

Does the Citizens Recycling Movement Face a Hostile Takeover?



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**INSTITUTE FOR
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The Citizen Recycling Movement

Over the last generation, a remarkable and enduring grassroots effort has resulted in a large recycling, composting and reuse sector based on decentralized collection and processing. Currently over 10,000 local governments have recycling programs. Over 65,000 businesses in the recycling collection and processing sector employ more than one million workers and have sales approaching \$300 billion.

Local activists, through years of painstaking (and sometimes heartbreaking) work, transformed solid waste management from an unsustainable ‘burn and bury’ paradigm to one of local sustainable recycling coupled with economic development. Organized citizens accomplished this by defeating 300 planned incinerators and, in the process, changing the rules to favor recycling through a variety of policies (e.g. Pay-as-You-Throw, container deposit laws, mandatory household and commercial recycling, minimum content requirements, and yard debris and electronic scrap and toxic materials disposal bans.)

In the last few years a new paradigm has emerged and gained traction: extended producer responsibility (EPR). As the name implies, EPR extends the responsibility of manufacturers to include recovery of their products and/or financial responsibility for related public expenditures. The promotion of EPR is ubiquitous, including, at least one academic book, a series of articles in Forbes Magazine, conference workshops, and a webinar series. To use the current phrase in vogue, the new EPR intends to “reinvent recycling.”

“The problem with EPR occurs,” states Eric Lombardi of Eco-Cycle, “when it enters areas where markets already exist.” “Then, EPR will take away my business,” notes Mary Lou Van Deventer of Urban Ore.

Think Ahead First, Avoid Unintended Consequence Later

The concept of making manufacturers responsible for their products environmental impacts from production to disposal is admirable. Proponents believed that having to internalize the cost of disposal would lead manufacturers to reduce packaging and change the design of their products to facilitate recycling, reuse and toxics reduction. The tradeoff, perhaps not clearly understood in the beginning, was to give manufacturers control of the solid waste disposal process.

But large corporations are not driven by their internal balance sheet to increase recycling or reduce solid waste. They are driven to reduce costs and maximize profits. In fact, European analysis shows that EPR leads to very little if any redesign of products and packages. Recently we have seen evidence that extended producer responsibility programs have undermined painstakingly created decentralized recycling networks and threatened small recycled materials businesses. Corporate control over recycling may very well prove less efficient and stifle innovation from below. Norwegian authorities have expressed concern over the lack of competitiveness in the recycling sector.

British Columbia may be the model for the new brand of EPR. The western Canadian province created an industry controlled EPR stewardship bureaucracy with exclusive monopoly power over prices (aka “Market Clearing Price”), subcontractor selection, payment schedules, and even prior approval for the sale of subcontractor businesses. The results have been sobering. BC recyclers refer to the new EPR regulations not as “recycling reinvented,” but as “recycling overthrown.” EPR regulations cannot ban repair and resale of products, but by allowing manufacturers to decide how products are recovered reuse will be at a disadvantage. In Sechelt, BC, residents and businesses are told to mix repairable EPR-designated products (small appliances and computer equipment), in with recyclable materials for more efficient collection. Thus repairable products and the revenue they generate are diverted from designated

EPR processors and collectors. Cut off from their supply, repair and reuse enterprises are complaining bitterly about being driven out of business.

Ominous Trends in US?

The BC model has been heavily promoted by the US-based Product Stewardship Institute and the Product Policy Institute. Neither is a recycling organization.

Recyclers and zero waste advocates in the US are concerned about this model from Canada. In BC three incinerators are being planned with enough capacity for 100% of the region's waste stream. EPR and incineration also go hand-in-hand in Europe where incineration capacity has been overbuilt and recyclable plastic and paper are being sent from one country to another to keep garbage incinerators running. Well over 50% of materials sent to several European garbage incinerators are recyclable or compostable. The European Parliament has voted in favor of phasing out landfilling and incineration of all recyclable and compostable materials by 2020.

By giving control of the waste stream to those who manufacture the product, EPR undermines local municipal authority thereby disenfranchising citizens and small businesses who are fighting incinerators, demanding bans on environmentally burdensome products and packaging (e.g. plastic bags, polystyrene food service ware, arsenic and cadmium laden lumber) or banning materials from landfill or incineration disposal (e.g. electronic scrap, yard debris, and toxic materials).

