



Recycling in New Mexico

NM SWANA – Road Runner Chapter
Annual Meeting and Roundtable

Morris Friedman, President
Friedman Recycling Companies

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Agenda

- Company Introduction
- Recycling in NM – Demand
- Recycling in NM - Supply
- Current Realities
- Conclusions
- Questions & Answers





Company Introduction

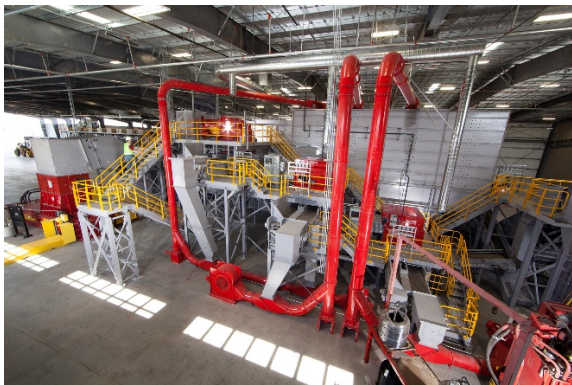
- Family Owned & Operated
- Started as neighborhood buy-back center in SW Phoenix in 1977
- One of the largest independent private recycling firms in Southwest
- Specialize in Single Stream Recycling Processing
- Facilities in Phoenix, Tucson, El Paso, Las Cruces, Albuquerque

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New Mexico's Only Single Stream MRF

- 5021 Edith NE
- 12 Acres, 90,000 Sqft Processing Warehouse
- 30 tph BHS Sorting System, Two High Density Balers
- Automated: Mechanical, Optical, Eddy, Magnetic, & Pneumatic Sorting



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Recycling in NM : Demand

- NM Has Limited Mill Infrastructure
 - McKinley Paper
 - OCC Only
 - Growstone
 - Glass
- NM Dependent on Out of State Markets
 - USA (TX, OK, LA, CA)
 - Mexico
 - Southeast Asia (China, Korea, Malaysia, Thailand)



China Sets the Pace

- National Sword
 - Ban of 24 Types of Scrap
 - Most Notably – Mixed Paper & Mixed Plastics
 - Quality to 00.50%
 - Reduction in Permits (Quantity and Size)
 - Issued Inconsistently Throughout the Year



Impacts from National Sword

- China Import Volumes Dramatically Decline

	2016	2018	Decline
OCC	9,766 M	8,355 M	1,411 M (14.5%)
Mixed	3,607 M	1,985 M	1,622 M (45%)

- Other Importing Countries Implement Similar Restrictions

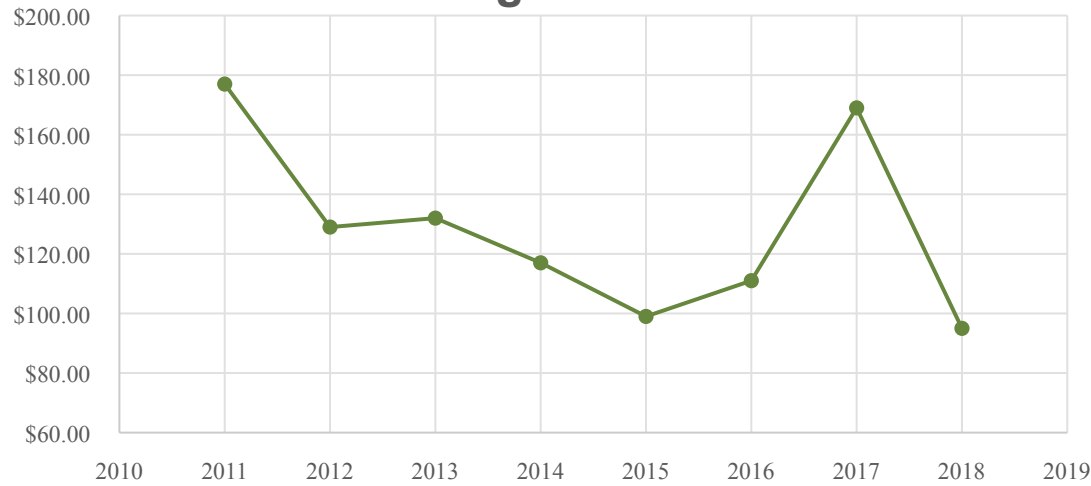
- Malaysia, Thailand, Korea
- Quality Requirements & Permit (Volume) Restrictions

