

RECYCLING

MANAGER

The independent weekly guide to marketing secondary materials

May 6, 1991

Volume 1, Number 1

Paper recovery foreseen

NEW YORK

Buyers and sellers of old newspaper said last week that they expect an easing by mid-summer in the shortage of shipping containers and ships that has caused sharp declines in Northeastern prices since February. But the sharp price fluctuations may still damage the long term growth of the recycled paper industry, they said.

Before the shipping container squeeze the Northeastern newspaper markets had been undergoing something of a revival based in part on the prospect of growing demand from de-inking capacity scheduled to come on-stream over the next five years. That expansion will increase capacity in the eastern U.S. and Canada by a third beginning later this year and through 1992 and will triple capacity by 1996 (see chart at right).

The shortage of containers, which has contributed to cuts in spot purchase prices for old newspaper of as much as \$20 a ton, has been blamed by industry officials on both the expanded use of container ships for export of higher value products stimulated by dollar exchange rates and demand for containers by the military in shipping materials to the Persian Gulf War.

There was some fear last week that the sharp drop in prices would damage the emerging municipal collection programs for paper and contribute to shortages of material needed for recycling when the de-inking plants begin operation. "You're better off having long-term steady growth," said James Klein, president of the Recycled Fibers division of Newark Group Inc., Cranford, N.J. "It takes a period of time to get a program set up and running."

—Phil Burgert

UBC prices cut 3 cents

PITTSBURGH

Major aluminum producers cut their buying prices for aluminum used beverage cans by 3 cents last week, dropping prices to their lowest point in more than three years only six months after reaching a peak late last year.

Processors and collection facility operators said

they had seen little if any impact on UBC collectors as a result of the cuts although they feared that the low prices will drive some collectors away from the industry.

The price cutting was led by Aluminum Co. of America here which cut its buying price to 38 cents a pound. Industry observers attributed the cuts to international weakness in demand for aluminum.

Tax-free plan set

BINGHAMTON, N.Y.

Resource Recycling Technologies Inc. has completed the financing of a materials recycling plant to be located in Monroe County, N.Y., in what officials said was the first transaction in New York using tax exempt leasing for a solid waste facility.

The financing makes use of \$11.4 million of certificates of participation to finance the design, construction and operation of the recycling plant. The facility, to be operated by Resource Recycling under a 10-year agreement, will process waste paper and mixed container recyclables. It is expected to begin operation early in 1992.

Resource Recycling is also building two other facilities in Ocean County, N.J., and Palm Beach County, Fla., which were expected to be operational this spring.

Mill margins boosted

RICHMOND, VA.

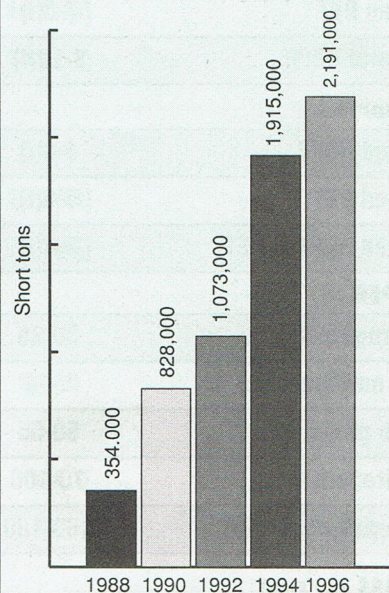
Recycled newsprint operations owned by Media General Inc. here reported sharply improved earnings in the first quarter compared to a year earlier, partly as a result of recently depressed materials prices, a spokesman said.

The newsprint operations, which include a wholly owned mill in Garfield, N.J., and mills shared with Knight-Ridder Newspapers and Cox Newspapers as well as a separate mill shared with a unit of the Mexican government, had operating revenues of \$31.3 million this year compared to \$33.9 million a year ago and operating profits of \$6.9 million versus \$4.5 million, the spokesman said.

