MARKET IMPACTS
On Sustainable Materials Management

ACR
ATLANTIC COAST RECYCLING
MARKET IMPACT

1. WHAT CHANGED THE MARKET
2. SINGLE STREAM
3. PAPER MARKETS
4. COMMINGLED MARKETS
John Stanton

Recycling Development and Marketing

• 25+ Years Experience in Recycling Planning, Marketing and Operations
• Previously Responsible for 400,000 tons of Recyclables for GSP- $100 Million Annual Budget
• Member ANJR
• Early Member NJ Recycling Forum
• BS in Business Administration
• MBA in Marketing
WHAT CHANGED THE MARKET
Recovered Paper Consumption

10% Japan
26% W. Europe
7% China
6% Other Asia
6% Lat. Amer
6% North Amer
17% Other

1990
87 Million tons

Source: RISI
The Times They Are a-Changin’
Recovered Paper Consumption

Japan: 21%
W. Europe: 25%
China: 15%
Other Asia: 17%
Lat. Amer: 10%
North Amer: 6%
Other: 6%

2004
179 Million tons

Source: RISI
Recovered Paper Consumption

- China’s market share has increased from 6% in 1990 to 29% today
- The North American market share has decreased from 26% to 15% during the same period

Source: RISI

• 21% Japan
• 21% W. Europe
• 15% China
• 14% Other Asia
• 8% Lat. Amer
• 7% Other
• 6% North Amer

2010

219 Million tons
China Initiates “Green Fence”

- China implemented new environmental regulations on October 1, 2012
  - Enforces regulations that prohibit the import of unwashed, post-consumer plastics
  - It prohibits Chinese processors from selling the unwashed leftover plastic they cannot use to other processors
    - This limits the viability of recycling #3-7 plastics except for #5 which has a stable market
China Initiates “Green Fence”

- Effective January 1, 2013 only “approved” Chinese companies can import recyclables
- Enforcement by the Chinese government began in earnest in February 2013
  - Prior to February, China’s demand for recyclables fueled a thriving global trade in recyclables from the US and elsewhere
US paper exports to China

June 1, 2013

To

May 31, 2014

11.3% Decline
Is it still impacting Recycling?

2010: 8.0 MT
2011: 8.3 MT
2012: 8.9 MT
2013: 7.9 MT
2014: 8.3 MT

China Plastic Imports
Inspections Continue
Why is China Continuing with the Increased Inspections and Quality Control?
Men Walking through smoke from burning Plastic in Beijing
Burning computer parts to recover precious metals
Plastic waste clogs up canal in Beijing
China’s Economic Growth

Prior to 2010
China’s Economic Growth exceeded 10% for many years

2011: 9.3%
2012: 7.8%
2013: 7.6%
2014: 7.4%
2015: 6.8%
When will it end?

• Due to Worldwide Economic slowdown, China’s economy has declined
  • China’s increased domestic growth cannot fully absorb worldwide economic decline
  • China is using this economic decline to help reduce China’s environmental issues
SINGLE STREAM
Good Quality Single Stream

Typical Single Stream
Controls

• Control of the SS contamination is more important than dual stream

• Education is VERY important
  – Residents otherwise begin to think of the mix as “garbage”
  – We must be “Pro-Active” in educating the residents about what is and is not acceptable
PAPER MARKETS
Pricing for Baled #2 MP
Official Board Markets - Export NY High
Pricing for Baled #11 OCC
Official Board Markets - Export NY High

Baled Old Corrugated Containers

$0.00
$20.00
$40.00
$60.00
$80.00
$100.00
$120.00
$140.00
$160.00
$180.00

COMMINGLED MARKETS
Commingled values continues to decline

- Oil prices significantly impacting the value of plastics
- Currently less expensive to produce virgin plastic as opposed to using recovered plastic
Crude Oil Pricing vs PET pricing

The relentless decline of Brent crude

PET (#1) Baled
NY Average Price per Pound
Secondary Material Pricing.com
Commingled values continue to decline

- Aluminum cans are the financial driver in commingled containers
- Aluminum has dropped from $1,600 per ton to $1,100 per ton in the past six months
PET (#1) Baled
NY Average Price per Pound
Secondary Material Pricing.com
Today & Tomorrow

- Markets are dropping significantly
  - Charges for acceptance of Recyclables
    - Single Stream Charges
    - Commingled Container Charges
    - Elimination of Floor Prices
    - Sharing Risks
    - Markets can no longer absorb cost of contamination
  - Still positive revenue for source separated fiber (paper)
Dear Life,
When I asked if my day could get worse, it was a rhetorical question not a challenge.
Thank You