

If Companies Were Responsible For Recycling, Would We Do It More?

Ben Shiller | July 2012

People are not so great at remembering to recycle in their daily lives. Could we increase the U.S.'s anemic recycling rates if companies were required by law to recycle the products they make?

Conrad MacKerron, who writes the report, says the upshot is mediocre recycling rates, about \$11.4 billion worth of materials left annually in landfills, and a big loss of green jobs and business efficiency. Moreover, MacKerron doesn't see things getting better: with state and local budgets strapped, he says municipal services are likely to deteriorate further.

A campaigner with shareholder activist group **As You Sow**, MacKerron argues that only something different will help to get recycling rates up to world-class levels. Instead of asking taxpayers to fund recycling schemes, he says states should mandate packaging producers to collect what they put into circulation.

"It would make it much more efficient if it was run by industry rather than municipalities," he says. "Eventually there would be efficiencies from having it run by a consortium of affected brands, rather than municipalities, many of whom aren't that savvy running businesses."

MacKerron says Extended Producer Responsibility (EPR), as such schemes are known, need not be punitive for companies. Properly designed, EPR can cut costs for users of recyclable materials--drink bottlers, say--but reduce the burden on public budgets, and drastically increase recycling rates, he says. "The theory behind EPR is that if these brands had skin in the game, they would be focused on cost efficiencies in getting back large amounts of materials."

At the moment, some companies are wary of shifting to recycled materials because they worry that supplies are unreliable, MacKerron says. If they took responsibility for collection, they could both improve how it is done, and gain certainty that materials will be there when they need them.

The report notes that about 70 EPR laws are already in place across the U.S. covering everything from batteries and cell phones, to paint and electronics. Ten states also have container deposit rules--a form of EPR. And EPR has been key in raising recycling rates in countries such as Germany and Belgium.

The logic isn't lost on some companies. Coca-Cola and Nestlé Waters North America have both come out in favor of the idea, arguing it would improve access to recycling services, boost jobs, and secure supplies of needed materials.

Currently, about a quarter of the country still does without a curbside recycling service, and recycling rates for some items, such as beverage containers, have been falling. An estimated 40 billion aluminum cans end up in landfills every year, despite high demand for the metal, and the high environmental cost of producing the stuff in virgin form.

EPR or not, the report certainly makes a strong case for doing recycling differently.

In a recycling Olympics, the U.S. would finish somewhere half way up the medals table, alongside the likes of Bulgaria, Latvia, and Slovenia. Its rate for packaging recycling (48.3%), for example, is well below world leaders such as Denmark (84%), Belgium (79.1%), and the Netherlands (74.9%).

The reason is two-pronged, according to a new report: patchy quality recycling services around the country, and a lack of involvement by companies that buy recycled materials. Put simply: there isn't enough money to fund good collection

(because municipalities can't, or won't, afford it), and not enough expressed demand to pull materials through the waste-chain.