AP

Recycling goes from boom to bust as economy stalls

Sunday December 7, 8:24 pm ET

By P.J. Dickerscheid, Associated Press Writer

Downturn in global economy sends recycling industry from boom to bust practically overnight

CHARLESTON, W.Va. (AP) -- Norm Steenstra's budgeting worries mount with each new load of cardboard, aluminum cans and plastics jugs dumped at West Virginia's largest county recycling center.

Faced with a dramatic slump in the recycling market, the director of the Kanawha County Solid Waste Authority has cut 20 of his 24 employees' work week to four days from five, shuttered six of the authority's drop-off stations and is urging residents to hoard their recyclables after informing municipalities with curbside recycling programs that the center will accept only paper until further notice.

"The market is just not there anymore," Steenstra said.

Just months after riding an incredible high, the recycling market has tanked almost in lockstep with the global economic meltdown. As consumer demand for autos, appliances and new homes dropped, so did the steel and pulp mills' demand for scrap, paper and other recyclables.

Cardboard that sold for about $135 a ton in September is now going for $35 a ton. Plastic bottles have fallen from 25 cents to 2 cents a pound. Aluminum cans dropped nearly half to about 40 cents a pound, and scrap metal tumbled from $525 a gross ton to about $100.

It's getting more difficult to find buyers in some markets, Steenstra said.

While few across the country appear to be taking such drastic measures as Steenstra, the recycling market has gotten so bad that haulers in Oregon and Nevada who were once paid for recyclables are now getting nothing or in some cases are having to pay to unload their wares.

In Washington state, what was once a multimillion-dollar revenue source for the city of Seattle may become a liability next year as the city may have to start paying companies to take their materials.

Some in the business are describing the downturn as the worst and fastest ever.

"It's never gone from so good to so bad so fast," said Marty Davis, president of Midland Davis Corp. in Pekin, Ill., who has been in the recycling business since 1975.

The turnaround caught everyone off guard, said Steven Kowalsky, president of Empire Recycling in Utica, N.Y.

"Nobody saw it coming. Absolutely nobody," Kowalsky said. "Even the biggest players didn't see it coming."

At the height of the market just months ago, customers lined the street outside Kowalsky's business, hoping to hawk scrap to pay rising food and fuel costs.

"That's not happening anymore," he said.

The Kanawha County authority, which sells donated recyclables from residents and municipalities, sells about 7,500 tons of paper, plastic and aluminum a year, Steenstra said.

Ted Armbrecht III, managing partner of The Wine Shop at Capital Market in Charleston, says it won't be a problem piling up his recyclables at home, but he doesn't have that luxury with his wine business, which uses a lot of cardboard boxes.

"We'll hold onto it as long as we can, but once it reaches a tipping point, the only other place it's going to go is the dumpster," he said.

Trey Granger, spokesman for Earth911, a national environmental resource group, said the public's interest in recycling should be able to weather the downturn in an industry that has been growing for more than 30 years and has always been cyclical.

"Obviously times are tough," Granger said. "I wouldn't worry more about this more than any other aspect of the economic downturn we're facing."

Last year, Americans generated about 254 million tons of trash, according to the U.S. Environmental Protection Agency. They recycled about 150 million tons of material -- roughly 80 million of that in iron and steel -- supporting an industry that employs about 85,000 with $70 billion in sales, said Bob Garino, director of commodities at the Institute of Scrap Recycling Industries Inc., a Washington, D.C.-based trade association that represents more than 1,600 companies worldwide.

Most recyclables are shipped to Asian countries that use the material to make products that are shipped backed to the United States to be sold.

But the market shift is now jeopardizing hundreds of millions of dollars worth of long-term contracts for scrap metal as some companies that signed when prices were high are trying to cancel or postpone deliveries to take advantage of the cheaper spot market, Garino said.

Davis, of Midland Davis Corp. in Illinois, said he hopes to wait out the market and may rent warehouse space to store his more perishable recyclables, like paper, until he can find buyers. He has some room to stockpile cans and plastics because in July, when prices were high, he unloaded more material than during any month in the past 10 years.

"It's going to be bleak for a while," he said. "We can just make our piles taller, and hopefully by spring, things will be a little better."

Whether that will come as early as spring is debatable.

"I don't know if we are at the bottom yet, bouncing along the bottom or we have new lows to achieve," Garino said.

The market's not likely to bounce back until the economy improves. Kowalsky estimates it could be several years.

"It's just time to pull in your horns and maintain what you have and try to survive until 2010," he said.

(This version CORRECTS Corrects spelling of Steenstra's name in grafs 6-7.)