

## **NAPCOR Position on Exporting Post Consumer Bottles**

2008 was the first year that the volume of post-consumer PET bottles exported out of the United States surpassed the volume that remained, although the trend toward steadily increasing export began ten years ago. The overwhelming majority of these PET bottles – those collected for recycling throughout the U.S. – were shipped to Asia, over 750 MMlbs.

There are various reasons for this, including higher prices, cash payments, and little, if any, specifications. Articles have been written to the effect that the Chinese markets enable PET recycling in the U.S. while citing contributions to the balance of trade, but the reality is this: many MRF operators and brokers choose to export their material due to lax specifications and, in some cases, slightly higher pricing. While NAPCOR recognizes the principles of free trade, it feels this is shortsighted for a number of reasons:

- 1) The breakdown of product specifications leads to shipping more waste, both here and abroad, thus increasing inefficiency. While admittedly increasing diversion rates, this practice also increases system cost, energy use, and GHG emissions.
- 2) Exporting raw materials negates the extended economic development benefits derived from their reclamation and remanufacture into finished goods, arguably recycling's greatest dividend. Put simply, exporting PET bottles exports jobs.
- 3) After a period of stagnation, NAPCOR estimates that there will be over \$350 million dollars invested in new infrastructure to recycle and reclaim PET bottles during 2010 and 2011. By the end of 2011, this will potentially result in as much as 300 million pounds more PET reclamation capacity than the estimated total volumes of PET bottles being collected in the USA and Canada.

- 4) Exporting bottles is akin to exporting energy since the principal components are derived from oil and natural gas.
- 5) Strong local recycling programs require strong local markets, not those subject to political pressure and historic disruptions.

The bottom line is that the continued large-scale exportation of PET bottles – the collection of which, in many cases, is subsidized by tax dollars – jeopardizes existing investments and inhibits new ones; squanders opportunity for job creation; and encourages waste and inefficiency. NAPCOR calls upon both public and private sector entities involved in the marketing of secondary raw materials to recognize this activity as bad public policy and strategically myopic, and to instead support local investments by selling bottles to U.S. and Canadian reclaimers.