MORE NEWS ON PAGE 4

BY THE NUMBERS

GROWTH IN ONP DE-INKING CAPACITY By Newsprint Manufacturers



EASTERN US/ EASTERN CANADIAN PROVINCES

Expected capacity is based on public announcements of planned investments in de-inking capacity made by newsprint manufacturers in the region.

SPOT PRICES

RECYCLABLE MATERIALS PRICE SUMMARY

	NYC	CHICAGO	SEATTLE
ALUMINUM UBCs (c/lb)	39-42	37-43	41-46
AUTO BATTERIES (c/lb)	3-4	6-8	NA
CLEAR GLASS (\$/ton)	25-30(d)	55-60(g)	30-40
OLD NEWSPAPER (\$/ton)	10-15	20-25	60-64
PLASTIC, CLEAR PET (c/lb)	5-7(f)	33-36(e)	16-20(f)

More prices inside

Printed on recycled paper
50% recycled with a minimum
of 10% post industrial/post consumer waste.



Prices based on representative volumes delivered to end user or consumer in each metropolitan market area unless otherwise stated or consumers in the previous week. Prices generally represent truckload quantities of high quality materials.

	BOSTON	NEW YORK	WASHINGTON, D.C.	MIAMI
METALS				
Ferrous (\$/ton)				
Used steel cans(c)	55-60(d)	45-50	45-50	45-50(d)
No. 2 bundles(c)	43-45(b)	42-43(b)	35-45	38-42
Shredded auto scrap(c)	100-102(b)	100-105	102-104	98-102
Nonferrous (cents/pound)				
Aluminum UBCs(c)	39-41	39-42	40-44	38-41
Auto batteries(c)	2-3	3-4	2-3	4-5
PLASTICS (cents/pound)				
Sorted				
Clear PET	7-8(f)	5-7(f)	6-9(f)	7-10(f)
Green PET	7-8(f)	3-6(f)	5-8(f)	7-10(f)
Natural HDPE	8-10(f)	8-9(f)	5-8(f)	5-8(f)
Unsorted				
Mixed HDPE	4-6(f)	5-6(f)	5-8(f)	5-8 (f)
Mixed PET	5-6(f)	3-4(f)	3-7(f)	7-10(f)
Mixed HDPE & PET	3-4(f)	7-8(f)	3-7(f)	5-7(f)
PAPER (\$/ton)				
Corrugated(c)	30-35	30-35	20-30(d)	25-40
Old newspaper(c)	5-10	10-15	5-10(d)	15-20
High grade office	50-55	60-70	45-55	NA
White ledger(c)	70-100	NA	100-110	NA
Computer paper(c)	160-180	NA	180-190	NA
GLASS (\$/ton)				
Clear	40-45	25-30(d)	20-25(d)	30-45
Green	15-25	5-10(d)	15-25(d)	25-35
Brown	30-35	20-25(d)	15-25(d)	25-35

Footnotes:

NA - Representative quotes not obtainable in previous week. Pricing data is being developed and will be included in future issues.

a - Broker buying prices for materials shipped out of local market area; baled, densified truckload quantities.

b - Price quoted from Iron Age Scrap Price Bulletin.

c - Specification from ISRI Scrap Specifications Circular 1990. High-end prices are generally for materials matching this specification.

d - Loaded flat-on-board on transport carriers in local market.

e - Clean regrind or flake.

f - Bales compressed with a minimum density of 10 pounds per cubic foot.

g - Semi-crushed and cleaned.

h - Semi-crushed, not cleaned.

Terminology:

Brokers - Companies who specialize in matching the materials required with the market.

Computer paper - Sulphite or sulphate papers used in continuous roll.

Dealers - Companies who buy and resell recyclable materials from a variety of sources.

End user or consumer - An industrial plant or other facility where the material is used.

HDPE - High-density polyethylene.

High grade office - A mixture of white ledger, computer and other office papers.

ISRI - Institute of Scrap Recycling Industries, 1627 K. St. N.W., Washington, D.C.

Metropolitan market areas - Includes the Consolidated or Primary Metropolitan Statistical Areas.

Middlesex-Somerset-Hunterdon, Monmouth-Ocean and Newark in New Jersey; District of Columbia and the counties of Calvert, Charles, Frederick, Montgomery and Prince Georges in Maryland.

