

RUMPKE

Impact of China's "National Sword"

Rumpke of Ohio, Inc.

March 21, 2018

Miami Valley Regional Planning Commission

China's National Sword - 2018

China's National Sword

What is the National Sword and it's impact to Ohio ?



OCC Cardboard
ONP Newspaper
Mixed Paper
Plastics



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Chronology of Events

- 2007 - US recyclable materials becomes one of top exports to China
- 2008 - *"The Wasteland"* aired 60-Minutes shows e-scrap pollution
- 2011 - US exports of plastics, metal & paper worth \$10.8 billion
- 2013 - Operation "Green Fence" implemented from Feb to November
 - Zero tolerance for medical waste, food waste & e-scrap
 - First 6 months, 800,000 tons recyclables rejected/247 co.
- 2016 - *"Plastic China"* documentary film depicts harsh conditions
- 2017 - China enacted "National Sword" policy to ban 24 commodities
 - Included unsorted scrap paper & 8 types of plastic scrap
 - Contamination rate reduced from 1.5% to .3% paper
 - Key factor is how many renewed license for 2018?

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Historical Importance of China

- 70% of U.S. fiber exports shipped China
- 58% of U.S. plastic exports shipped China
- Lenient contamination percentage
- China's demand for commodities added much needed pressure to domestic demand
- China's demand can't be quickly replaced



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- #1 - Contamination Dilemma
- Typical bale contamination rates were 2 to 3 percent
 - In August, China stated the enforcement of 0.3 percent contamination standard
 - U.S. recycling stream now more diverse than ever
 - On-going pressure to add more items to stream



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Mixed	<u>March 2017</u>	<u>March 2018</u>
Paper....	\$90/t \$25/t

#2 -Mixed Paper Dilemma

- MRFs in midst of radical change composition of fiber
- “Amazon effect” direct-ship to household major impact
- 2012 Rumpke projected 60/40 split (News/Mixed Paper)
- Today, projected ratio has reversed to 10% / 90%

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#3 - MRF Processing Dilemma

- Existing MRF systems can't meet China's new standards
- We can improve, but how much?
- Slow conveyor speeds
- Add more labor or technology
- Robotic sortation promising but has limitations
- Require more capital



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Reason for China's actions?

- Contamination issues now has attention Pres. Jinping
- Stop “foreign garbage” from inundating China
- Not renewed import license
- Small mills at risk (less 300,000)
- Govt support for large mills
- World stage ... they have to address pollution issues

RISI – “A ban on imports of scrap commodities into China would be catastrophic to the recycling industry.”

The poster is for a conference titled "THE FUTURE OF MIXED PAPER". It features the ISRI (International Symbolic Recycling Industry) logo at the top left, which includes the text "SERVING PAPER RECYCLERS SINCE 1961" and "Paper Stock Industries A National Chapter". Below the logo is the event title "THE FUTURE OF MIXED PAPER" in large, bold, blue letters. The date and time are listed as "THURSDAY, OCTOBER 12, 2017" and "10:30 A.M. - 12:00 P.M.". The location is "GRAND BALLROOM I - 7TH FLOOR". The moderator is "Moderated by Linda Leone of WestRock". The website "paperstockindustries.org" is at the bottom. The background of the poster shows a large conference room with people seated at tables, looking towards a stage. In the bottom right corner, there is a logo for "Paper & Plastics Recycling CONFERENCE NORTH AMERICA".

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Pratt Paper paperboard mill bringing 300 jobs to Wapakoneta

BUSINESS, TOP STORIES

By Camri Nelson - cnelson@limanews.com



WAPAKONETA — A new recycled paperboard mill and corrugated box manufacturing facility could be on its way to Wapakoneta, thanks to a state tax credit. The project could create 300 full-time jobs, generating \$14.3 million a year by 2023.

On Monday, the Ohio Tax Credit Authority approved the credit to Pratt Paper LLC for a new project in Wapakoneta, according to the Ohio Development Services Agency news release.

The Ohio Tax Credit Authority approved a 1.263 percent, eight-year tax credit. The tax credit agreement requires the company to maintain operations at the project location for at least 11 years.

Pratt is America's fifth-largest corrugated packaging company and the world's largest, privately-held 100 percent recycled paper and packaging company, according to the company's [website](#). In

Wapakoneta, the company will build a new recycled paperboard mill and a corrugated box manufacturing facility.

What do we need ?

- Export markets other than China
- Continued efforts to increase content standards in U.S.
- New domestic consumers of recycled materials

The logo for RUMPKA, featuring the word "RUMPKA" in a bold, red, stylized font with a black outline and a slight shadow effect.

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Summary

- All shareholders have to focus on contamination
- Consider residential cart-based programs (if option)
- Expectation it will take time to develop new markets
- Development of revenue-based Processing Agreement
- Private sector MRFs must continue to invest technology

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Thank You

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