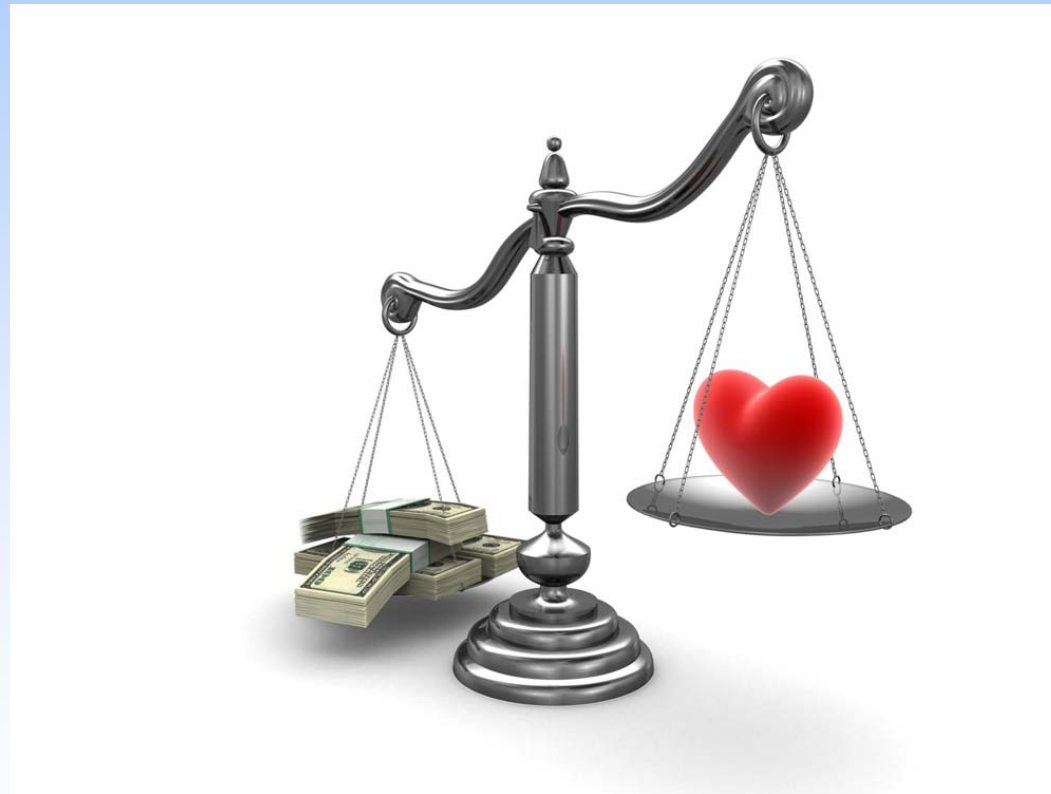




# DESIGN & CONSTRUCTION

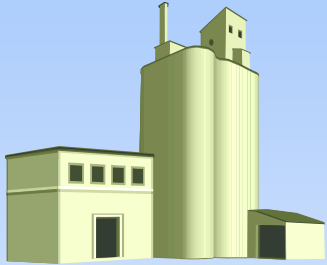


# COMMODITIES & CREDIT



# **GREASING THE GEARS**

## **HOW THE SYSTEM WORKS**



**Foreign Buyer Needs Scrap U.S. Supplier Has Commodity**

**Price <> Negotiation**



**Buyer Supplies Letter of Credit to  
Guarantee Payment**



**Scrap is Shipped**

# LETTERS OF CREDIT

- **Revocable Credit**

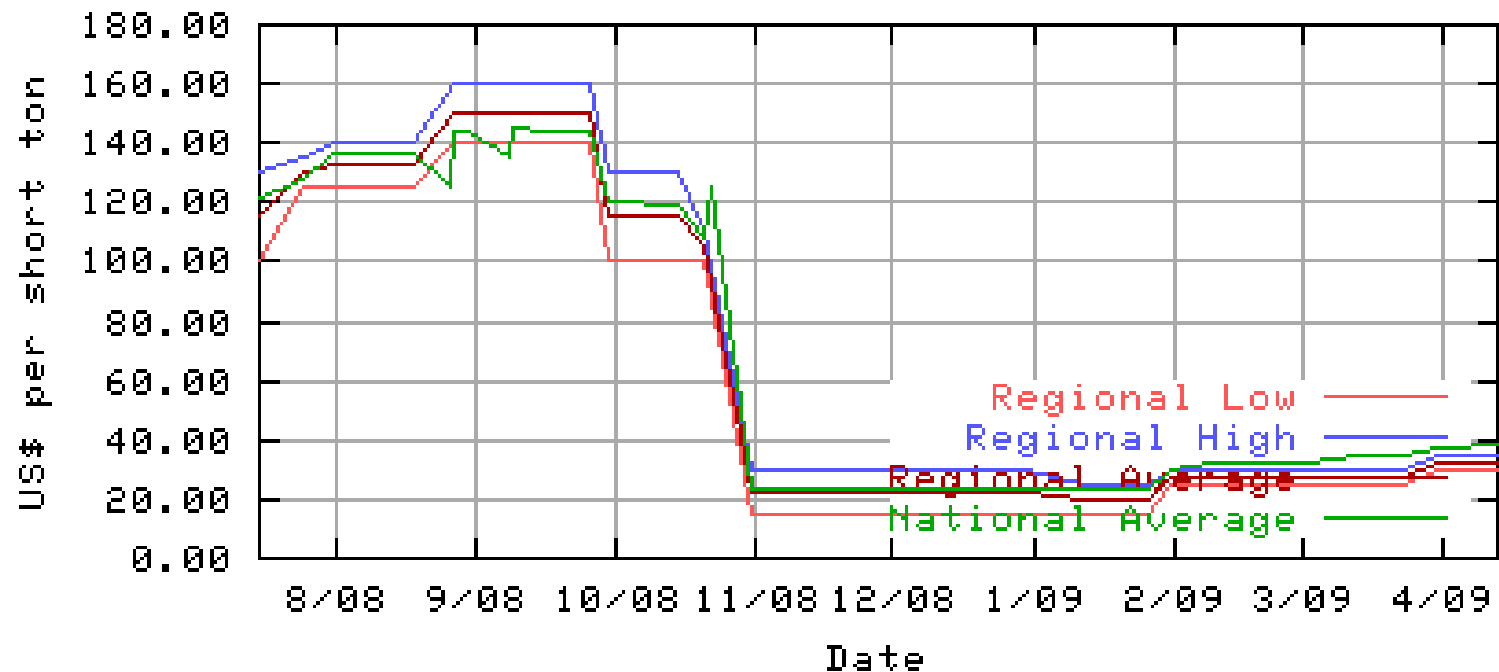
This can be amended or cancelled at any time by the importer without the consent of the exporter. This option is not often used, as there is little protection for the exporter. By default all credits are irrevocable, unless otherwise stated.

- **Irrevocable Credit**

Once issued this can only be changed or cancelled with the consent of all the parties. The seller must merely comply with the terms and conditions of the credit in order to receive payment.

# THE MARKET

Waste & Recycling News, Web Site, 2009  
PS 7 De-Ink Quality News, Northeast USA



# **THE LOSS OF CREDIT**

**“The magnitude, speed, and severity in the drop in commodity prices this past fall is directly attributable to the credit crunch and differentiates this pricing event from those in the past, where simple supply and demand factors were at work.”**

**William P. Moore**

**President**

**Moore & Associates**

# **SCRAP & CREDIT**

## **Large and Small Collectors and Processors Under Pressure**

- **Smurfit bankruptcy**
- **AbitibiBowater bankruptcy**
- **Aleris and other metal producers file bankruptcy**
- **Newspapers closing and downsizing**
- **Small collectors in Brazil, China and India no longer able to make a living**
- **Notable e-scrap processors forced out of business**
- **Contractual floor prices being renegotiated**
- **Processors demanding shorter payment cycles—cash or 10 days versus 30 days**