No. 2 bundles - Steel sheet scrap.

Originators - Officials and contractors responsible for gathering and processing scrap.

PET - Polyethylene terephthalate.

Scrap processors - Officials of companies who, from a fixed location, process scrap for value-added resale.

Representatives volumes - Volumes in the mid-range of weight for the material.

UBCs - Used beverage cans.

White ledger - Sulphite or sulphate ledger, bond, writing and other office papers.

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Trends...Legislation.

MATERIALS PRICES

May 6, 1991

Prices are the opinions of editors and correspondents based on contacts with originators, scrap processors, dealers, brokers and end users of separated materials meeting the specifications of local market buyers. See terminology notes below.

FOIT	CHICAGO	DALLAS	DENVER	SEATTLE	LOS ANGELES
7(d)	60-90	60-65	35-40	35-45	50-60
3(b)	79-80(b)	70-75	60-65	62-63(b)	49-51(b)
15(d)	117-118(b)	105-109	62-66	NA	NA
35	37-43	35-40	35-39	41-46	39-41
5	6-8	6-7	NA	NA	NA
(d,e)	33-36(e)	10-12(d,f)	6(f)	16-20(f)	8-9(f)
(d,e)	18-24(e)	4-6(d,f)	6(f)	16-20(f)	7-9(f)
(d,e)	27-30(e)	14-15(d,f)	6(f)	10-12(f)	5-11(f)
(d,e)	20-22(e)	10-14(d,f)	6(f)	NA(f)	7-9(f)
(d,e)	18-22(e)	7-11(d,f)	6(f)	22-26(f)	34(f)
(d,e)	12-14(e)	7-11(d,f)	6(f)	22-26(f)	34(f)
30	30-35	40-45	55-60	62-75	50-55
25	20-25	15-20	45-50	60-64	20-25
60	60	35-40	50-55	40-50	NA
50	140-160	35-40	85-115	NA	70-80
70	60-80	NA	225-300	NA	160-200
5(g)	55-60(g)	40-50(h)	45	30-40	60
0(g)	55-60(g)	40-50(h)	45	30-40	50
5(g)	55-60(g)	40-50(h)	45	30-40	50

Prices are based on contact with originators, scrap processors and end users with sources of supply, including dealers, processors and originators. Prices are for materials meeting the specifications of local market buyers. Prices are for materials meeting the specifications of local market buyers. Prices are for materials meeting the specifications of local market buyers.

Prices are for high grade papers. Chicago includes the Primary Metropolitan Statistical Area surrounding the named city. New York, for example, includes the Primary Metropolitan Statistical Areas of Bergen-Passaic, Jersey City, Newark, Paterson, Elizabeth, and Newark-Essex. Connecticut includes the Primary Metropolitan Statistical Areas of Hartford, Meriden, and Danbury. Washington includes the Primary Metropolitan Statistical Area of the Prince George's, Md., and Alexandria, Arlington, Fairfax, Fairfax City, Falls Church, Loudoun, Manassas, Manassas Park, Prince William and Stafford, Va.

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WE WELCOME SUGGESTIONS

Your comments and suggestions on Recycling Manager's pricing reports are welcome. Give us information on specific purchases or sales including the identities of the seller and buyer, the timing of the transaction, what volumes were involved and how the material was delivered including freight arrangements and value-added processing. If you wish, your identity can be kept in confidence. We will check the information and include the results of that research in future issues. Send your comments and suggestions to Recycling Manager at 825 Seventh Ave., New York, N.Y. 10019 or call 718-398-3485.

LEGISLATIVE AND REGULATORY ROUNDUP

Highlights based on a survey of all 50 states through StateNet and other sources.

Federal

A series of bills providing grants and tax exemptions for recycling programs have been introduced in the House of Representatives. Rep. James A. Traficant Jr. (D., Ohio) has introduced H.R. 1818 authorizing a one-year demonstration program to provide grants to states and localities for community recycling projects. Rep. Harold L. Volkmer (D., Mo.) has introduced two bills, one (H.R. 1911) amends the Solid Waste Disposal Act to authorize the Environmental Protection Agency to provide grants for the purchase of recycling equipment, and the other (H.R. 1912) amends the Internal Revenue Code to provide a 25% investment tax credit for recycling equipment.

