How low can you go?

After six years of decline, UBC recycling is headed for the ICU

By Edward Worden
Special to *AMM*

NEW YORK — The U.S. beverage industry continues to oppose mandatory container deposits even in the wake of the latest tally for aluminum used beverage can (UBC) recycling, down in 2003 for the sixth straight year.

While deposit legislation remains in effect in 10 states, there have been no new ones since the 1980s and a "national bottle bill" championed by some invariably fails to get off the ground every year.

The American Beverage Association, Washington—until recently known as the National Soft Drink Association—defended its position, claiming that deposit systems had proved to be burdensome and costly.

Judith Thorman, the association's vice president for state and local government affairs, said that recycling enthusiasts ought to favor comprehensive or typical curbside programs, which she said have an average cost of $125 a ton vs. the $500- to $800-a-ton cost of deposit programs.

"Used containers are such a small percentage of the waste stream, perhaps 2 percent," Thorman said in an *AMM* interview. "Look at New York, where residents pay for recycling programs in addition to the deposit program. And when someone is getting a nickel per container, the containers are stolen from the curbside program, so collection companies and communities lose those materials."

The beverage industry's list of deposit-law disadvantages also includes these contentions:

• Developing the capability to handle and process empty beverage containers requires significant capital investment as well as substantial labor expenses and operating costs.

• Bottlers must invest in additional warehouse space to store, sort and process material and must purchase and install equipment such as conveyors, balers and crushers. Because delivery vehicle space must be set aside for empty containers, more delivery trucks are required to ship the same amount of product. In addition, bottlers might purchase new vehicles dedicated to hauling empty containers.

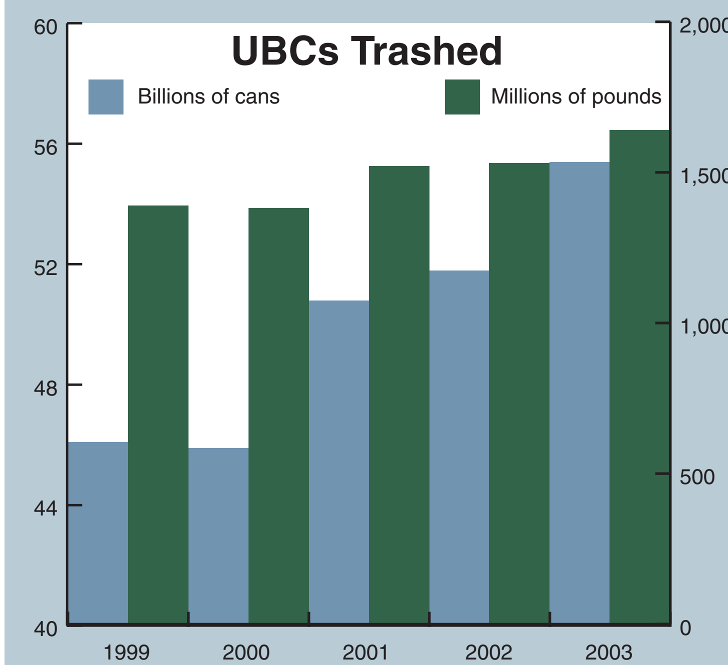
• Bottlers also must hire new route drivers. Since drivers could spend 20 percent of their time handling empties, new drivers are necessary to maintain the current level of service for customers. Additional labor is required to sort and handle empty containers at warehouses, to operate processing equipment and to perform auditing and oversight functions.

• In some bottle-bill states, bottlers also are required to pay a surcharge to retailers or other redemption operations for each container returned. These "handling fees" are meant to offset costs incurred by the retailer or redemption center.

• Bottle bills also impose significant burdens on retailers and consumers. Retailers must designate space and staff to count, sort and store empty bottles and cans. This might mean acquiring new equipment, adding space onto stores, redesigning existing space, hiring new staff and incurring extra costs for sanitation and insect and rodent control.

• Consumers must separate deposit containers from their existing recyclables and take the bottles and cans with them to a store, rather than leaving them at the curb for pickup.

The UBC Recycling Seesaw: Returns Are Down While Trashed Cans Soar



Source: Container Recycling Institute and the U.S. EPA

The Container Recycling Institute, however, continues to champion the mandatory deposit system. Pat Franklin, executive director, said in a report that it "is an antidote to this tide of waste." Not recycling, she said, translated to "wasted energy, habitats destroyed and pollution generated by mining and processing bauxite and other raw materials to make new cans."

