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# U.S. Recycling Industry Drivers, Outlook, and Resiliency: Institute of Scrap Recycling Industries' Presentation/Metropolitan Washington Council of Governments

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Mr. Bernie Lee of the Institute of Scrap Recycling Industries ("ISRI") undertook a presentation on recycling markets at a December 6th Recycling Committee meeting at the Metropolitan Washington Council of Governments in Washington, D.C.

The title of Mr. Lee's presentation was:

*U.S. Recycling Industry Drivers, Outlook, and Resiliency ("Presentation")*

The *Presentation* addressed a number of topics, including the effect that large-scale policy changes due to China's import bans have had on market volatility (including threats to sustainable recycling systems).

ISRI is a trade association with over 1,300 members consisting of manufacturers, processors, industrial consumers, brokers, traders, equipment/service providers related to ferrous and nonferrous metals, paper, plastics, tire and rubber, textiles, and electronics.

The *Presentation* noted that the United States recycling industry processes 130,000,000 tons of scrap annually which equates to \$117 billion in economic activity and \$13.2 billion in federal, state and local tax revenue.

Successful recycling was stated to include:

- Commodities business driven by demand (noting the role of IRSI's scrap specifications)
- More than residential recycling. . . it is "Bigger than the Bin"
- 70 percent of recyclables come from commercial and industrial sources
- Although only 30-40 percent of supply, residential recycling is the biggest challenge
- Confusion as to what can be put in the bin
- Wishcycling
- Multiple residential collection systems: dual stream, single stream and one-bin
- Residential recycling infrastructure put in place over last 20 years designed to produce grades demanded by China (largest customer)
- Recycling is a global business (health of the recycling industry is based on the market based movement of scrap across borders)

- 800 million metric tons – total global consumption of scrap
- 180 million metric tons – total global trade in scrap

Recent pressures placed on the United States recycling industry include:

- July 27, 2017, Chinese State Council Policy Statement
- Transportation costs
- Tight labor markets

The *Presentation* also included data addressing historical scrap trading with China, noting:

- Over-reliance on China has come at a cost

China’s environmental challenge is illustrated by the following quote:

“The modernization that we pursue is one characterized by harmonious co-existence between man and nature. . . We will launch initiatives to make the party and government offices do better when it comes to conservation, and develop eco-friendly families, schools, communities and transport services.” (quoting Xi Jinping, 19th Party Congress, October 18, 2017)

China’s multi-prong strategy is reviewed, including how it will affect imports, raise thresholds for importation, greater customs enforcements, and refining laws, regulations and related systems.

Additional trade related pressures on the recycling market are cited as including:

- Reactive import restrictions across Southeast Asia
- Proposed Basel Convention classification of plastics as hazardous

The impact on non-United States exporters is also addressed (noting shifts in trade). The diversion of scrap materials involving the countries of Indonesia, Malaysia, Thailand, and Vietnam are addressed. Risks associated with these countries include copycat restrictions based on the Chinese measures. (An example cited is Thailand’s import ban through 2021 on plastics and electronics.)

The *Presentation* notes that there has been market growth in the United States due to the effect of strong economic growth. Investment in technology upgrades and new capacity are also discussed, citing:

- New greenfield paper mills planned in North America which will use significant amount of recovered fiber from the United States
- Chinese investments in Maine, West Virginia, Wisconsin, and Kentucky
- European investments

The *Presentation* provides predictions which include:

- The U.S. scrap recycling is in the middle of a restructuring phase.
- Focus on quality and consistency to meet consumer demands at home and abroad has become the key.
- Targeted investment in recycling equipment, technology, and consumption could lead to further consolidation.
- Exporters need to develop new overseas markets, but quality concerns are everywhere.
- Scrap recyclers are resilient

A copy of the slides can be found [here](#).