The new EPR can prevent cities and counties from using their recovered materials to attract manufacturing companies to their 'resource recovery' industrial parks such as in Austin, Los Angeles, Reading, PA, and Alachua County, FL.

Currently, new EPR mattress, paper and packaging and plastics laws are pending. All would give industry the authority to decide how materials are collected and disposed of.

EPR is a useful tool when applied to hazardous materials where there is no existing market for the products (e.g. batteries, tires, medicines, mercury light bulbs). EPR has also been a useful tool in eliminating toxic products from the waste stream. At the same time, it should be noted that non-EPR programs have worked equally well in achieving these results.

In California, for example, traditional toxic waste laws and regulations have created excellent cooperation between industry and local government. Under contract with industry, Saint Luis Obispo County, CA, collects hazardous products and materials for the industries that have to take financial responsibility for their products. Meanwhile minimum content rules for newspapers, rigid plastics and other products have been highly effective since they address the manufacturing process directly.

Further, industry and independent research groups are developing product and packaging redesign without EPR. Most recently, the 5-Gyre Institute announced that Proctor and Gamble has committed to eliminating micro-beads from all their products by 2020. The People's Redesign Lab is commencing a workshop series to redesign the products voted to be the most wasteful.

Proponents of the new EPR rules insist that markets are too chaotic and inefficient for recycling to prosper. They argue that allowing concentrated corporations to control the disposal of materials would reduce the financial burden on cities, which are too strapped for cash to manage their own businesses.

However, in some new EPR laws, such as Pennsylvania's electronic scrap law, local government costs have gone up despite their promise to achieve the opposite while recycling under proper municipal

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control usually reduces the cost of local solid waste management. Only Illinois has an [electronic scrap law that encourages reuse](#) of machines that means more value added to the local economy.

One of recycling advocates' major successes has been to convince policymakers of the need to use full-cost accounting when evaluating the comparative economics of recycling and other forms of disposal. Thus when policymakers were embracing incineration because it turned waste into energy, recyclers empirically showed that recovering the embodied energy in a finished product "generated" far more energy while significantly reducing pollution. Recyclers accept the need to minimize solid waste management costs, but they argue that a superior analytical goal is to maximize the local economic benefits of that system, taking into account job creation and local tax implications. EPR becomes divorced from zero waste and economic development. It becomes an end in itself.

Consider for example Connecticut's EPR law for mattresses. The mattress law was initiated at the local level. [Recyc-Mattresses](#), an innovative recycling company owned by Pascal Cohen and the City of Hartford under Mayor Pedro Segarra convinced the state that the best remedy for mattress disposal was to require industry to take responsibility; to be paid for through a fee accompanying the purchase of each mattress and box spring. Such an advanced disposal fee would be useful in maintaining and expanding numerous small and community-based businesses. Recyc-Mattresses in Hartford can process up to 350,000 units per year. (Its combined plants in Canada and Europe process 2 million units per year). [Park City Green](#), a non-profit mattress recycling company in Bridgeport, less than one year old, has the potential capacity to recycle 100,000 mattresses per year.

So far so good. But the level of the disposal fee will determine whether this is a boon for local recyclers or incinerators. The incineration industry says it needs only \$5 per unit to shred and burn the mattresses while mattress-recycling companies say they need \$10 to prosper. The \$5 difference may represent 1-3 percent of the retail price of mattresses but it is the difference between having a thriving, community businesses advocating recycling and refurbishing vs. an absentee owned, high cost, debt creating, and highly polluting incinerator.

Both mattress-recycling companies in Connecticut think that they can negotiate the fee they need. I hope they're right. The first step is getting small business, citizen and environmental organizations at the planning and implementation table. The Connecticut rules may be a model for other New England states considering mattress EPR laws.

A similar, though not identical scenario is being played out in California, where last year an industry-supported mattress EPR bill failed. A new bill just passed. Once again, the devil is in the details. Groups such as Stop Waste, Californians Against Waste, and Saint Vincent de Paul are working to ensure the bill

Mattress Recycling in California



Saint Vincent de Paul Society of Lane County in Eugene, Oregon, operates two mattress recycling operations and works across the US with non-profit groups to replicate these enterprises.

