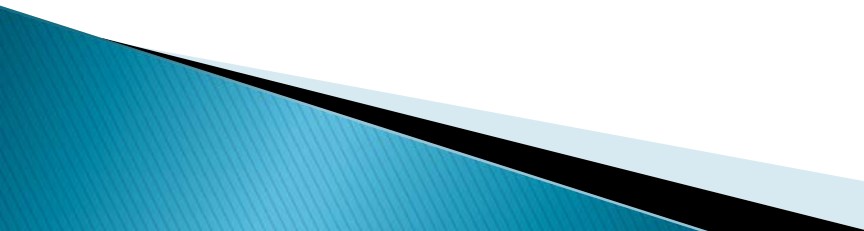



Paper Markets for Newark Recovery & Recycling

Johnny Gold
JGold@tngus.com

Newark Recovery & Recycling Services

- ▶ Makes **100% recycled paperboard**. From construction products to literally hundreds of paperboard grades
 - ▶ 6 paper mills with 10 paper machines coast to coast
 - ▶ Has been in the recycled paperboard business for over 100 years
 - ▶ 100% recycled business, taking major steps to make all our facilities as sustainable as possible, and do more to lower our carbon footprint
- 

What We Do continued

- ▶ Newark collects, sorts and processes over 2 million tons of waste paper for re-use each year
 - ▶ Handles all grades of recycled paper, cardboard, mixed papers, office paper waste, magazines and books
 - ▶ Recycles a range of other household and industrial materials including plastics, metals and e-waste
 - ▶ 11 recovery facilities coast to coast
- 

Recovered paper fiber aka WASTE PAPER


- ▶ Industry Goal is to recover 70% of all paper by 20/20
 - 2012 we recovered 65.3 %
 - 2013 we saw a drop to 63%
- ▶ We have seen a major deterioration in the quality of recovered fiber for our paper mills
 - Industry has shut down close to 9 million tons per year of capacity
 - Consolidation and rationalization has led the way

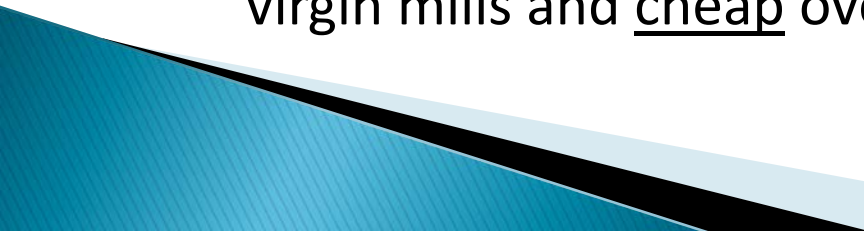
Waste Paper continued

- ▶ 2001 our corporation invested 180 million into a new paper mill we built in Fitchburg MA (Newark America)
 - Most modern box board mill in the USA
 - 100 % of feedstock would be 600 tons/day of curbside news/residential mix paper (**RPM**)
 - Over 200,000 tons was consumed annually from cities and towns in MA, CT, and NH

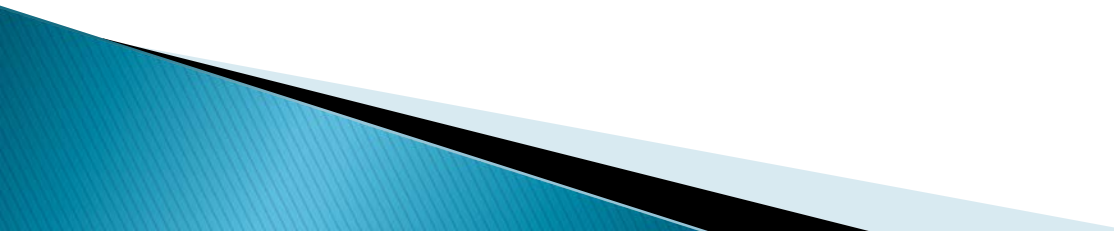
- ▶ Today, we consume 25,000 tons/year (175,000 tons less/year) of RMP
 - Replaced with 175,000 tons of OCC (corrugated)

WHAT HAPPENED?

- ▶ Plain and Simple: The quality of RMP became a major mess
 - ▶ The mixing of material with non-paper material (AKA single stream) was the single cause for the change
 - ▶ Communities became more concerned about recovery rates than selling paper mills quality material
 - ▶ You can't unscramble a scrambled egg
- 

- ▶ Box board, liner board, and tissue can only be made from Virgin or recovered fiber
 - We can't make paper from plastic, metal, glass, and solid waste
 - Mixing recyclables leads to major contamination
 - We're landfilling 20% of materials received on a daily basis
 - Single stream recycling rates are false (they don't count what is rejected and trashed from paper mills)
 - Recycled paper mills need good quality to compete against virgin mills and cheap overseas labor.
- 

The Current Situation

- ▶ Tons that couldn't be consumed by U.S. mills were shipped to China
 - ▶ We put our faith and business in the hands of the Chinese to take what we couldn't handle
 - ▶ After several years, China had enough and implemented the “**Green Fence**”
- 

Current Situation continued

- ▶ Prices have fallen sharply
- ▶ More mill closures or furnish changes

The Future

- ▶ Prices may continue to stay depressed
 - ▶ A democracy put its future in the hands of a communist nation
 - China turns the demand level on and off like a water faucet
 - The Chinese economy is experiencing major down time and softness
 - ▶ China has developed more infrastructure and collection
 - 2014 - first year that China collected more recovered fiber internally then imported
 - Look back in time - Japan , Korea , Taiwan , Europe and the Philippines all were reliant on U.S. tons until they built their own collection infrastructure
 - Today, very little if any recovered paper is shipped to these countries
- 

The Future continued

- ▶ Our domestic demand has dropped by millions either with shut downs or consolidation
 - Nice to see Pratt building a new mill in Indiana
- ▶ 'Dirty MRF's rearing their heads
 - If we have issues with single stream, then this system will be a major disaster

The Answer

- ▶ Produce quality recovered fibers that are free of contaminants
 - ▶ Give paper mills what they need—“quality” to compete against virgin fiber
 - ▶ Stop believing the success rates of single stream. It’s all smoke and mirrors
 - ▶ If we do this, then companies will begin to reinvest in the industry
 - ▶ If we don’t, then there will be major problems in the years ahead
- 