

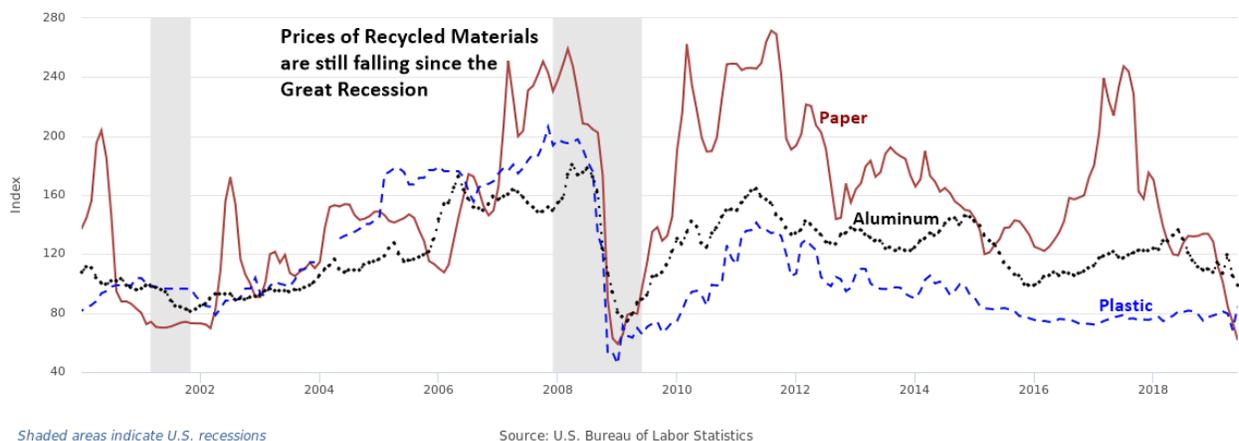
The reasons that Greenleaves ended curbside recycling

On 18 July 2017, China notified the World Trade Organization that, as part of its “National Sword” environmental policy, it would no longer accept recyclable material from any country starting on 1 January 2018. As recyclers searched for outlets in other countries, the material piled up in landfills across the US. On 17 May 2019, Republic Services, the largest recycler in south Louisiana, stopped collecting household items. On 13 August 2019, Jackson Mississippi ended curbside recycling. Over 300 cities nationwide have done the same. All of the local recyclers have more supply than they can process. They are also experiencing less demand and lower prices for their end products.

China’s action two years ago was a shock to the entire recycling industry. The ripple effect has finally reached our area. Curbside recycling is no longer feasible for Greenleaves and was terminated on 31 July 2019. Since Waste Management is investing in new recycling facilities, it is best positioned for a resumption of service should conditions improve. Meanwhile, the Parish maintains recycling centers where residents can still drop off materials. Whether they will actually be recycled or inventoried in landfills is unknown.

Recycling is not a government program supported by tax dollars. It is a service provided by private companies that must be profitable to survive. They must adapt to changes in supply and demand. They are subject to economic shocks such as the China ban. These companies can fail and some do fail. There is no guarantee of perpetual service by the private sector.

Recycling is a service that we value because it benefits our environment. Unfortunately, that is an external factor that does not increase profits for the private service providers. There are no government subsidies in the US to compensate. We pay waste haulers to deliver materials to recyclers who now have much more supply than they can use.

