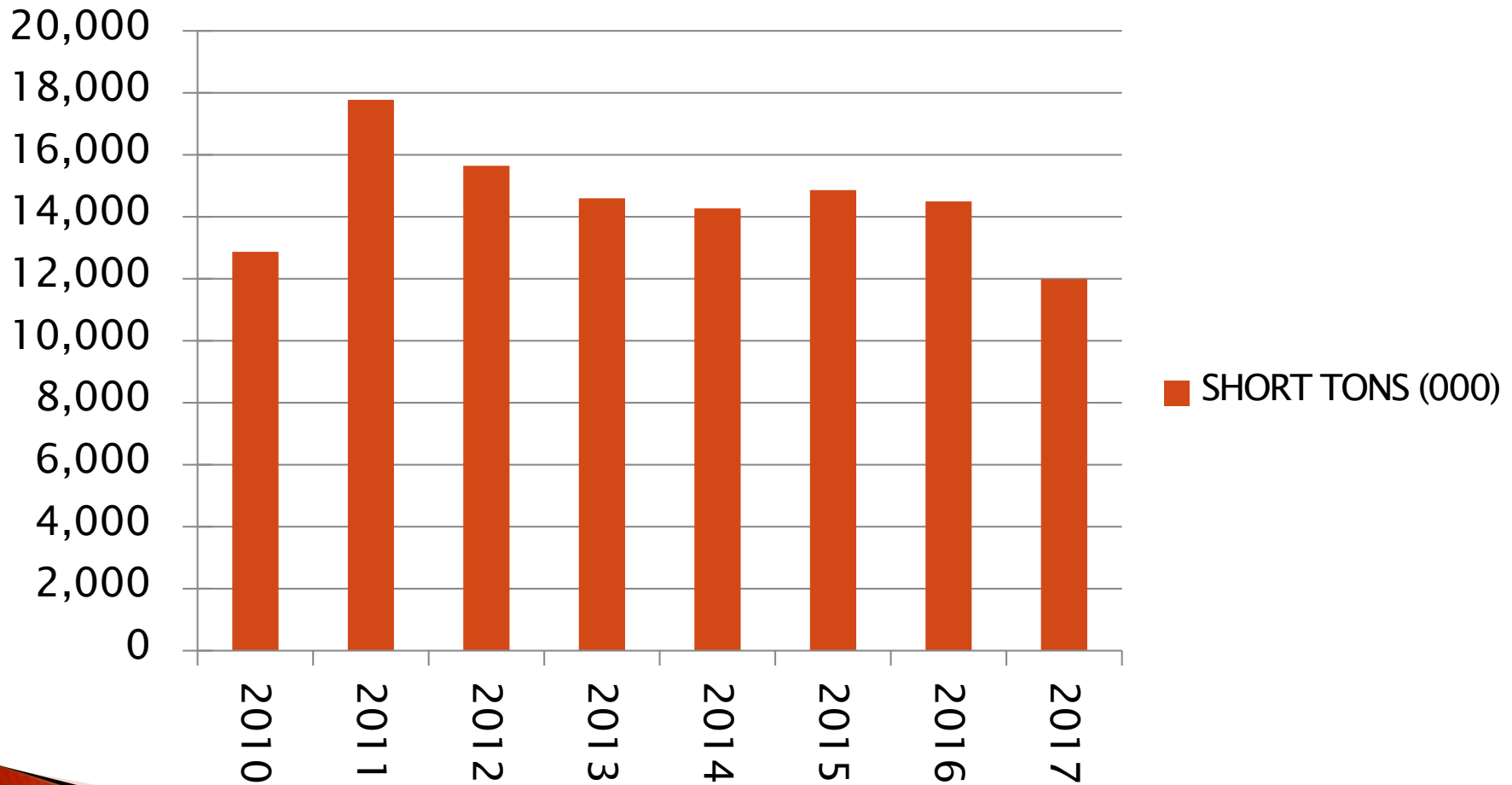
Transportation

- Electronic Logging Device (ELD)
 - ↑ Economic Activity
 - Driver Shortage
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National Sword Impact

- ▶ No More Mix
 - ▶ Quality Required for China = 0.5% Contamination
 - Who Can Make It?
 - ▶ Severely Reduced Licenses
 - ▶ Fear of Shipping
 - Risk Required
 - Costly Rejections
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US Recovered Paper Exports to China



January 2017 vs. January 2018

- ▶ Global Imports to China of Secondary Fiber ↓ 44.6%
 - 2017: 2.23M Tons
 - 2018: 1.237M Tons

January 2017 vs. January 2018 Shipments to China

▶ By Grade

- OCC: ↓ 430K Tons
- ONP: ↓ 340K Tons
- Other: ↓ 360K Tons (Includes Mixed Paper)

Changing Grades To China

- ▶ Shift to Cleaner Grades
 - Industrial Corrugated
 - Double Lined Kraft Cuttings
 - Other Post-Industrial Grades

Where Is The Fiber Going?

January 2017 vs. January 2018

- ▶ India: ↑ 400%
- ▶ Indonesia: ↑ 300%
- ▶ Taiwan: ↑ 14 Times
- ▶ Vietnam: ↑ 22 Times

Consequences Of Shipping Other Countries

- ▶ Over Supply = ↓ Price
- ▶ Logistics Capacity
 - Limits Movement
 - ↑ Ocean Rates
 - Feb. 2017 = \$860 / Container
 - Feb. 2018 = \$1700 / Container
 - \$31 / Ton ↑ in Ocean Freight

What Has To Change?

- ▶ What Is Collected At Curb?
 - Is The “Diversion” Worth It?
 - Education
 - ▶ How Material Is Collected
 - Return To Dual Stream?
 - ▶ Pricing For Processing
 - ▶ Capital At Processor To Make Quality
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