

Coke, Walmart and others kick off \$100m recycling fund with three new projects

The Closed Loop Fund has revealed its first projects in Ohio, Iowa and Baltimore as it seeks to boost dismal US recycling rates

Alison Moodie | Sep. 25, 2015



US cities spent more than \$5bn on landfill fees in 2013, while major brands are losing out on \$11.4bn in recycling revenue each year. Photograph: Brent Lewin/Bloomberg via Getty Images

A consortium of 10 of the US's largest corporations – including Walmart, Coca-Cola and Johnson & Johnson – has announced three new projects designed to boost dismal recycling rates in the US.

Just 34% of waste in the US is recycled, placing it well behind other developed countries such as Switzerland, which recycles more than 50% of its waste. Outdated facilities and technologies are partly to blame, as is a lack of access to something as simple as a recycling bin in many parts of the country.

The Closed Loop Fund (CLF), created last year by some of America's most well-known consumer brands, is providing zero and low-interest loans to US cities and recycling companies to improve recycling infrastructure. The fund plans to put \$100m (£66m) towards recycling initiatives by 2020 and this week announced the first three projects to receive funding.

Two will bring single-stream recycling – meaning residents will no longer have to separate materials like glass, paper and cardboard for pickup – to Portage County, Ohio, and Quad Cities, Iowa, while the third will support an innovative plastics recycling facility in Baltimore. According to the fund, US cities spent more than \$5bn on landfill fees in 2013.

Why companies benefit

There's a financial incentive for companies to boost recycling. Major brands are losing out on \$11.4bn in recycling revenue each year, according to a recent study by advocacy groups the Natural Resources Defense Council and **As You Sow**. Corporations such as Walmart have also set ambitious goals to use more recycled materials in their packaging, which they won't be able to achieve if the supply of recycled content lags.

"Significantly increasing recycling of products and packaging is a global challenge requiring large-scale investment in infrastructure, public-private collaboration, and a fundamental shift in public behavior," said Kathleen McLaughlin, senior vice president of sustainability at Walmart.

Each investment made by the CLF into recycling projects has to fulfil certain criteria, said co-founder and managing director Rob Kaplan. The fund provides loans, not grants, which need to be repaid, so the project can be financially sustainable. It also needs to divert “significant tonnage” from landfill, Kaplan said, although he did not specify a figure. Finally, projects need to be scalable, so they can be replicated.

The fund has received about 70 “legitimate” proposals since October, with requests for loans totaling more than \$170m, Kaplan said. “It shows there’s clearly a demand for this type of initiative,” he said.

Of the first investments, two will help more than 200,000 households in Portage County and Quad Cities move from dual to single-stream recycling. The projected tonnage diverted from landfills over the next decade is about 90,000 in Iowa and nearly 40,000 in Ohio.

The third investment backs a new technology to help sort hard-to-recycle plastics. According to the CLF, most communities in the US don’t have the facilities to recycle no 3 to no 7 plastics – which include yogurt containers, polystyrene cups and iPod cases. These plastics are usually combined into a single bale, which ends up in a landfill or gets exported, Kaplan said.

A new recycling facility in Baltimore that is due to receive funding uses what Kaplan calls a “unique” technology that can both separate the products within the bale and convert them into raw materials to be used in new products and packaging. As a joint venture between recycling companies QRS and Canusa-Hershman, the plant can process approximately 4,500 tons of materials each month, more than double what is currently possible in the US, according to the CLF.

“These are plastics that don’t currently have a market,” Kaplan said. “It’s an exciting model – you could build five or 10 of these facilities across the country.”

The fund is looking to invest in three key areas in the future: low income communities, where there is very little in the way of recycling; new technologies that can help recycling facilities sort through their materials faster and more efficiently; and methods to recycle plastic film and flexible packaging (like the pouches used for baby and pet food), which has increased tremendously in recent years.

Some critics, however, are less convinced about the fund’s long-term impact. Matt Prindiville, executive director for Upstream, commends companies for taking some responsibility for recycling packaging materials. But, he adds, “investing in a facility to handle low-value plastics – much of which should be redesigned – and converting a few communities over to single-stream is not a game-changer.”

“Rather than sprinkling some money here and there to a handful of local governments, it would be far better for these companies to support extended producer responsibility policies, which puts the accountability for designing and stewarding packaging materials – and building a circular economy – firmly in their court.”