Today’s Market Impact

- Trucking
- China
Transportation

- Electronic Logging Device (ELD)

- ↑ Economic Activity

- Driver Shortage
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
US Recovered Paper Exports to China

Source: RISI
Global Imports to China of Secondary Fiber ↓ 44.6%

- 2017: 2.23M Tons
- 2018: 1.237M Tons

Source: RISI
January 2017 vs. January 2018 Shipments to China

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

Source: RISI
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

Source: RISI
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