

# Container and Packaging Recycling UPDATE

Volume XI No. 1

Summer/Fall 2001

## Nation's First Bottle Bill Turns 30

PORTLAND — Oregon became the first state in the nation to require a refundable deposit on beverage containers, when Republican Governor Tom McCall signed the Beverage Container Act, the so-called bottle bill, into law on July 2, 1971. Oregon adopted a number of landmark environmental laws in the 1960s and 1970s, creating a framework for environmental stewardship and placing the state on the leading edge of a new movement.

Thirty years after passing the bottle bill, Oregon has one of the highest beverage container recycling rates in the nation. According to the Department of Environmental Quality (DEQ), an estimated 87 percent of the carbonated soft drink and beer containers sold in the state in 1998 were recycled. While the rate may be declining slightly, it is still among the highest in the nation — second only to Michigan.

The bottle bill remains a popular and effective law, but new challenges reveal problems that may require action by the Legislature. A series of recent articles and editorials praise the law, while pointing out chinks in the system.

When CRI contacted the Oregon DEQ, solid waste analyst Peter Spendelow pointed out both the strengths and weaknesses of the current law. "Recycling rates appear to be dropping," Spendelow said. "The value of a nickel deposit is not worth

*(Continued on page 12)*

## Hawaii Poised to Adopt Bottle Bill

By LANCE KING

HONOLULU — Moving with remarkable speed, the Hawaiian House and Senate took less than 3 months to approve a bill in the 2001 legislative session requiring a refundable deposit on a wide range of beverages. Changes made in the senate mean that differences must be ironed out in a conference committee before a vote on final passage can take place.

Only about 1 in 5 beverage containers get recycled now, out of an estimated 880 million bottles and cans sold last year. Unsightly litter is seen as a real threat to Hawaii's image as a pristine vacation destination, since tourism is the state's leading industry. Combined with rapidly diminishing landfill space in this island state, coping with beverage container waste became an immediate priority in 2001.

Another key factor, according to knowledgeable sources on all sides of the issue, is frustration with broken promises over a period of years by the food and beverage industry, to address the problem and increase recycling.

State and local officials took the lead in developing the deposit legislation tailored to Hawaii's needs, using what they describe as a 'collaborative approach'. Elements of several different deposit systems were combined in a unique new proposal.

Representative Hermina M. Morita introduced the bottle bill, House Bill 1256, in



late January 2001. Morita chairs the House Energy and Environmental Protection Committee. In an interview with CRI, Morita said she introduced the bill at the request of local solid waste officials and elementary school students at the Kualapuu School.

The Morita bill went through a maze of six committees and floor votes in both houses of the Legislature before arriving in conference committee in April 2001. Opponents of the bottle bill in the food and beverage industry asked for and were granted time to develop an alternative, and are funding a study by Cascadia Consulting of Seattle.

Rep. Morita said legislators are expecting a progress report in September.

*(Continued on page 8)*

### Inside *An Editorial: The Greatest Generation*

Pg 3 *Aluminum Can Waste Increases*

Pg 4 *BEAR Chases 80% Recycling Goal*

Pg 6-12 *State Update*

Pg 14 *Coke, Pepsi Shareholder Action*



## Letter from the Executive Director

The Container Recycling Institute turned "10" this year and our organization has been tracking and analyzing container recycling for as many years. We've examined government policies and industry practices over the last 40 years. The changes that have taken place in the beverage industry are a reflection of our mobile, affluent, throwaway society. Even with high recycling rates in bottle bill states, there are signs that deposit laws need updating.

In the space of four decades, refillable bottles gave way to throwaway bottles and cans which now number in excess of 170 billion sold each year in the United States. The trend is toward more single-serving, throwaway packaging, with more beverages consumed away from home - and away from residential curbside recycling programs.

Last year, Americans threw away about 100 billion beverage bottles and cans — 355 for every man, woman and child in the nation. Unfortunately, fewer beverage containers were recycled last year than in 1994 and more were landfilled, littered or incinerated.