- Price Plummet

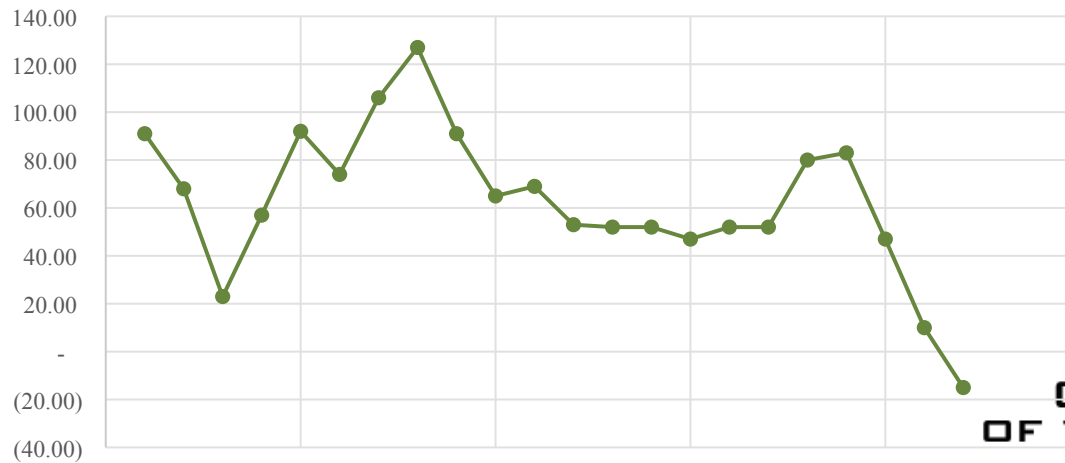
OCC	From \$169 to \$95	\$74 per ton Decline
Mixed	From \$83 to -\$10	\$93 per ton Decline



US Average OCC Price



US Average Mixed Paper Price

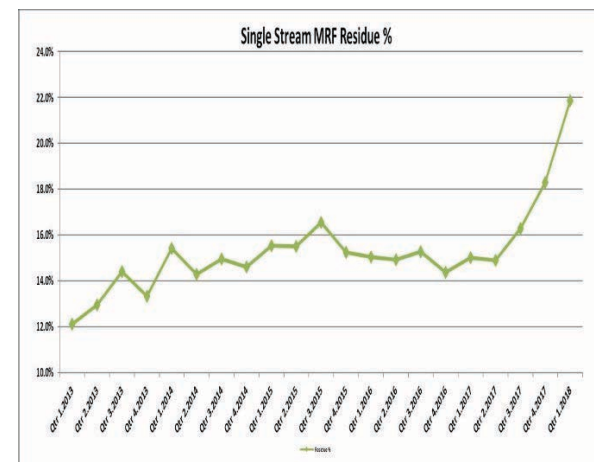


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Recycling in NM: Supply

- Local Processors Need Access to Export Markets
 - Must Produce Quality End Product or Denied Access
 - Inbound Materials Contain 24% Contamination (National Average)
- Forced to Adjust Operations to Meet New Standards
 - Slow Down Sorting Lines
 - Add Additional Labor Throughout Sorting Process
 - Install Additional Technology (Optical Sorting, Robotics)
 - Focus on Inbound Materials (Inspections, Downgrades, Charge Backs)





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Current Realities

- Processing Costs Have Risen Significantly
 - Operating Cost Higher
 - Material Revenue Available Lower
 - Recovered Volumes Declining (as higher % goes to landfill)
- Materials Are Moving
 - Quality Requirements Remain Stringent
 - China 99.5% Purity
 - Asia 95.0% Purity
 - USA 93.0% Purity
 - Pricing Remains Depressed
 - Back Logs Slowly Reducing



- **New Markets Emerging**

- **Chinese Paper Manufacturing Moving Out of China**
 - ND Paper – Wisconsin, Maine, West Virginia
 - Sun Paper - Arkansas
 - Vietnam Expansion (Nine Dragons & Lee & Mann)
- **Large Quantity of Quality Recovered Materials at Low Price Spurring Market**
- **Mill Conversions & Expansions Growing**
 - New Cleaning Technology to Consume Mixed Paper - Oregon
 - Mill Conversion to Consume Mixed Paper – Mexico, TX, CA
 - Greenfield Mill to Consume Mixed Paper – Mexico



Conclusions

- Recycling Will Remain Viable & Strong
 - Manufacturers will Always Demand Quality Recovered Materials
 - Markets Go Up & Down, but Eventually Find Equilibrium
- Recycling is Not Free
 - Recycling is a Critical Public Service
 - Its Costs Money to Produce Quality Recovered Raw Materials
 - Recycling Programs are Worthy of Public Expenditures (just like parks, libraries, HHW programs, etc.)
- Aspirational Recycling is Not Sustainable
 - Recycling is a Manufacturing Process
 - Collected Materials Should be Limited to those with Viable End Markets





Questions & Answers

Morris Friedman
3640 W. Lincoln Street Phoenix, AZ 85009
Office: 602-484-4963
E-Mail: MFriedman@FriedmanRecycling.com

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