Saint Vincent de Paul's Executive Director Terry McDonald, states, "If the environmental and community development networks allow mattress shredding and incineration it will be the end of our industry."

The industry is growing by about 2 new companies per month, paralleling the rapid growth of the building deconstruction sector over the past decade. There are now over 400 deconstruction companies in the US and Canada. There is a lot of room to grow these sustainable enterprises each of which employs an average of 20 workers per 100,000 mattresses and box springs recycled.

contains the proper provisions. Will the new version provide steep incentives for reuse, which adds even more value than mattress recycling, or will it be banned? Will the advanced disposal fee be large enough so that government can clamp down on shady operators? Will there be a local economic assessment?

Another important test case for EPR is in Rhode Island where an EPR bill for packaging and paper products was recently rejected. Clean Water Action of Rhode Island, which supports EPR, is carefully monitoring legislative developments. Once again, the rule making process is critical. CWA is focused on how corporate controlled EPR will be regulated, what input citizens and small businesses will have, what will be the local economic impacts, how will the funds be overseen and will incineration of recyclable materials be permitted.

Bottle Bills: The Heart of the Matter

Bottle Bills (container deposit legislation), have proven to be the most cost effective reuse and recycling policies. States with such legislation recover 66-96% of the containers covered in the laws. Non Bottle Bill states recover 24% of this material. In Europe container deposits are compatible with EPR. Yet Bottle Bills are the main target of the companies working to create a national mandatory EPR under corporate control; Coca-Cola, PepsiCo, and Nestle Waters are prime movers of this campaign. The beverage corporations have a religious hatred of bottle bills. Recycling Reinvented, a new organization, comprised of corporate accountability advocates such as As You Sow, Future 500 and Natural Resources Defense Council, has hired two former state elected officials to be lobbyists for the new EPR.

The stated goal of these efforts is to pass EPR mandatory legislation in non-bottle bill states to effectively ban new bottle bills and the expansion of existing ones through increased deposit fees and coverage of more container types.

Where Do We Go From Here?

Can anti-incineration, zero waste and local economic development and EPR be reconciled? An ongoing dialogue among Recycling Reinvented, ILSR, Urban Ore and city officials may deliver some options for EPR that respect existing recycling companies and government programs, as well as anti-incineration activists.

Such EPR policies would, for example, prohibit incineration, emphasize reuse, prohibit industry monopolies, require improvement through redesign and maximize local economic development and guarantee citizen and small business participation in rule-making. The goal of EPR would not be to eliminate container deposit legislation, as there is no reason to pit EPR against Bottle Bills.

In addition to this dialogue, other positive efforts are underway. The Zero Waste Commission of Berkeley, CA has passed a resolution that combines EPR with local decision-making. Mary Lou Van Deventer of Urban Ore, as a volunteer member of the Sierra Club National Zero Waste Committee, has developed a detailed survey of EPR programs to help evaluate and inform future EPR legislation and form Sierra Club policy. The Global Recycling Council of the California Resource Recovery Association will soon complete an EPR policy review that integrates existing recycling infrastructure, local government decision-making and EPR.

The new EPR amounts to high-risk mass privatization of public assets and could be the end of citizen access to local decision makers who are the key determinants of solid waste policy, and the government closest to the people. Citizens and small businesses need to be able to organize for maximum protection and maximum economic use of resources, and not be told that a new EPR law grants all authority and responsibility to the beverage, incineration and packaging industries.

The new corporate EPR wants to resolve ‘chaos and inefficiency’ of recycling in the US. But ‘chaos and inefficiency’ for them translates into small business activity for tens of thousands of enterprises. ‘Chaos and inefficiency’ also include organized and relentless pressure by citizens to ban some, and pick out more and more materials for productive use from the discard stream; ultimately transforming the discard stream and the manufacturing sector.

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About the Institute for Local Self-Reliance

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The Institute for Local Self-Reliance (ILSR) is a national non-profit research and technical assistance organization that since 1974, has championed local self-reliance, a strategy that underscores the need for humanly scaled institutions and economies and the widest possible distribution of ownership. ILSR’s Waste to Wealth program focuses on converting waste from liabilities to valuable assets. It is unique in promoting zero waste planning specifically aimed at maximizing the economic development potential for local communities.