CRI promotes recycling and reuse policies and practices that reduce beverage container litter and waste, conserve energy and material resources, eliminate pollution and support businesses that replace virgin feedstocks with recycled bottle and cans. One policy that achieves all of these goals is an incentive based policy known as a deposit system or bottle bill.

Container deposits were introduced voluntarily more than 70 years ago by the beverage industry as a means of getting their refillable bottles back for reuse. State governments began adopting mandatory container deposits in the 1970s with Oregon enacting the first deposit law 30 years

ago this year.

Now Oregon, Vermont, Maine, Michigan, Iowa, Connecticut, Delaware, Massachusetts, New York, California and Columbia, Missouri all have container deposit laws. Bottle bills have been introduced in nearly every state, in more than a dozen cities and counties, and in the U.S. Congress.

As the state of Hawaii stands poised to adopt the first new deposit law in 15 years, CRI sees a resurgence of interest in container deposits as a means of reducing litter and increasing recycling. This year new bottle bills or expansion bills were introduced in 18 states and Puerto Rico.

The challenges are different today than when the original bottle bill was adopted. Many new types of beverages on the market today, such as single-serving bottled water, juices, teas and sports drinks, were not a significant segment of the market in the 1970's and 80's. Plastic bottles are gaining market share, but recycling rates lag far behind the growth in sales.

The can and bottle recycling rates are dropping even in many bottle bill states. The notable exception is Michigan, where the dime deposit appears to be a high enough incentive to achieve return rates of 95 percent and higher. Deposits have **not** been adjusted to keep pace with inflation. Officials in Oregon note that a nickel in 1971 is equal to 22 cents today.

The need to update current deposit laws is clear. Inflation has eroded the value of deposits in every state but Michigan. New beverages that were not on the market 10, 20 or 30 years ago should be covered.

The sheer number of containers being sold necessitates streamlining current deposit programs to increase efficiency and reduce costs. None of these changes, however, should jeopardize the convenience of current bottle bills. Nor should they reduce the quality of the scrap materials or the

high recovery rates.

CRI research shows that wasting 100 billion cans and bottles a year squanders the equivalent of 32 million barrels of oil a year. Doubling the national recycling rate for beverage containers to 80 percent would save energy and resources worth billions of dollars annually.

Beverage and container manufacturers and their trade associations talk about adopting sustainable business practices, but there is a great divide between words and actions. The beverage industry has spent hundreds of millions of dollars in the past 30 years to defeat new bottle bills, repeal existing bottle bills or prevent expansion.

As industry fails to come to grips with the growing waste and declining recycling rates, more legislatures are likely to follow the example of Hawaii.

In coming months CRI will release reports documenting the growing beverage container waste problem, the causes of the problem and means to reduce waste. We encourage your feedback and are seeking partners in developing new initiatives to protect our precious resources for our children's children.

Pat Franklin

### Container Recycling Institute Board of Directors

- Peter Winch, President
- Carol Waite, Vice President
- Roger Diedrich, Secretary
- Barbara Fulton, Treasurer
- Brenda Platt

CRI is a non-profit, 501(c)(3) organization dedicated to reducing container and packaging waste, thereby reducing pollution and energy consumption, conserving resources and supporting sustainable communities.

## Aluminum – Can Waste Squanders Energy Recycling rate hits 12-year low

WASHINGTON, DC – Aluminum cans have long been the most recycled form of beverage packaging in the United States, due to the relatively high scrap value and container deposits required in nine states. So declining recycling rates for these cans in recent years are particularly troubling, because of the energy squandered, the pollution generated, and the habitats destroyed as a result of mining raw materials to make replacement cans.

Analysis by the Container Recycling Institute shows that aluminum beverage can recycling hit a 12-year low in 2000 of 54.5 percent, when industry trade association data is adjusted to exclude imported scrap cans. Misleading reports from trade associations have masked the extent of the problem.

"Even more alarming than the declining recycling rate is the fact that Americans waste more aluminum cans today than they did ten years ago," said CRI Senior Research Associate Jennifer Gitlitz.

"Nearly half of the 100 billion aluminum beverage cans sold in the United States last year were thrown away rather than recycled," Gitlitz said.

