

# Unfinished Business:

## The Case for Extended Producer Responsibility for Post-Consumer Packaging

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# Executive Summary

Americans generate more waste than any other country in the world but recycle far less than other developed countries like Denmark, Belgium, or Germany. Post-consumer paper and paperboard and packaging, which together form the largest category of municipal solid waste, merit priority attention in efforts to improve extremely poor recycling rates for many post-consumer materials.<sup>1</sup> Shifting financial responsibility for collecting and recycling used packaging in the U.S. from taxpayers to producers through a policy known as “extended producer responsibility” (EPR) will incentivize producers to reduce the amount of packaging they create, substantially increase recycling rates, provide much needed revenue to improve efficiency of recycling systems, reduce carbon footprint and energy use, and reclaim billions of dollars of embedded value now buried in landfills.

Post-consumer paper and paperboard and packaging consist of valuable commodities such as aluminum, glass, paper, plastic, and steel. A new estimate completed by As You Sow concludes that the market value of these materials that are not recycled in the U.S. was \$11.4 billion in 2010. It is not good business practice to throw away valuable resources.

We live in a world of finite, dwindling resources. Businesses that do not develop sustainable sourcing of products through resource-efficient circular, or closed loop, systems in the very near term, will not be able to compete to serve a world population estimated at nine billion by 2050.

U.S. packaging recycling rates lag behind other developed countries by significant amounts. Denmark has an 84% packaging recycling rate, Belgium is at 78%, the Netherlands at 72%, Germany at 73%. The U.S. recovery rate is estimated at 48.3% for packaging and 52.7% for paper and paperboard products. There are some bright spots; the U.S. does well in paper recycling, but aside from paper, just 22% of remaining packaging is recycled. Only 12.1% of plastic packaging, the dominant packaging of the future, is recycled. There are other troubling trends: beverage container recycling rates have dropped 20% over the last two decades. One quarter of the U.S. population still doesn't have access to curbside recycling. More than 40 billion aluminum cans, the most valuable beverage container material, are still dumped annually into landfills in the U.S. According to Alcoa, this wasted material could provide enough aluminum to build 25,000 jetliners!

Our locally controlled and taxpayer-funded recycling collection systems are often ill-equipped to deal with increasing volume and an expanding array of packaging wastes. Saddled with projected deficits topping \$100 billion, local governments cannot afford to invest in improving recycling systems. Over 47 countries require producers to bear some or all of the cost of end-of-life packaging management that in the U.S. has always been paid for by taxpayers. As You Sow believes it is time to shift financial responsibility for managing packaging to producers through effective and tested EPR policies.

EPR laws and policies are already firmly established in the U.S. for several product categories. More than 70 producer responsibility laws are in effect in 32 states, covering batteries, mobile phones, paint, pesticide containers, carpet, electronics, thermostats, and fluorescent lamps – but not packaging. Twenty-three states have passed EPR laws requiring technology makers to take responsibility for end-of-life management of electronics.

Container deposit laws, structured as EPR programs in eight of the 10 states that have them, are a major success story. The U.S. recycling rate for beverage containers is only 35%, but in the 10 states with deposit laws, recycling rates range from 66% to 96%. However, these laws have not expanded to apply to other kinds of consumer packaging.

Shifting financial responsibility to producers for packaging can lead to internalization of end-of-life costs, resulting in economic incentives to reduce packaging and a transition to easier to recycle materials. Efficiently designed and administered EPR systems can lead to



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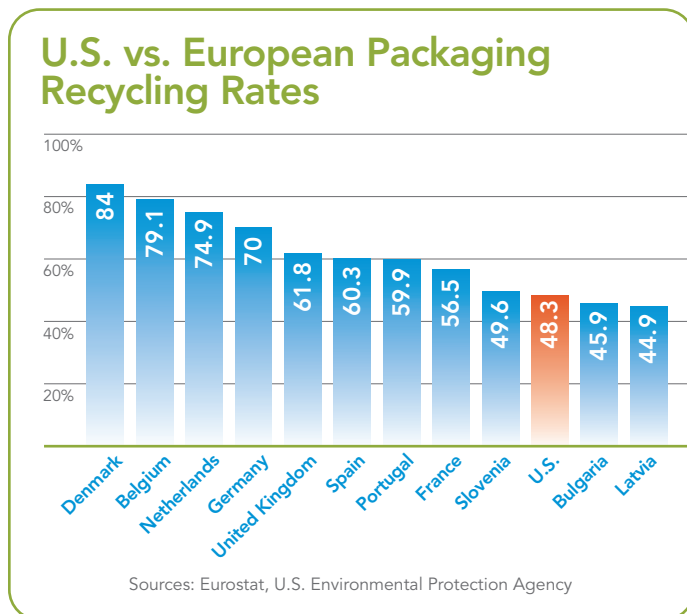
profits in processing used materials, reductions in carbon emissions and energy used to produce packaging, and thousands of new “green” jobs in collection and processing.

There is also a need for greater focus on plastics, which have come to dominate the packaging sector and pose special challenges. There is a growing link between ineffective waste management and plastic debris, which is piling up in the Earth’s ocean gyres where it injures and kills marine life, can transport invasive species, and potentially poses a threat to human health. A recent assessment of marine debris concluded that a substantial cause of this debris entering the sea is inadequate waste management infrastructure and inappropriate disposal. Concern about ocean plastic has resulted in more than 60 cities in California and 100 cities in the U.S. banning or restricting use of polystyrene foam food packaging and another 28 California municipalities banning plastic take-out bags.