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Rep. George J. Hochbrueckner (D., N.Y.) has introduced bills on battery recycling and recycling research. H.R. 1510 would require recycling of used lead acid batteries and require a study of household dry-cell battery disposal by the EPA. The other bill (H.R. 1511) would establish an Office of Recycling Research and Information in the Department of Commerce and requires research on the recycling of scrap automotive tires.

□ □ □

A bill (S. 832) authorizing the Commerce Department to develop and expand new national markets for recycled paper and other commodities and establishing a program requiring federal departments to procure and use recycled paper and paper products has been introduced by Sen. Slade Gordon (R., Wash.).

California

The state Assembly has passed and sent to the state Senate a bill to delete the requirement from the California Beverage Container Recycling and Litter Reduction Act that the redemption payment for every beverage container sold in the state or credits from a container manufacturer to a beverage manufacturer be made no later than the date when an invoice is submitted. The bill (A. 860) was introduced by Assemblyman Byron D. Sher (D., Mountain View).

Florida

State Sen. George Kirkpatrick (D., Gainesville) has introduced a bill (S. 1174) with a variety of recycling provisions. Among other things, it would extend the expiration date for sales tax exemption on the purchase of equipment used in recycling activities; provide for purchase of materials with recycled or degradable content by agencies that use state contracts; and provide for the closure of solid waste landfills to be financed with state bonds.

Maine

State legislature approval is now considered doubtful for an effort to win a two-year repeal of the nation's only ban on aseptic containers with the provision the repeal could be permanent if manufacturers set up a recycling program to prove the containers can be recycled. A bill to repeal the law was reportedly being prepared early last month by State Rep. Michael H. Michaud (D., East Millinocket), co-chair of the House

energy and natural resources committee, which recommended the container ban two years ago, and state Sen. Judy C. Kany (D., Waterville), former co-chair of the committee. But industry sources said last week that support for the effort now appears to be lagging.

Officials of the Aseptic Packaging Council said companies who proposed the ban's repeal wanted to duplicate in Maine the industry's success with a recycling system for aseptic containers in Contra Costa, Calif. The proposed recycling program would have included about 2,000 tons of milk cartons tossed out each year in Maine to produce economies of scale for processing the estimated 120 tons of aseptic packaging disposed of in the state. Like juice boxes, milk cartons are coated with plastic.

At least a dozen states are considering enacting similar bans on aseptic containers. Kany and Michaud had previously resisted attempts to weaken the ban and other elements of a major trash-reduction law, which requires deposits on nearly all non-dairy beverage containers. However, two bills have already been introduced in the current session to repeal the ban (H. 938) or change the definition of aseptic packaging (H. 204).

Massachusetts

A state industry group has estimated that more than 48,000 companies employing 930,000 workers could be affected adversely by a proposal that would require that by 1996 all packaging in Massachusetts must be

reusable, contain specific amounts of recycled materials, or be made of materials substantially recycled in the state. Officials from the Associated Industries of Massachusetts, in testimony before the legislature's joint committee on natural resources and agriculture, showed a box which would satisfy the recycled-content provisions of H. 5202 which was nearly twice the thickness and bulk of currently used packaging. The bill was introduced in February by state Rep. Mark Roosevelt (D., Boston) and other legislators.

Steel scrap dips

DETROIT

Taking their cue from sharply lower industrial bundles sold late last month by domestic automakers, steel mill scrap purchases for May appeared last week to be generally \$3 to \$5 a ton lower than a month earlier. Industry sources said the outlook for an upturn in the steel markets was still dim, noting that demand traditionally slackens as customers cut production during the summer.

Recycled inserts

CHARLOTTE, N.C.

Southern Bell has begun printing its informational bill inserts on recycled paper. More than 9 million copies of the inserts are distributed each month to the company's residence and business customers.

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