

Why Is America Throwing Away \$11.4 Billion a Year?

Amy Westervelt | July 18, 2012



A month or so ago, this column ran a piece introducing the concept of extended producer responsibility (EPR), a recycling system wherein companies are responsible for collecting and recycling the packaging they create. The idea has the backing of big beverage industry players, including Nestle Waters North America and Coca-Cola, but the idea is that it would include all packaging, not just beverage containers, and so far other grocery manufacturers—those that make and sell cereal, canned foods, and so forth—are not on board. While the beverage industry has been taken to task time and again for its bottles and cans, other grocery manufacturers have so far avoided any sort of scrutiny around packaging. And while the beverage companies want more of their containers back so they can use them to

make new containers with the high recycled content they've been promising in press releases for years, the grocery guys are under no such pressure.

Enter the NGOs. Today the **As You Sow** foundation, which uses shareholder advocacy to push corporations to prioritize sustainability and public health, released a comprehensive report on EPR, outlining the various reasons the system makes sense for the U.S. market. **As You Sow** senior director Conrad Mackerron makes several salient points in the report, which pulls together much of the research that has been done on EPR over the years, but the most compelling by far from a business perspective is the fact that the value of discarded packaging in the United States in 2010 was \$11.4 billion. "We're talking about valuable stuff like aluminum—Alcoa can't get enough aluminum back—and PET plastic, which not only the beverage companies here want, but also the textile and automotive industries, both here and in China," Mackerron said.

So what's the issue? Primarily cost and time, neither of which the grocery manufacturers feel they should be spending on this issue. "These companies are reluctant to admit they have any responsibility to deal with post-consumer packaging waste because it has always been tax payers paying for it in this country," Mackerron says. "In 40 to 50 other countries they're forced to pay fees – they have to shoulder at least a portion of the cost, if not the total – so they're responsible there but not here. Particularly for the American companies that's embarrassing. They're not taking responsibility at home, but they're paying up abroad."

The problem with the current curbside systems is that, for the most part, they are inefficient and expensive. In some states, cash-strapped cities are already looking to producers to help shoulder the cost of recycling. Michael Washburn, sustainability director for Nestle Waters North America, points out that companies are also operating in an increasingly resource-strapped world. When plastic becomes more expensive to produce, because the cost of oil is too high and replacement feedstocks are not yet developed, companies will find themselves desperate to reclaim materials that are thrown away today. "We make about 20 billion bottles per year, and Americans drink about 2 sodas per bottle of water they drink," Washburn says. "Right now the recycling rate for PET is about 30 percent and that's just not acceptable."

Mackerron says an EPR system will be far less costly and time-intensive if it includes everyone, which is why proponents of EPR are waiting to get buy-in before they propose state legislation. Meanwhile the grocery manufacturers are "sitting on their hands, waiting to see if this becomes a big enough issue that they have to deal with it," Mackerron says.

To see that it does, **As You Sow** has been working on the big grocery manufacturers—Kraft, General Mills, Unilever, and Procter & Gamble—to get behind EPR, including a recent shareholder vote at Kraft wherein 25 percent of shareholders voted in favor of Kraft supporting such a system. There is likely to be a similar vote at Procter & Gamble in October unless that company changes its mind about EPR in the meantime.

This is the 2nd of a 5-part series on waste and consumption. Please come back next week for the next installment.