EPR laws would resolve many of the concerns identified with packaging recycling by:

- Substantially increasing recovery rates for all post-consumer packaging
- Incentivizing producers to re-design packaging to reduce materials and improve recyclability
- Creating the potential for profitable secondary materials markets for the more than \$11 billion worth of packaging that was landfilled in 2010 alone
- Providing stable revenue sources through producer fees to improve the curbside recycling infrastructure and build new systems to collect waste from consumers when away from home
- Reducing greenhouse gases
  - Nestlé Waters North America says 55% of its carbon footprint comes from production of its bottles and that recycling a bottle reduces its greenhouse gas impact by 25%
- Meeting pent up demand for recyclables
  - There is enormous demand for recycled PET plastic used for soda and water bottles, yet recyclers have been unable to increase supplies with existing recycling programs; PET recycling rates languish at a paltry 29%
  - U.S. recycled PET makers urgently need more materials so major brands can meet commitments made to use high levels of recycled package content

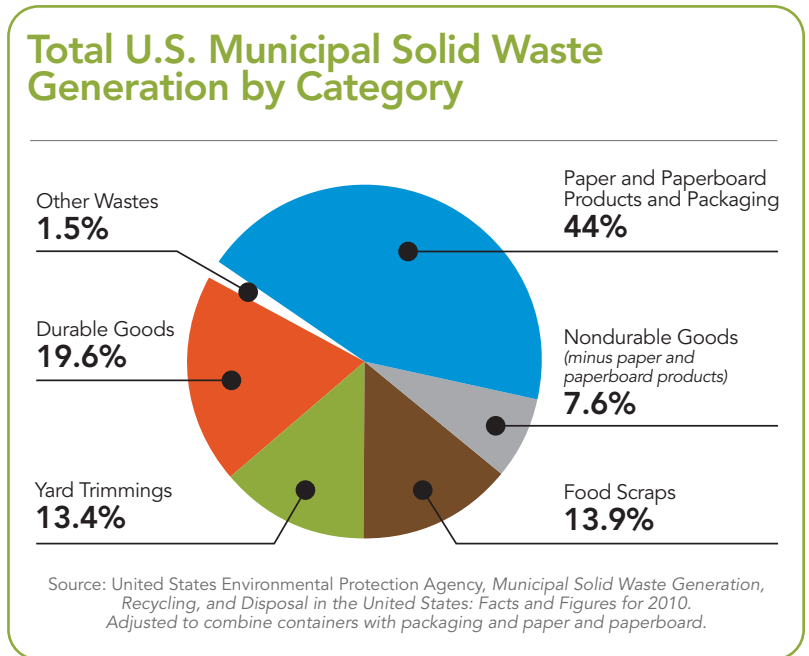
The European Union enacted a packaging waste directive in 1994, requiring member states to develop systems to meet recycling goals. Most chose EPR-based systems. Europen, a packaging industry trade group, calls the directive “clearly one of the most successful pieces of E.U. environmental legislation,” responsible for a “remarkable” reduction in waste sent to disposal and for “lower costs for the public purse.” The amount of packaging going to final disposal in 15 EU countries fell by 43% over the past 11 years, largely due to higher recycling levels.



In the last two years, momentum has been building for introduction of EPR for packaging in the U.S. This has been driven by the factors cited above. Working with a group of aligned shareholders, As You Sow has led engagement of major consumer goods and grocery companies to adopt EPR policies. These companies include Colgate-Palmolive, General Mills, Kraft Foods, Safeway, Supervalu, Target, Kroger, Procter & Gamble, Unilever, Walmart, Ahold USA, and Whole Foods. Surprisingly, prominent companies are among those calling for producers to take responsibility for packaging – most notably Coca-Cola and Nestlé Waters. For the emerging EPR effort to build sufficient traction, other large companies must step up and take responsibility. A new non-governmental organization, Recycling Reinvented, is serving as a policy strategy center for educating stakeholders and to move EPR for packaging legislation in U.S. states. Among its board members is renowned environmental leader Robert F. Kennedy Jr.

## Recommendations

- Businesses that place substantial amounts of packaging on the U.S. market should take responsibility for collecting and recycling post-consumer packaging.
- Companies should prioritize engagement with peers and other stakeholders to reach agreement on binding state producer responsibility legislation setting high packaging recycling goals for all individual kinds of packaging (75%+) and an aggressive timeline for meeting them.
- A successful mandated EPR for packaging program in the U.S. should address all packaging types, be financed and managed by producers, drive source reduction, require participation by all businesses that produce packaging waste, and phase out use of non-recyclable packaging.
- By supporting EPR laws and policies that drive more aggressive and effective collection efforts, companies can then make commitments to use far higher levels of recycled content in product packaging, which, in turn, supports a circular system ensuring a stable supply of post-consumer materials to use as new feedstock.



State-of-the-art mining of our post-consumer packaging “trash” is a crucial step to propel us towards sustainable production and consumption policies that will ease the stress on our planet’s limited natural resources and help feed, clothe, and shelter a world population of nine billion people by 2050.

1 United States Environmental Protection Agency, *Municipal Solid Waste Generation, Recycling, and Disposal in the United States: Facts and Figures for 2010*, 2010, [http://www.epa.gov/osw/nonhaz/municipal/pubs/msw\\_2010\\_rev\\_factsheet.pdf](http://www.epa.gov/osw/nonhaz/municipal/pubs/msw_2010_rev_factsheet.pdf). U.S. paper and paperboard products and packaging statistics, the materials discussed in this paper, are derived from two metrics generated annually in the EPA’s municipal solid waste report: containers and packaging, such as beverage and food bottles, cans, and containers; and paper and paperboard non-durable goods such as books, newspapers, office paper, magazines, telephone directories, and mail. Since these materials are commonly collected together in U.S. curbside recycling systems, we have combined the categories in discussing waste generated. 2010 figures indicate these combined materials total 109 million tons or 44% of the total municipal waste stream. EPA data includes waste from residential, commercial, and institutional sources.



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