



Building Equitable Partnerships Between MRF's and Municipalities

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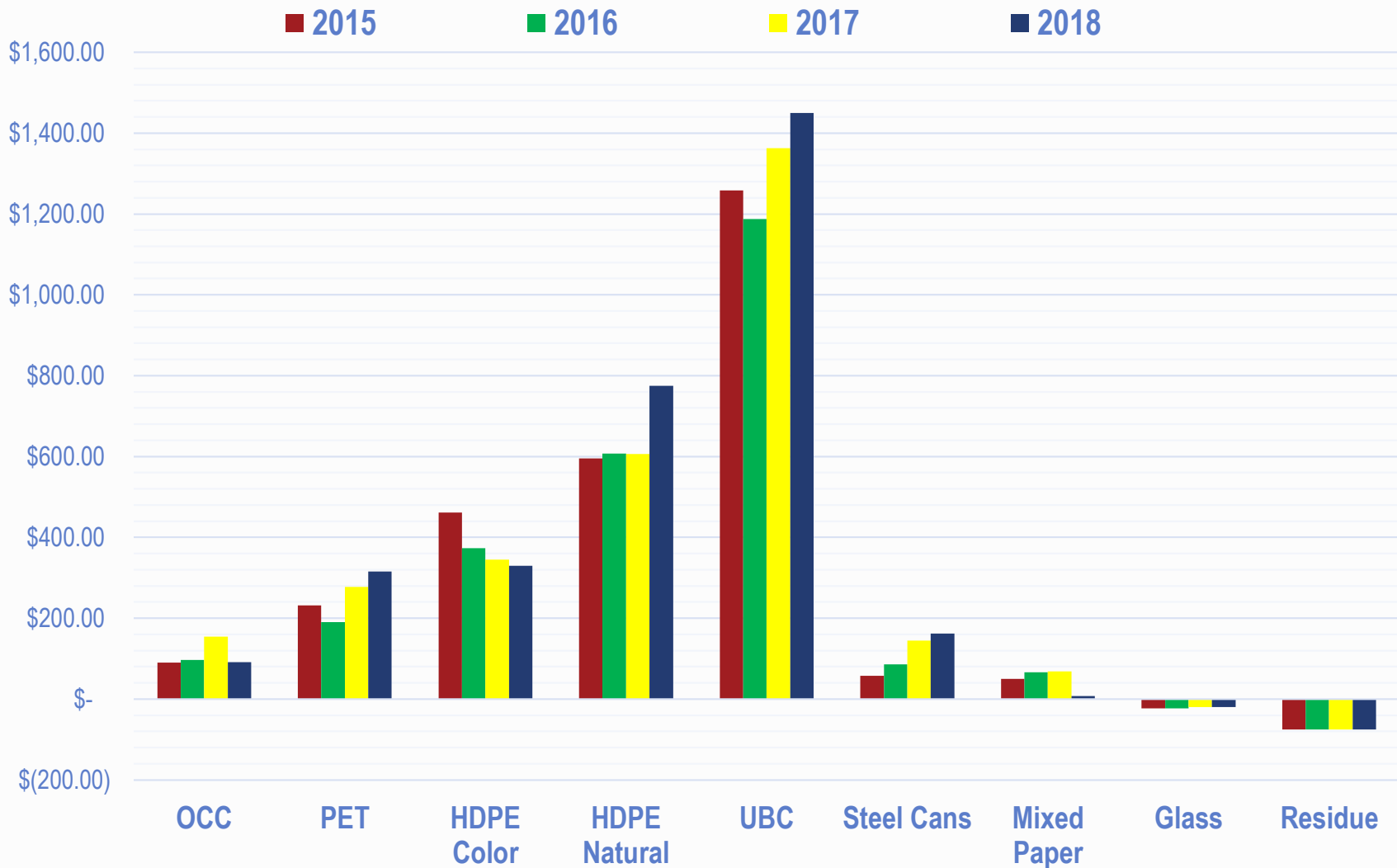
March 21, 2019