Approximately 691,000 tons of aluminum cans were landfilled, incinerated or littered in the U.S. last year, which is 137,000 tons more than was wasted in 1990.

"The energy required to replace these cans with new cans made from virgin materials could supply the electricity needs of over 2.5 million American households for a year," Gitlitz said.

The environmental impacts are much greater from using virgin resources, particularly in terms of water quality, wildlife habitat destruction in the United States, Canada and other nations, and the production of air pollution emissions which contribute to global warming.

Despite tremendous growth in public access to curbside recycling pro-

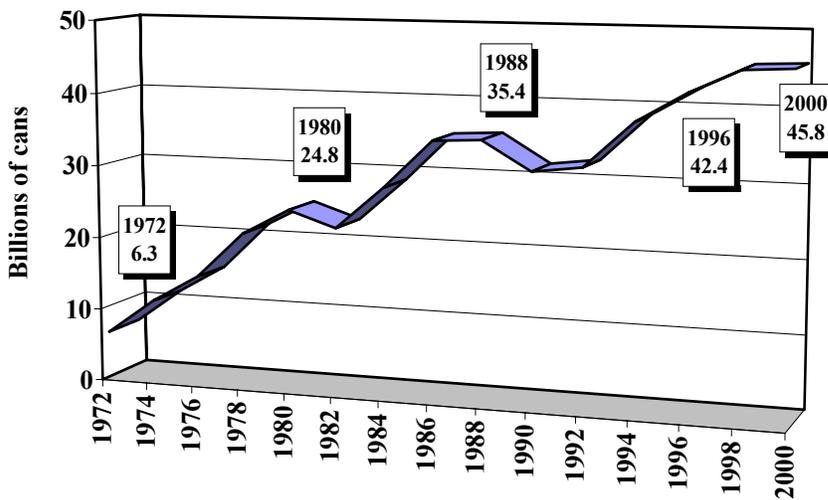
grams nationwide, aluminum recycling is actually decreasing. CRI's research shows that in 1990, with only 2,711 curbside recycling programs serving 15 percent of the population, Americans recycled 926,000 tons of aluminum cans. In 2000, with more than 9,200 curbside programs serving about 50 percent of the population, 828,000 tons of aluminum cans were recycled, which is 98,000 fewer tons recycled than a decade ago.

"When one takes into account the environmental and energy impacts of extracting raw materials to replace wasted cans, the aluminum can is arguably the most environmentally destructive form of consumer product packaging on the market," CRI Execu-

tive Director Pat Franklin said. "Yet, we have found that few people are really aware of the growing rate of aluminum can waste and the serious environmental consequences."

This fall, CRI will release an analysis of aluminum can recycling with a special focus on the energy and environmental impacts of wasting aluminum. "Ironically, the increase in aluminum can waste comes at a time when parts of our nation face skyrocketing electricity costs," Gitlitz said. "It's especially a problem in the Pacific Northwest, where vast amounts of hydroelectricity are used to produce approximately 40 percent of the nation's primary aluminum."

**Growth of Aluminum Beverage Can Wasting**



Source: Aluminum Association, Container Recycling Institute, U.S. Bureau of the Census, Department of Commerce

*Coming Soon...*

### Aluminum Can Waste:

- Squandering energy,
- Polluting the environment,
- Agenda for action

## BEAR Pursues Bottle and Can Waste, Setting an 80 Percent Recycling Goal

By LANCE KING

ATLANTA — Imagine a new creature quietly hunting for ways to increase bottle and can recycling in the United States, with the goal of achieving an 80 percent recycling rate. Imagine businesses and environmentalists sitting down together plotting strategy. In a unique new alliance, known as BEAR, that is precisely what is happening.

Established last year, Businesses and Environmentalists Allied for Recycling (BEAR) is searching for ways to halt the proliferation of beverage container waste. A project of Global Green USA, the American affiliate of Mikhail S. Gorbachev's Green Cross International, BEAR is attempting to break through the wall of suspicion that so often leads to stalemate in the waste and recycling arena.