Jenny Gitlitz, the institute's research director and author of a 50-page recycling report, "Trashed Cans," published in June 2002, said the 2003 recycling rate was actually worse than the 50 percent reported earlier this year (*AMM*, May 24) because the Aluminum Association, which along with the Can Manufacturers Institute and the Institute of Scrap Recycling Industries conducted the survey that led to the rate, folded imports into its data.

"The Container Recycling Institute found a rate of 44.3 percent," Gitlitz said. "Why should can recycling of imports near the borders of Mexico and Canada be counted? The cans weren't bought in the States or consumed in the States."

Gitlitz said her organization employed the same method as the U.S. Environmental Protection Agency's Office of Solid Waste in deriving a recycling rate. However, she pointed out that whichever method was used, the data showed a steady year-to-year deterioration in recycling and an increase in cans sent to landfills and incinerators.

"The major brands—Coke, Pepsi, Anheuser Busch, Miller—should be doing a lot more," Gitlitz said. "Because cans are labeled 'recyclable' doesn't mean they get recycled. It's not just the consumer who is responsible for recycling." She said that perhaps 50 percent of America's population lacked access to curbside programs.

The tonnage of wasted or non-reclaimed cans translated to the output of four major aluminum smelters, Gitlitz said.

Production of aluminum from virgin materials was energy intensive and harmful to many ecosystems, she said. Harmful air emissions from secondary production were shown to be just a small fraction of those from primary ingot production in a report using data from the U.S. Department of Energy's Office of Industrial Technologies.

Gitlitz said the national recycling rate would have been far worse than it was had it not been for stronger performances in the existing deposit states.

However, the beverage group's Thorman said there was "an incredible amount of fraud" in such states, with non-deposit cans brought in illegally to reclaim money.

Not much encouragement could be found from one UBC recycler in a deposit state. Thomas Mele, president of Connecticut Metal Industries Inc., Monroe, Conn., said he had concluded that the retail can business "is no longer effective," having begun to decline "10 to 15 years ago."

Mele's company also operates a retail buy-back center in Piscataway, N.J., paying 40 cents a pound, "the same as we did a decade ago." Volumes had dropped considerably, Mele said. The former Reynolds Metals Co., now part of Alcoa Inc., Pittsburgh, was no longer a factor in used can purchases, he said, and Anheuser-Busch "doesn't give out flatteners and trailers for collections any longer."

Moreover, the deposit state of Connecticut had its own problems. When cans aren't collected, the state's bottlers escape paying 2 cents apiece and also keep 5 cents apiece from the deposit fund. "They're ahead 7 cents for every trashed can," he said.

A can scrap buyer for a large trading company—taking in some 500,000 pounds a month in the summer—said various changes had occurred among the major players. He confirmed that Anheuser-Busch stopped providing trailers and flatteners, adding that Alcoa also withdrew handling equipment.

Wise Alloys LLC, operator of the former Reynolds processing plant at Muscle Shoals, Ala., also brought an end to its buy-back programs because staffing and other costs weren't justified, he said.

"Alcoa won't buy UBCs from anyone who is not on the Alcoa list of qualified suppliers," he said. "A lot of people aren't taking the trouble to go out and collect cans. This past summer we didn't see as many cans coming in. There are just a few major companies left. Some buy directly from dealers and brokers."

Meanwhile, large-scale collections of UBCs by Alcan Inc., Montreal, and David J. Joseph Co., Cincinnati, could be misleading, he said. The companies sell to Commonwealth Aluminum Inc., which in turn has the material processed and melted by Imco Recycling Inc., Irving, Texas.

Commonwealth is a unit of Commonwealth Industries Inc., Louisville, Ky., which will soon merge with Imco (*AMM*, Nov. 3). The two firms have had a companion operation using can scrap. When the scrap is returned to Commonwealth's rolling mill in Uhrichsville, Ohio, it isn't used for can sheet production. Rather, it is converted to alloy 3105, which is used to produce a range of products from fan blades and mail boxes to such housing applications as fascia and soffits, according to Commonwealth's Web site.

The trade source cited another possible reason so many more UBCs were trashed: the can scrap sometimes winds up at material recovery facilities (MRFs), where it is sorted and cleaned. However, buyers either offer less money or refuse it altogether, he said. "I was offered three loads (around 120,000 pounds) of the MRF cans and I turned the seller down," he said. "I don't know if they ever got sold. The MRF cans are contaminated and hardly anybody wants them." AMM

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