



# Fiber Markets

## Michigan Recycling

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Pratt Industries Recycling

# Pratt Industries Overview



- **\$2.5 Billion fully integrated, privately-held packaging company**
- **Recycle 2.4 million tons of recycled materials annually**
  - **~40 million trees saved annually**
- **5<sup>th</sup> Largest U.S. paper and packaging company – 7,000 employees**
- **Largest 100% Recycled corrugated packaging company in North America**
- **4 – 100% Recycled Paper Mills**
  - **We consume Mixed Paper and OCC**
  - **Mills CONSUME ~10 million pounds/day of recycled paper**
- **68 factories in North America**
- **17 Material Recovery facilities (MRFs)**



# State of the Art Technology

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# Pratt Industries Recent Growth



Valparaiso, IN Paper Mill



Beloit, WI Box Plant



Stockton Ca. Box Plant

Minnesota Corrugated Box Acquisition



# New Pratt Mill in Ohio



- Operational-- Oct 2019
- Additional consumption of 450,000 tons/year recycled paper.
- More domestic capacity for MXP and OCC
- Good fit for Michigan tons .



# Pratt Recycling in Michigan

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- Michigan --- 5000 tons of Mixed Paper
- Michigan --- 2500 tons of OCC
- Total Tons – 7,500 tons



# Pratt in Michigan



- We have 2 manufacturing facilities in Michigan.

Livonia, Mi

(Sheet plant)

Grand Rapids, Mi

(Corrugator)



# Global Market Changes from 2017



- 2017: Over 25% of world's recyclables were imported by China, including >50% of paper & plastics.
- China imported 28.5 M tons of paper in 2016
- China's new import policies banning materials & limiting contamination have global impacts on recycling programs in communities across US
- **Operation Blue Sky** = screening effort at China's ports to inspect loads, enforce material bans & 0.5% contamination limit
- The situation not likely to improve - China appears to be on path to eliminate imports of all post-consumer recyclables by 2021
- The reduction of China's markets resulted in oversupply of commodities & depressed commodity pricing. Supply is high & commodity pricing low





# What Recycling Looks like in 2018

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- Non- China countries are consuming 13.8 million per year of recyclables diverted from China.
- Mixed Paper and Mixed Plastics banned. 0.5% contamination limit on any other recyclables enforced at the port.
- MRFs must meet new quality specifications – this requires managing to the designed system throughput
- MRFs are requiring additional labor for quality
- Being critical of inbound single-stream material



# Wishcycling

Consumers also want to “HELP”

## WISHFUL RECYCLING





# Quality Rules

- All buyers demand the highest quality feedstock
- Inbound quality affects outbound quality
- “Unacceptable” materials get through the system. The dirtier the inbound stream the harder is it to produce an acceptable outbound product.
- Contamination increases downtime.

## *Non-Acceptable Items*

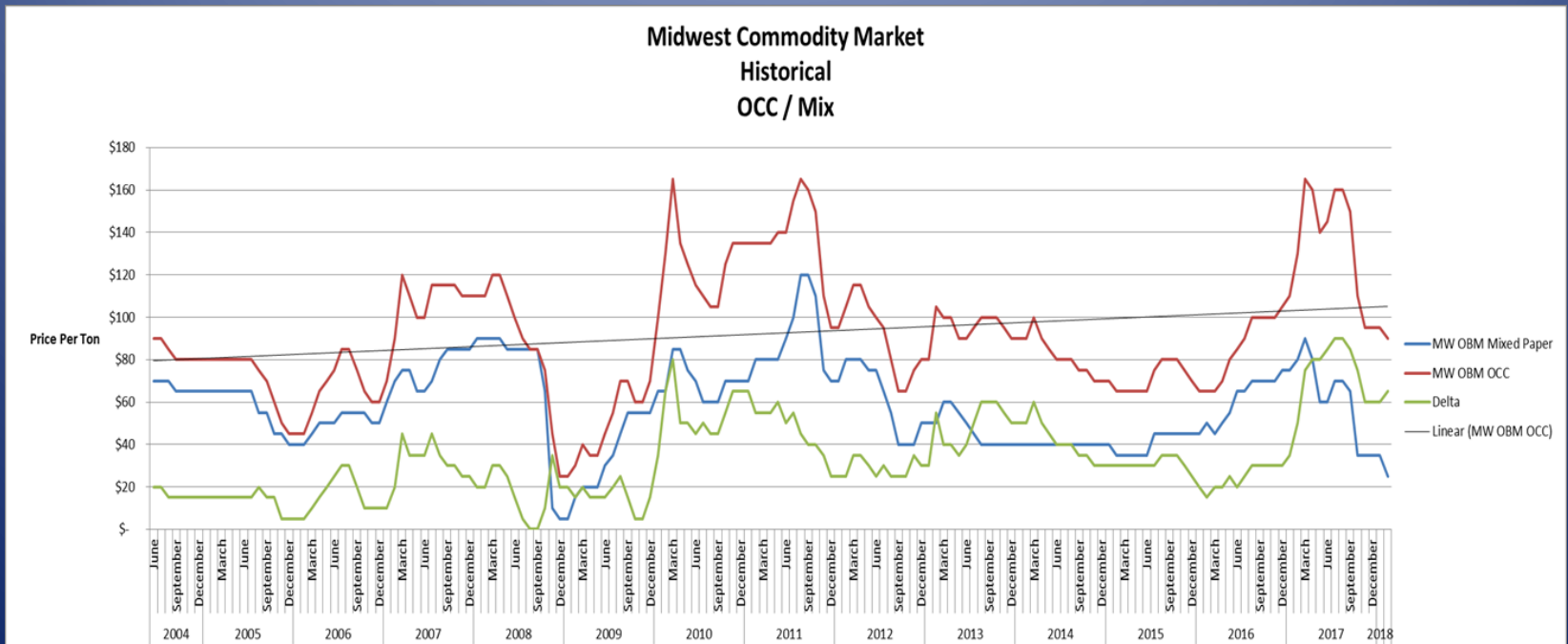


**Styrofoam Coffee Cups    Food Packaging & Wrappers    Tissue Products**



# Paper Markets

- So what's happened so far in 2018 ?
  - Repeat of 2008 --- \$40 decrease in OCC Dec-April!
  - \$35 decrease in MXP since Jan 1<sup>st</sup> . Now at \$0.
  - Export market was non-existent in the 1<sup>st</sup> quarter
  - May see a slight uptick in OCC pricing over the rest of the year.
  - Mixed Paper will remain low throughout 2018.



# Single Stream We Can Fix This!!

The Pendulum went too far one way; and now it needs to go all the way back to the other side – equilibrium will be found.



# Things to do Now



1.

Forget about TONS and PERCENTAGES FOR NOW.

Focus on ONE thing only for RESIDENTIAL recycling:

QUALITY

High recycling rates, with low quality could result in demise of programs



# 2.



## Tackle Contamination Head-on

Work with your recycling processor, and **DO WHAT THEY RECOMMEND**

- Removal of low value items?
  - Alternative scenarios for glass?
  - 3-7 plastics?
  - Plastic Bags?
- Inspection of carts at the curb?
- Etc.





# 3.



Promote QUALITY and no tolerance for contamination  
aggressively:

- Press Releases
- Local media interviews with Mayors, or other City Officials with Recycling Processor
- Mailers
- Education

Get out in front of it. Don't let the media "one-up" you. Control the message so residents don't lose faith in the program.



# 4.



## e-Commerce Cardboard (OCC) recycling requires much education



In many instances, OCC left **OUTSIDE** the bin  
does **NOT** get picked up by the recycling truck