Advocacy groups like the Container Recycling Institute and the Grassroots Recycling Network want to eliminate waste by increasing container

2000, in a groundbreaking dialogue facilitated by Global Green USA.

"Increased recycling is critical to our company's growth," said Clint Hubbard, Chief Administrative Officer of Beaulieu of America, voicing a common sentiment in the plastics recycling industry.

Along the way, many more leaders in the business and environmental community were brought to the table before BEAR was formally established. Pierre Ferrari, a former senior marketing executive at Coca-Cola, joined the discussions at an early stage. Ferrari has served on Ben & Jerry's Board of Directors and contributed to resolving environmental concerns over Home Depot sales of wood from old growth forests.

Although new to recycling, both the business and environmental leaders asked Ferrari to become chairman of BEAR. He advocated reaching out quietly to old adversaries to start a new dialogue and pressed the group to conduct a 'value chain analysis', examining costs and benefits of various recycling strategies.

Months of private discussions led to setting a goal of roughly doubling the national recycling rate to 80 percent, without setting a particular deadline. In September 2000, the BEAR Executive Committee held its first meeting. With financial support provided by a grant from the Turner Foundation and matching funds from businesses, the alliance began working on outreach to key stakeholders.

"Taking a close look at the value chain to see the cost and benefits of various approaches to recycling seemed to me a good starting point," BEAR Chairman Pierre Ferrari said. By spring 2001, BEAR had secured commitments to a Multi-Stakeholder Recovery Project (MSRP), which is conducting a value chain analysis as one of the first steps in a process that participants hope will yield new approaches

to increase beverage container recycling, with plastics being the highest priority initially. News about BEAR leaked periodically, first to trade publications like *Plastics News* and then to mainstream media like the *Atlanta Journal Constitution* and Associated Press.

Even before BEAR formally announced the MSRP project, Coca-Cola Chairman and CEO Doug Daft told shareholders at the annual meeting in April 2001 that his company would work with the new alliance.

In June 2001, BEAR formally announced the leadership of the alliance and formation of the MSRP. BEAR is led by an executive committee with representatives of Beaulieu, TOMRA North America, the GrassRoots Recycling Network, Global Green USA and Pierre Ferrari as chair.

The Container Recycling Institute participated in the dialogue leading to formation of BEAR, serves on the BEAR Steering Committee and on the MSRP.

"We see real value in sitting down with a wide range of interested parties to seek solutions to the growing beverage container waste problem," said CRI Executive Director Pat Franklin.

The project's diverse participants assembled on June 28 and 29 in Atlanta to formally begin discussions. BEAR's members include Beaulieu of America, Tomra North America, EvCo Research, LLC, the Natural Resources Defense Council, the Grassroots Recycling Network and the Container Recycling Institute. In addition to BEAR's members, partners in the MSRP include: Waste Management, Inc., Southeastern Container, Inc., the Minnesota Office of Environmental Assistance and The Coca-Cola Company.

BEAR commissioned Ed Boisson, former director of the Northeast Recycling Council (NERC), to act as the MSRP Project Manager. To provide an

*(Continued on page 12)*



recycling. A leading manufacturer of carpeting, Beaulieu of America, needs more plastic bottles to make polyester carpet.

Concern about the potential impact of Coca-Cola using increasing amounts of recycled plastic in beverage bottles brought these parties together in early

## Plastic Bottle Waste Dramatically Exceeds Recycling in 2000

WASHINGTON, DC — Plastic bottle recycling increased by only 2 million pounds last year, while resin sales increased by 80 million pounds. The net result is that plastic bottle waste in-

“While APC is eager to boast that 1,511 million pounds of plastic bottles were collected for recycling last year they aren’t bragging about the growing waste problem,” said King.