Recycling Markets Domestic and Export

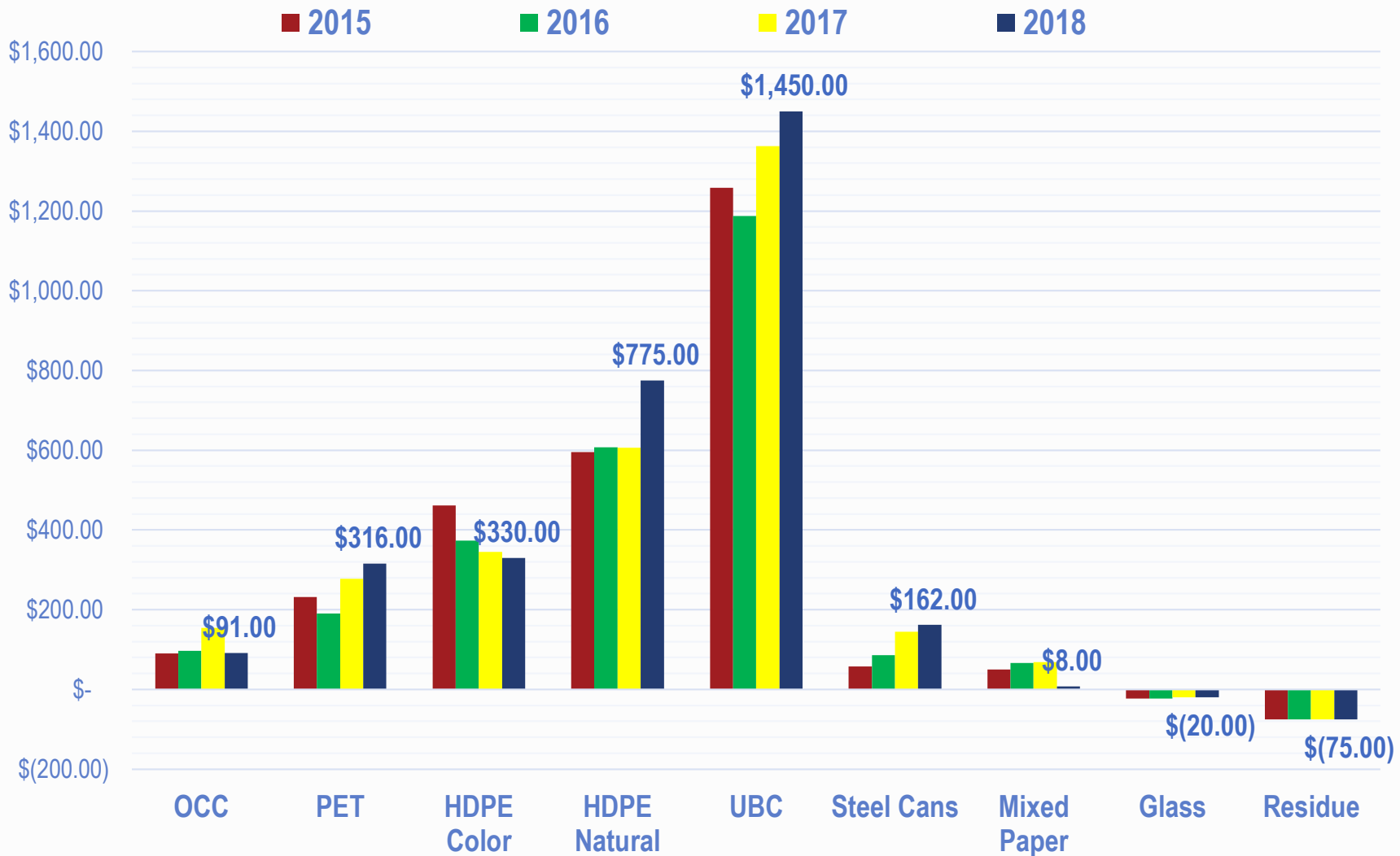
Current Domestic Markets: Current Export Markets:

- Positive's or what has value:
 - Fiber: Cardboard
 - Plastics: PET, HDPE Color, HDPE Natural
 - UBC
 - Steel/Tin
 - Negative's:
 - Mixed Paper
 - Glass
 - Residue
- Positive's or what has value:
 - Fiber: DSOCC Cardboard

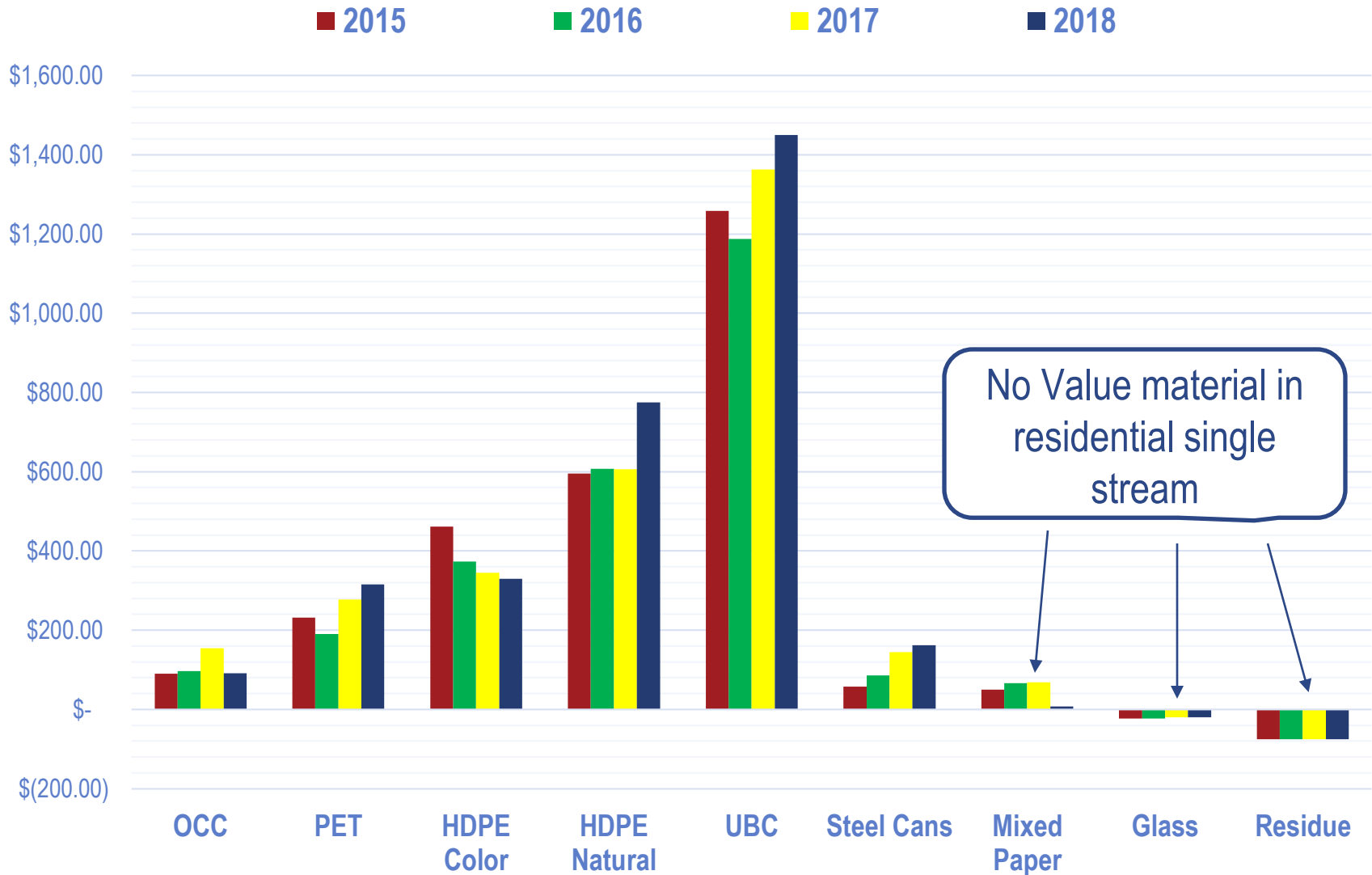
Commodity Prices 2015 through 2018



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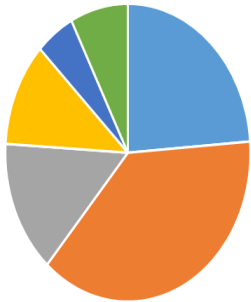


Commodity Prices Continued

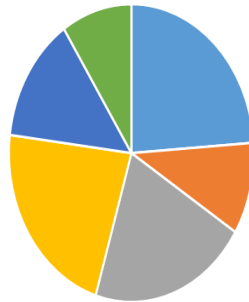


Changing Material Composition

Q116



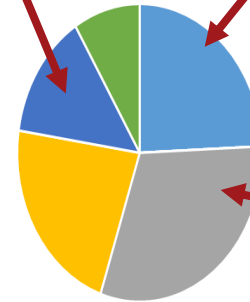
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Ongoing cost

Negative value

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■ GLASS ■ NEWSPAPER ■ Mixed Paper ■ OCC ■ Trash ■ NonFiber

Only 31% of volume by weight (OCC & NonFiber) have value!

Changing Material Composition

Several different factors involved:

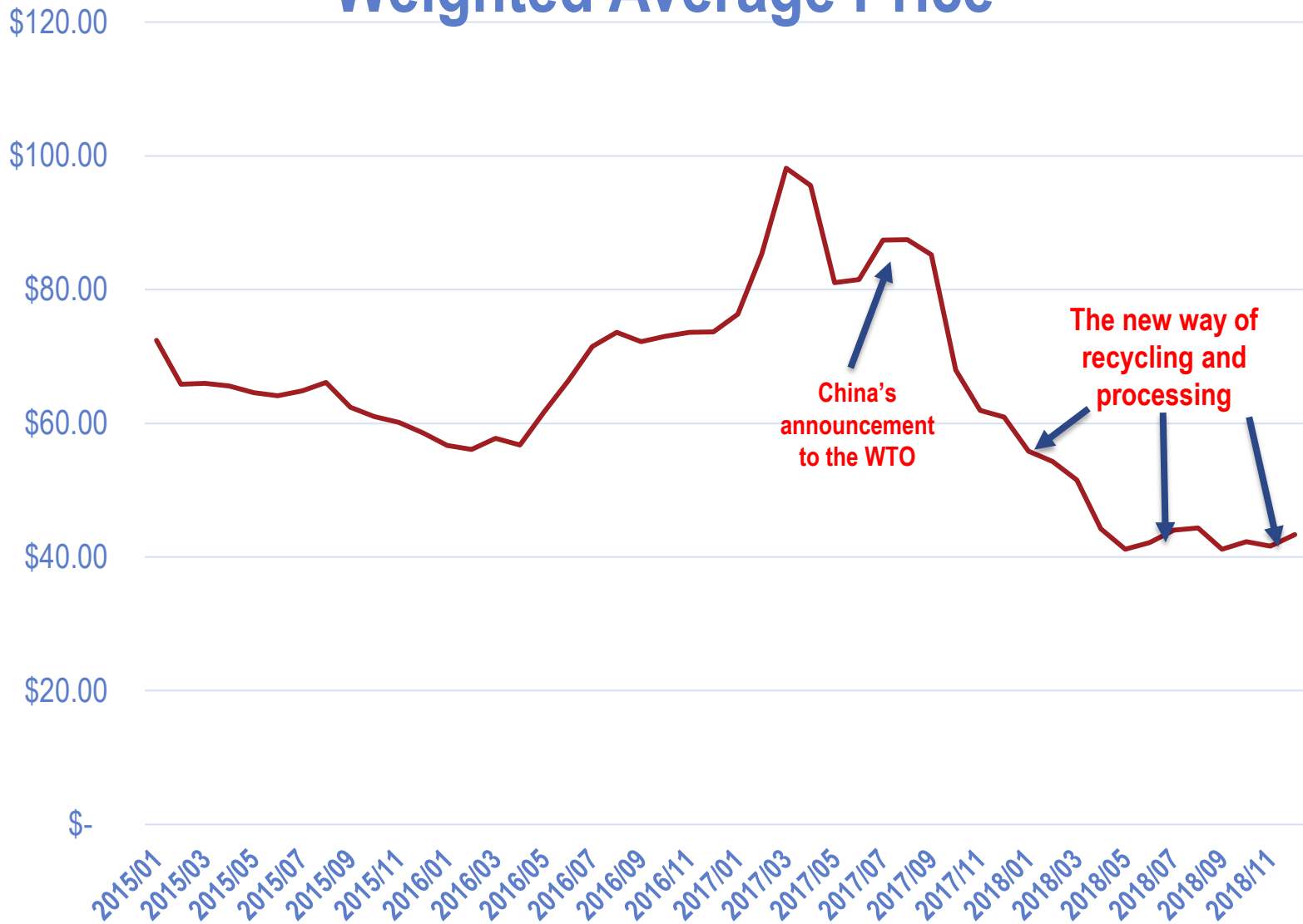
■ Changing consumer products/behaviors

- eCommerce – more online purchases and corrugated boxes delivered to homes vs. retail
- Misunderstanding and/or “Wishful” recycling of items that don’t fit the processing capabilities of MRF’s
- Roll carts – more space and larger items, more non-recyclables being collected