# **THE LOSS OF CREDIT**

**“The worldwide credit crisis is having a direct impact on the availability of credit to finance the annual \$14 trillion of international trade”**

**Ross Karves, The Credit Crisis and Agricultural Export Credit**

**“But lenders pulled back sharply when the credit crisis hit, forcing governments.....to support another vital part of the system that extends loans to exporters and importers”**

**Carter Dougherty, Countries Stepping in to Finance Export Trade**

**“The export business community in partner countries is suffering the harmful effects of the worldwide credit crisis and is in need of assistance.**

**CBI, March ,2009**

# **SOLID WASTE & CREDIT**

**Landfill managers said they knew something was amiss in the economy when they saw trash levels start steadily dropping last year. Some are reporting declines of up to 30 percent.**

- **Some landfills have been chosen to raise fees**
- **Raising fees puts additional pressure on users and also can lead to additional recycling and diversion**

# **SOLID WASTE & CREDIT**

- **Interestingly, some landfills have chosen to lower fees in an effort to attract more tonnage and make up revenue losses**
- **Some municipal landfills report “leakage” as material traditionally delivered to them is moved to other landfills or transfer stations to reduce costs**

# WHERE HAVE ALL THE CONTAINERS GONE

- **Weak dollar and economy has severely curtailed imports**
  - **Example is that major corrugated mills in China have switched from heavy duty boxes for export to lighter duty boxes for internal use**
- **With fewer materials being shipped into the U.S., fewer empty export containers are available creating a shortage due to the displacement of empties**
  - **A new generation of mega container ships able to handle 13,000 verses the older 6,500 containers has arrived**
  - **Shipping lines have been forced to lower their per container price to Asia to attract enough business to fill vessels**
  - **Shipping containers to Asia is reported to be 1/10 to 1/4 of the cost compared to a year ago. Fiber and plastic pricing is therefore firming for export shipments**

# **Other Market Movers**

- **Supply and Demand**
- **Changes in Recycling Waste Stream**
  - **Bottle Bills**
  - **Single Stream Recycling**
- **Program Funding and Education**