



Voice of the Recycling Industry™

**Remarks by Robin K. Wiener
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2018 State of Recycling Briefing
Senate Recycling Caucus
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Good afternoon. I am grateful to the Senate Recycling Caucus for inviting ISRI to address the “State of Recycling” during this important briefing. And let me begin by thanking the Co-Chairs of the Recycling Caucus – Senator Boozman and Senator Carper – for not only hosting today’s event, but for their long-standing support and leadership on recycling.

For those of you who are not familiar with ISRI, we are the Voice of the Recycling Industry, representing 1,300 companies operating in more than 4,000 locations in the U.S. and across the globe that process, broker, and consume the entire range of recyclable commodities. ISRI’s mission is to promote safe, economically sustainable, and environmentally responsible recycling through networking, advocacy, and education.

Each year, ISRI produces a *Recycling Industry Yearbook*, containing the most comprehensive information available on the global recycling industry. Our 2018 edition was recently released and I have copies available for anyone who would like one. It is also available online at ISRI.org. As the Yearbook reports, the state of our industry is strong, although not without challenges. Recycling continues to be an important economic engine and job creator. Today, the U.S. based scrap recycling industry generates \$117 billion annually in economic activity and provides more than a half million good-paying jobs ... with these workers earning more than \$34 billion in wages and benefits last year.

It is clear that recycling also offers real solutions for balancing economic growth and environmental stewardship. To understand the challenges that are affecting recycling today, it is important to understand the four basic elements necessary for successful recycling –

The first is that recycling is a commodities business that is driven by demand from manufacturers, using scrap as a substitute for virgin materials due to its energy-saving and environmental properties. Last year alone, the U.S. recycling industry transformed more than 130 million metric tons of industrial and obsolete materials into specification-grade commodities for purchase by steel mills, plastic manufacturers, paper mills, and others – all to meet their raw material needs. And it is that need by manufacturers that drives recycling...if there is no market to utilize the scrap material, it will not move, regardless of the volume collected ... and recycling has not occurred.

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Second, the value of scrap is directly related to its quality. Recycling will not occur if the scrap does not meet the grade requirements of the manufacturer. And it is ISRI Specifications that are most often recognized by industries and governments alike as the reference system for promoting global consistency and quality.

Third, the industry is far more than residential recycling. While residential recycling is the most visible, it represents less than 30 percent of the 130 million tons recycled each year. The vast majority of recyclables within the U.S. come from commercial and industrial sources, which tend to be cleaner, with very little cross contamination.

And fourth, recycling is a global business. Each year more than 800 million metric tons of recyclable materials are consumed and made into new products, of which nearly 20 percent are traded globally, moving across borders to wherever it is needed most. Within the U.S., between 30 and 40 percent of the specification grade recyclable material is sold into the export market. Last year, nearly 38 million metric tons of scrap was exported – worth \$17.9 billion – to consumers in 145 countries around the world.

Within the global recyclable marketplace, the U.S. and China have traditionally been the key players, with the U.S. being the largest supplier and China the largest consumer of these commodities. For the last 15 plus years, China has accounted for more than a third of all U.S. scrap exports, with a significant percentage of that material being lower grade scrap from U.S. curbside programs. That is why China's actions over the last 16 months placing restrictions on the import of scrap have sent such large tremors throughout the U.S. recycling infrastructure. We have seen a drop in scrap exports to China of approximately 40 percent during the first eight months of the year, and that is only expected to grow. The Chinese government has set as a priority the growth of its own recycling industry with a goal of becoming self-sustaining.

China's actions exposed a number of weaknesses in certain segments of the U.S. recycling infrastructure, particularly with regard to the residential stream. Those weaknesses include:

- A collection system that varies by community, and driven by local wishes instead of manufacturing demand;
- Public confusion as to what can be put in the bin resulting in increased contamination; and
- A municipal recycling infrastructure built over the past few decades to produce lower grades of scrap that are no longer in demand.

The good news is that innovation has always played an important role in advancing recycling. Many recyclers have already begun to change processes and invest in technologies to produce higher grades. But that takes time and money. Investments within the U.S. market are also being made by paper and plastics consumers and will result in increased demand for scrap in the coming years. European and Chinese investors are also moving into the U.S. market to more easily source high quality U.S. scrap.

Innovation is also coming from public-private partnerships within the United States. ISRI is proud to be a member of the Department of Energy's REMADE Institute, a multi-year, \$50 million effort initiated last year to drive advanced manufacturing within the U.S., focused on sustainability and recycling. This will provide new opportunities for the use of recyclable materials in manufacturing and also more focus on Design for Recycling.

What is manufactured today, we hope will be recycled tomorrow. As products get smaller, lighter, and incorporate different materials, recyclability can be more complicated ... so we are increasing our dialogue with manufacturers to ensure end-of-life is a strong consideration in product design.

And we continue to work with our customers in countries throughout the world that need scrap for their manufacturing economies. India, Indonesia, Taiwan, Vietnam, and many other countries continue to be important markets.

We will also continue to advocate for the removal of barriers that restrict market access for recyclables; and double-down to clearly delineate the difference between waste and valuable scrap commodities, as they are often carelessly co-mingled.

Keeping recycling strong in the U.S. requires a continual focus on quality, consumer awareness, and market access and demand growth. ISRI is working with our industry and community partners across the country to address many of these challenges, and we look forward to continuing to work with both of you – and all the members of the Recycling Caucus – as we build an even stronger recycling infrastructure within the United States.

Thank you again for the opportunity to be here today.