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## China's recycling suspension reverberates throughout Texas

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China, long the largest importer of recycled materials in the world, suspended all imports from the United States earlier this month.

In the midst of a long, slow collapse of prices paid for used newspaper, glass bottles, plastic containers and other household items, the withdrawal of the biggest market on earth has caused cities across the country to rethink their commitment to recycling.

“Recycling as we know it isn’t working,” said James Warner, chief executive for the Solid Waste Management Authority in Lancaster County, Pa., recently told the Wall Street Journal. “There’s always been ups and downs in the market, but this is the biggest disruption that I can recall.”

The impact has been immediate. Warner’s waste authority more than doubled its fee for every ton of material it takes from local trash collectors for recycling. Collectors indicated their intention to pass along the cost with a 3 percent increase in fees charged to residential customers.

In El Paso, the City Council refused to grant its licensed hauler, Friedman Recycling Co., a 53 percent increase — from \$75 to \$115 — in the amount it could charge the city for every ton of waste the company recycled.

“We’ll have to look at our financials,” company president Morris Friedman said in an El Paso Times story. “But we may have to consider closing the plant.”

But in Austin, where trash customers pay more than \$17 million a year for a program that loses almost \$3 million a year, there is no indication of any deviation from a goal of “zero waste” in landfills by 2040, the most aggressive recycling plan in Texas.

Austin diverts 42.3 percent of the city’s trash through the recycling program overseen by Austin Resource Recovery, the highest rate of any major city in Texas and ahead of the 35 percent national average, according to a statewide study done for the Texas Commission on Environmental Quality last July.

By comparison, Dallas has been stuck at 20 percent since it set a zero waste in landfills goal in 2013.

The principals most involved with recycling in Austin were not anxious to discuss the latest challenge from China with The Texas Monitor. Messages were left with Adam Gregory, a spokesman for Texas Disposal Systems, and Kerry Getter, owner of Balcones Resources — the two companies contracting with Austin.

In response to a request to interview Richard McHale, assistant director of Austin Resource Recovery, Emlea Chanslor, a public information officer, confirmed the city's recycling diversion percentage and offered only a monthly report for April. Gerry Acuna, chair of the Zero Waste Advisory Commission, did not respond to an email request for an interview.

The monthly report gives little indication of the overall health of the recycling program in the city. It does, however, show a 22 percent drop in the number of tons of recyclable material delivered and a 28.3 percent drop in the revenues generated by the city's two contractors from January to February of this year.

Resource Recovery officials had at the beginning of the fiscal year, Oct. 1, 2017, estimated processing costs would outstrip revenues by \$2.9 million, after having lost \$2.36 million in the prior fiscal year.

It's a matter of basic economics. Countries like China that were paying \$80 a ton for recycled mixed paper at the end of 2016, were paying \$35 a ton. Other recycled product prices dropped across the board, although not as steeply.

Recycling programs have been paying the price for overly optimistic estimates of revenues from recycling for at least the past three years. When the City Council approved the zero waste plan in 2011, recycling officials based their operations on predicted annual profits of almost \$500,000.

At the end of fiscal 2016, even with \$80-a-ton paper, the recycling program had lost about \$2 million. So many hundreds of tons of glass bottles too expensive to recycle had piled up on Texas Disposal property that it had become its own mini-landfill, derisively referred to as "the highest peak in South Austin."

John Tierney, a reporter for the New York Times recognized way back in 1996 that forecasts of recycling somehow paying for itself were impossible. Duke University Professor Michael Munger added to the research with a 2013 study for the Cato Institute titled "Recycling: Can It Be Wrong, When It Feels So Right?"

And nearly 20 years after his first debunking of recycling, Tierney circled back to find that much of what he had originally concluded had come to pass.

Both Tierney and Munger complained that they were bitterly denounced for questioning programs that "feel so right." Munger stopped writing about the subject altogether because, he said, "I lost all faith in the willingness of people to consider it. So much of the response I got was 'I don't want this to be the truth.'"

And as if to prove it, after a \$2 million loss in fiscal 2015, the City Council approved plans for a \$7.5 million plant for local businesses to turn local waste into usable, salable products, the cost to be absorbed in customers' monthly fees.

China's decision to turn away the lower quality and more contaminated trash — shifting the labor-intensive burden of making it recyclable back onto American recyclers — might change the game, the experts say. China had been America's biggest buyer, taking \$5.2 billion in recyclables in 2017.

El Paso is balking, considering dropping its weekly pickup and telling customers who want to recycle to separate trash and bring it in themselves. Friedman made no apologies for asking the city to pay more.

“It needs to be clear that this is no fault of Friedman Recycling or the city,” he told the El Paso Times. “This is an effect of the Chinese government deciding that they are going to ban the commodities. Everyone's costs are going up.”

Ellen Smyth, El Paso's Environmental Services Director, said recycling hasn't paid for itself in its 11-year existence. The program has cost the city \$68 million and saved eight months worth of landfill space. Recycling costs the city about \$230 for a ton that would cost \$26 to bury in a landfill.

When the city refused Friedman's request, Smyth said, “Even if we wanted to, we don't have the money.”

While the TCEQ report was written to highlight the achievements of recycling, it revealed some of the realities, even before the blow dealt by China. Processing costs to recycle remain at three to as much as five times the cost of landfilling. Anywhere from \$2 to \$5 of a monthly trash collection bill pays for recycling, the report said.

The recycling industry has never recovered from the recession that began a decade ago. The costs of the the steep drop in recycled materials prices followed by the sharp increase in processing fees has been supported by trash customers, local taxpayers or a combination of both, the study said.

And while more aggressive recycling resulted in an increase to 9.2 million tons of recycled material in 2015, up from 6.1 million tons in 2013 in Texas, that represents 22.7 percent of the 31 million tons of overall waste generated that year, the study said.

Knowing what China had planned, McHale touted the benefits of recycling that do not show up on the bottom line. “There's just a lot of uncertainty about what is going to happen,” McHale told the Austin American-Statesman. “It's a concern, but we really haven't seen it roll through yet. We're really just kind of watching what's happening right now.”

Getter was unfazed by the potential upheaval in the international market. “The demand for the material is still there, and we don't think that's going to change in 2018. We are in a world where natural resources are in high demand and in low supply in many parts of the world, so I think recycling has a bright future.”