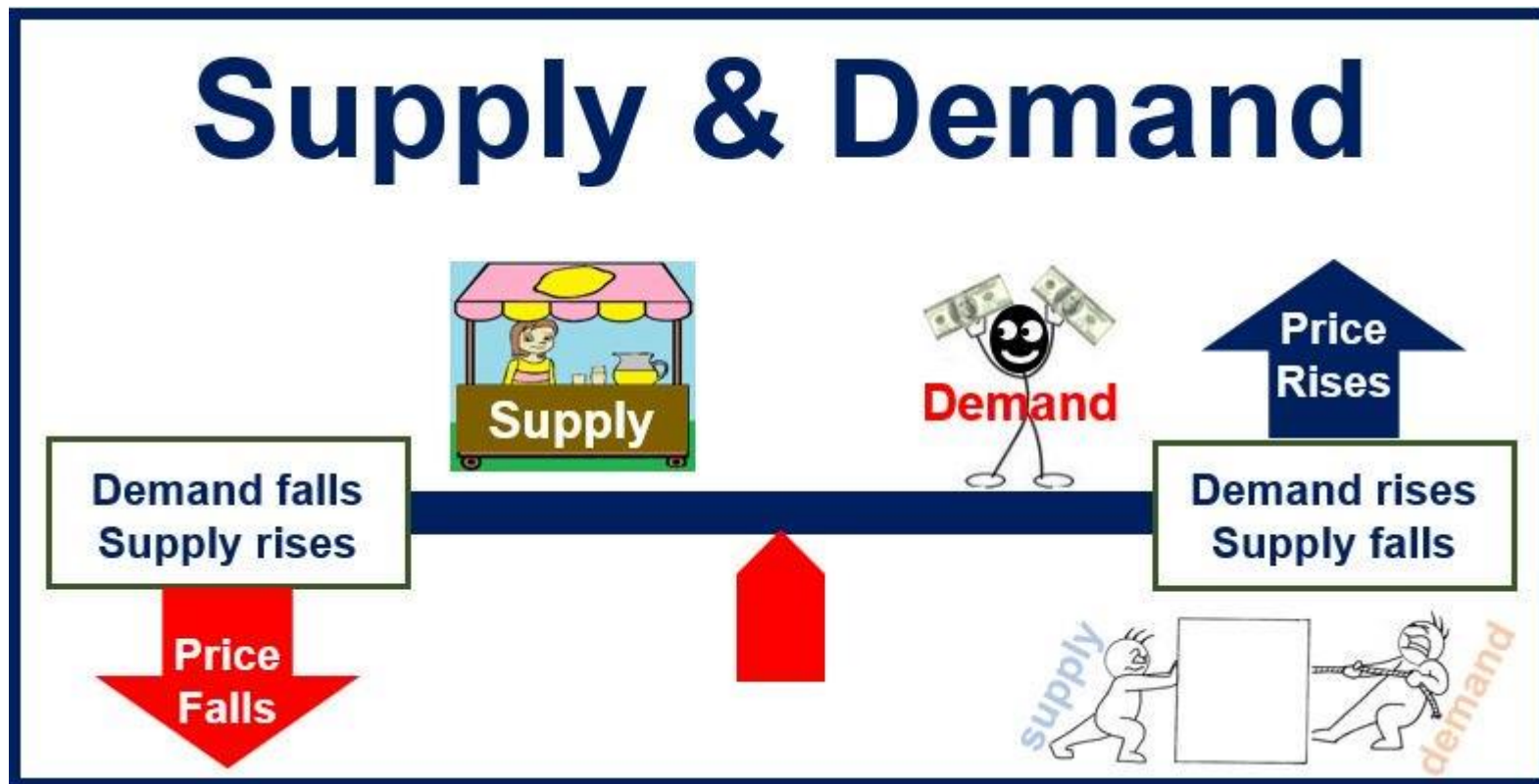
■ China import policies/restrictions

- Mixed Paper ban
- China’s quality specifications at 0.5% prohibitives – can’t produce such an OCC/News grade from residential single stream
- All MRF’s have had to slow production speed (reducing total capacity) and add labor to improve quality
- MRF’s are investing in capital but this represents additional costs in lieu of slower speeds and additional labor

Weighted Average Price



The Challenge



Challenges Continue Why?

■ National Sword:

- China's import policy, banning certain materials, including mixed paper, which represents 35% of a residential single stream program composition.
- .5% contamination limit.
- Container inspections at China ports.
- Plastic Imports into China down 99.1% 2018 compared to 2017. (Resource-Recycling.com)
- Recovered Paper Imports into China down 33.8% (10.4 million short tons) 2018 compared to 2017. (Resource-Recycling.com)

■ This has put pressure on domestic mills, as supply has outpaced demand.

■ Can the global capacity absorb all of the Mixed Paper that China once purchased? Other countries are stepping up quality inspections as well. MP will continue to be a challenge for the coming years.

New Expectations from MRF Operators

- On going process of restructuring contracts.
- New RFP's from municipalities structure as share in the revenue and cost associated with processing residential single stream.
 - Dual Stream Programs
 - With or Without Glass Programs
- Budget:
 - Inquire with the processor before setting budgets
 - Processing Cost
 - Contamination Adjustments
- Stick to the basics:
 - Focus on valuable material (2/3 of what we process has no value)
 - Focus on inbound quality
 - Reduce "Wishful Recycling"

What can we do together?

- Citizen, Customer, Collector, and Processor
 - Education:
 - Composition Audits
 - Cart Audits
 - Tagging Programs
 - What municipalities have been successful?
 - Informational Mailers
 - NC Department of Environmental Quality
 - SC Department of Health and Environmental Control;
 - Market Updates
 - Regional Meetings

Build the Partnership



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