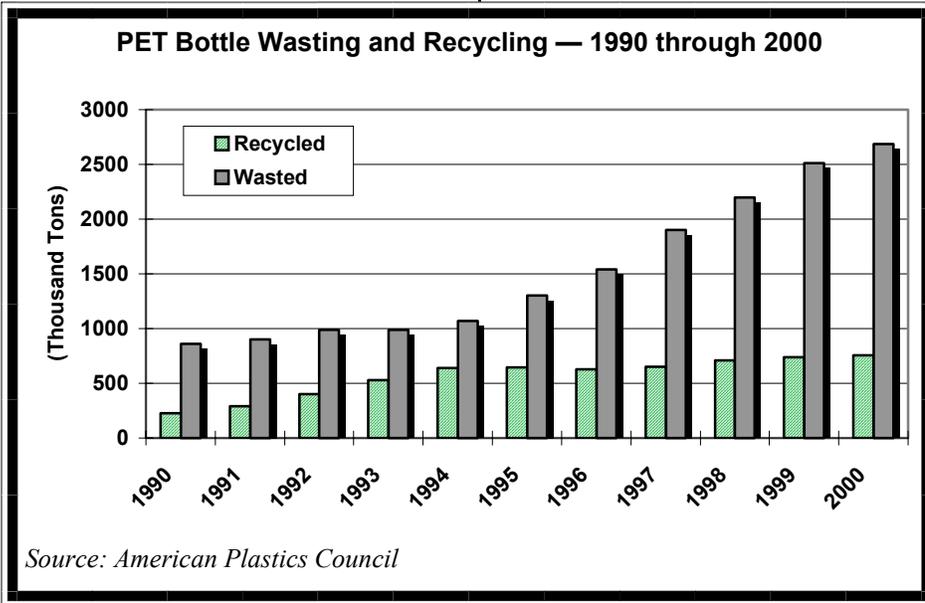
a utilization rate and a recycling rate each year. In 2000 NAPCOR put the recycling rate at 22.3 percent and the utilization rate at 18.0 percent.

“Plastics are clearly the fastest growing packaging material. Even though there has been progress in building the collection infrastructure in the past decade, it’s very expensive to collect plastic bottles through curbside programs,” King said.

The biggest increase in PET plastic bottle recycling last year was in California, through the expanded bottle bill program. Preparing the annual analysis of plastic container recycling rates, the California Integrated Waste Management Board staff concluded that without the expanded deposit system the rates would have dropped further.

California collected 42 percent more PET bottles through the deposit system in 2000 compared to 1999. That was really the only bright spot and it kept the national PET plastic bottle recycling rates from sliding down even further.

The situation in California is likely to improve this year, because all the new types of beverages in the deposit system must be labeled as having Container Refund Value (CRV) as of January 2001 and the state is conducting a two-year, \$10 million consumer education campaign to boost recycling.



creased by 78 million pounds, based on data from the American Plastics Council (APC) in its annual report on post-consumer plastics recycling.

The PET plastic bottle recycling rate declined again last year, dropping to an 11-year low of 22 percent. The five-year decline persisted despite the continued growth in curbside recycling. The HDPE bottle recycling rate was flat at 23.8 percent.

APC data shows that PET and HDPE account for 99 percent of plastic bottles recycled in the United States last year.

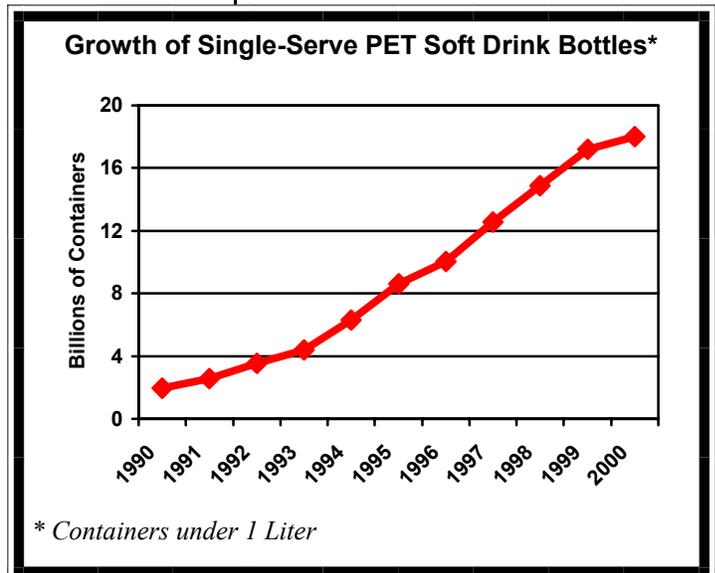
When APC adds additional types of plastic bottles made from PVC, LDPE/LLDPE, PP and PS, the overall plastic bottle recycling rate was 21.8 percent.

