

ANNUAL REPORT OF THE

**VIRGINIA RECYCLING MARKETS
DEVELOPMENT COUNCIL**

**TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA**



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**COMMONWEALTH OF VIRGINIA
RICHMOND
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**REPORT OF
THE VIRGINIA RECYCLING MARKETS DEVELOPMENT COUNCIL**

**TO: THE HONORABLE GEORGE F. ALLEN, GOVERNOR
AND
THE GENERAL ASSEMBLY OF VIRGINIA**

The Virginia Recycling Markets Development Council is established by section 9-145.47 of the Code of Virginia. Our responsibilities include, among other things, a continual examination of institutional, legal and other barriers that may have a potential negative impact on the continuing progress that is being made in the Commonwealth to recycle. Additionally, we are to report our efforts, findings and recommendations to your Excellency and to the General Assembly on an annual basis.

The purpose of this correspondence is to report our activities for the past year. Due to circumstances beyond the control of our Council or any individual member, we are tardy in submitting our report, but felt it important to communicate with you on our activities and progress.

The Virginia Recycling Markets Development Council has been quite active in the past year, meeting as subcommittees and as a full Council on at least 10 occasions. Our efforts for 1995 began in March of that year with the election of Mr. Van M. McPherson to as our Chairman. He was ably assisted by Mr. Thomas D. Mirable as Vice Chairman. As the result of legislation passed in the previous General Assembly Session, we received increased staff support from the Department of Environmental Quality. Ms. Paddy Katzen has been of significant assistance acting as liaison between the Council and various state agencies. She has, likewise been instrumental in the arrangement of logistics for our Council meetings and agenda.

The Council has experienced some difficulty with absenteeism by members, the predictable result of such a volunteer organization. However, we have re-dedicated ourselves to improved attendance and efficiency in our efforts for the coming year.

For 1995, the Council identified the following three objectives:

- (1) to identify and evaluate financial and other incentives which may attract new businesses that use recycled or recovered materials, and to encourage the expansion and conversion of existing businesses;
- (2) to identify barriers to the development of markets for recycled materials including state policies, regulations, and procedures, and to recommend alternatives to overcome any such obstacles; and

- (3) to promote the purchase of products made from recycled or recovered materials.

We determined that the best course of action to address these issues was to form subcommittees in concert with the various expertise of our membership. Consequently, we formed subcommittees in the following commodity areas: aluminum, petroleum, plastic, and steel. In addition, a subcommittee was established to address the waste tire reimbursement program. Following the initial efforts of these subcommittees, it was determined that continued effort by the aluminum and petroleum subcommittees were no longer needed. Those markets appeared to be relatively stable and there were no identifiable barriers to further development for which the Council felt it could offer a recommendation.

The market for recycled fibre experienced unprecedented highs just one year ago and peaked during the summer of 1995. As quickly as it rose, the market corrected itself and remains in an unbalanced state. Although new capacity for recycled fibre has been expanded, the demand for the finished product has been lackluster with inventories at high levels and discounts being offered by some mills. Production has been decreased in an attempt to balance supply and demand and experts are predicting no major changes in the first half of 1996.

Our findings with regard to aluminum were that the markets were strong and that aluminum appeared to retain a sufficiently high market price to cover freight costs and provide a profitable return. The recycling programs for petroleum products remain a voluntary effort, and appear to be working well according to the industry representatives. Federal standards for recycled petroleum products will soon be adopted in Virginia and that should serve the industry well.

With regard to steel commodities, our efforts determined that by and large this industry is similarly well situated, and that efforts with regard to recycling continue at progressive pace. With the exception of steel cans, good and reliable markets are in place. The Council will continue to address the issue of steel mills accepting steel cans, a practice which is not currently taking place.

Significant efforts have been undertaken by our plastics subcommittee. The highest demand for plastics is for PET and HPDE plastics. The demand for these materials is fueled by record high prices for virgin counterparts. As a result, we have identified potential barriers as including logistics, geography, and high costs associated with collection and transportation. Our continuing strategies to address this situation include the identification of a high potential recyclable plastic in terms of volume and location, determining the potential demand for this commodity within 200, 400 and 600 mile radius of the Inland Port, and developing cost estimates for a reprocessing center and determining its viability.

The Council considered the issue of the waste tire reimbursement program and made recommendations to the General Assembly to propose a graduated system of reimbursement with the highest reimbursement rates being granted to recycling uses. The Council suggested to the 1996 session of the General Assembly that the End-User Reimbursement program be changed from a single reimbursement level to three graduated levels based upon end-use. However, the General Assembly rejected this approach, carrying the legislation over to 1997, as it would have displaced a significant percentage of the fund being utilized for the cleanup of waste tire piles. The Council found this to be a difficult issue and will continue to examine equitable approaches to the use of the waste tire reimbursement funds that recognizes the varying interests and promotes the use of recycled products made from waste tires.

The Council anticipates a busy 1996. We will continue to pursue the issues remaining from the 1995 agenda and explore in greater degree the potential barriers, whether legal or institutional, that limit the opportunities for Virginians to recycle and for Virginia businesses to accommodate the strong desire on the part of our citizens to recycle through the enhancement and establishment of viable and stable markets. The Council is grateful for the opportunity to serve in this way and looks forward to providing you and the General Assembly with our further recommendations.

Respectfully submitted,

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