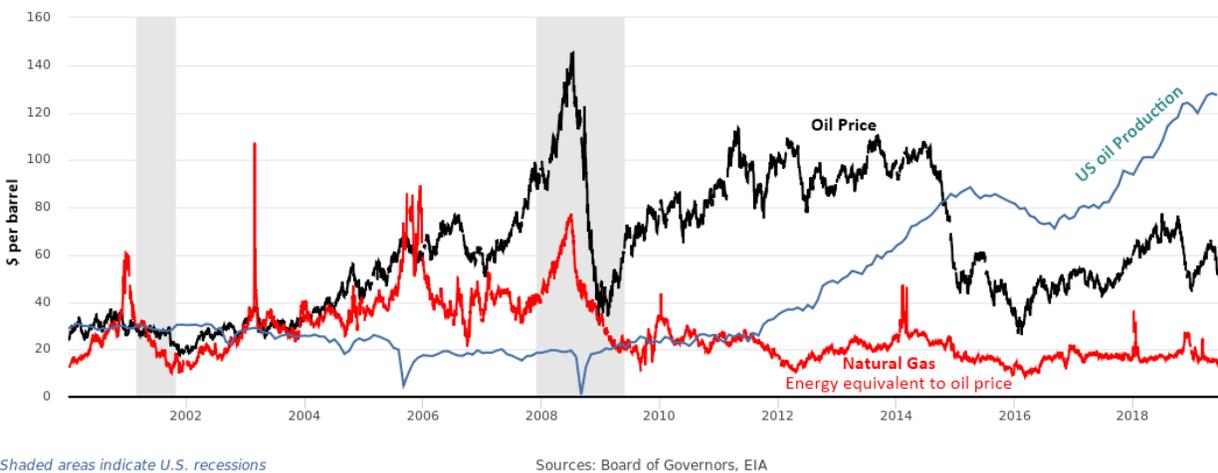


Recyclers cannot operate without demand for their product. Many recycled materials have impurities and are often lower quality than new materials. An abundance of new raw materials at lower prices reduced the demand for recycled materials. Prices have trended down since the Great Recession and have fallen even more recently. Recyclers resorted to exporting the excess supply overseas to avoid the cost of landfilling locally. China was the primary market. Rapidly expanding manufacturing in China had created raw material shortages. Recycled materials filled

the void. China exports finished good to the west. Empty containers return. Recyclers filled them with materials for recycling. By 2007, garbage was the largest US export to China. That cycle worked well for a while until China was flooded with more garbage than it could handle. When that market was closed by the Chinese government, the recycling industry in the US started to contract.

Rapid economic growth in China and elsewhere in Asia created major environmental problems. Pollution in China is worse than it ever was in the US before Richard Nixon created the Environmental Protection Agency in 1970. Protests by the Chinese public forced the government to create and enforce new environmental regulations. Regulations restricting the import of recyclable materials were first enacted in 2011. A crackdown called the “Green Fence” started in February 2013. In 2017 “National Sword” effectively shut down imports.

Recycling started during the raw material shortages of the World Wars. It was a patriotic duty to recycle. Later it was recognized as an environmental benefit but never to the extent of gaining government support in the US. When oil prices suddenly shot up due to the Arab Oil Embargo in the 1970s, recycled materials became cheaper than new raw materials. Recycling was profitable for a while.



High oil prices soon spurred exploration in the US, Europe’s North Sea, Russia, Africa and elsewhere. Oil prices have steadily fallen since then despite the occasional spike due to unrest in the Middle East. Natural gas prices have fallen even more and stayed low since the development of fracking and other enhanced recovery technologies. The US is now the largest energy producer in the world. We now export liquefied natural gas and crude oil. Natural gas now sells for the energy equivalent of \$15 per barrel of oil. It is the primary feedstock for new plastics which are now much cheaper than recycled materials.

The prices of metals, paper and other commodities have also fallen as developing countries expanded their production of raw materials. Recycling as a whole cannot now compete with the lower cost of new raw materials.

Despite the Chinese ban, the supply of recyclable material continues to grow. Curbside pickup is a convenience that greatly increased supply. It is now a habit for many homeowners. The switch

from separating aluminum, paper and plastic to more convenient “single-stream” recycling also increased the supply but it introduced contamination and forced recyclers to employ more workers to manually sort, separate and clean incoming material.

Most Americans recognize the environmental benefits of recycling and are willing to pay more for the service. The industry is responding by building new automated facilities to reduce its processing costs. Waste Management is making major investments that make it likely to gain market share as smaller recyclers collapse. In 2011 it opened a new material recovery facility in Houston. The plant is automated and specifically designed to handle single-stream recycling. The company has also been aggressively upgrading existing facilities and announced three new multi-million dollar facilities this year. Introduction of similar processing facilities around the country might once again make recycling economically feasible on a national scale. The industry is adjusting to new conditions.

Other economic forces are at work to reduce waste. As online retailing has exploded, more packages are shipped directly to homes. Sellers no longer need large, bright packages to attract attention on store shelves. Sellers are starting to use more compact, sturdy, plain packages that are cheaper to make and easier to recycle.

We all recognize the environmental benefits of reducing the amount of waste going to landfills. To compensate for the reduction in recycling, we consumers can change our habits to produce less rubbish. We can use cloth grocery sacks instead of disposable plastic bags and stop using disposable single-use containers. Deposits on reusable beverage containers might experience a revival. Europe and China enforce these practices but such regulation is unlikely in the US. Consumers will choose. Small individual steps can collectively have a large impact.

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