“When nearly 80 percent of plastic bottles are thrown away rather than recycled, the news really isn’t good no matter how the trade associations try to spin the story,” CRI Senior Policy Analyst Lance King said after reviewing newly released data from APC and NAPCOR.

Read closely and one finds that plastic resin sales increased by 80 million pounds, bringing total resin sales to 6,915 million pounds in 2000. In other words, resin sales for plastic bottles increased 40 times more than plastic recycling.

Probe a little deeper and the picture looks worse.

While APC reports pounds of plastic bottles collected for recycling, industry sources have long acknowledged that roughly 20 percent of the plastic bottles collected for recycling are rejected due to contamination or material loss in the recycling process. In fact, NAPCOR, the PET bottle trade association publishes both



**SUMMARY:** More than 50 bottle bill proposals were introduced in 18 states, the city of Columbia, Missouri and Puerto Rico in 2001. The bills would do one of three things: (1) create a new deposit system; (2) expand a current program to include additional types of beverages; or (3) repeal an existing bottle bill program. CRI is featuring the Hawaii bottle bill in the state update because it could become the first state to adopt a deposit system since 1986.

Expansion proposals with credible backing have been introduced in several states including Iowa, Michigan and New York. Surprisingly, 30 years after the first bottle bill became law in Oregon, opponents in the beverage and food industry still want deposit laws repealed. While sometimes worded to disguise the intent, repeal efforts are being pursued in Massachusetts, Iowa, New York and Columbia, Missouri.

### Bottle Bill Legislation

#### New Bottle Bill Proposals

- Arizona
- Arkansas
- Hawaii
- Illinois
- Kentucky
- New Hampshire
- North Carolina
- Oklahoma
- Pennsylvania
- South Dakota
- Texas
- Puerto Rico

#### Updating Bottle Bills

- Columbia, Missouri
- Connecticut
- Iowa
- Maine
- Massachusetts
- Michigan
- New York
- Oregon

#### Repeal Bills

- Columbia, Missouri
- Iowa
- Massachusetts
- New York

## Missouri: New Attack on Local Deposit Ordinance

COLUMBIA — Having survived three repeal referenda since it was enacted in 1977, the nation's only local beverage container deposit ordinance, in Columbia, Missouri, is again under attack.

In March 2001 the city council debated a proposal to repeal the deposit requirement and replace it with a 1-cent non-refundable tax on beverage containers to fund a "Keep America Beautiful" type of educational program. Warning that education alone could never match the bottle bill's 87 percent return rate, Columbians Against Throwaways (CAT) worked to defeat this proposal.

Repeal advocates argued that the city's "blue bag" program for commingled recyclables makes the deposit unnecessary. CAT refuted this by reporting that only 25 percent of eligible households actually use the program. CAT agreed that the law should be changed to provide a per-container handling fee to retailers.

On March 19th, after an hour of public testimony and lengthy statements by council members, the council narrowly rejected the tax proposal.

## Connecticut: Legislation Expanding Program Passes Environment Committee, Then Stalls

HARTFORD — Representative Richard Roy introduced legislation to expand Connecticut's beverage container deposit system. The Environment Committee Chair, Rep. Jessie Stratton, supported the bill that passed her committee by a margin of 15 to 13. It remains bottled up in the General Law Committee.

Roy called it "a victory for [beverage industry] lobbyists," and vowed to reintroduce the bill in 2002. He acknowledged that the large number of curbside recycling programs throughout the state make recycling convenient, but said "We don't capture enough of the containers there because

The council authorized Mayor Darwin Hindman to appoint a citizen task force to study the deposit ordinance and make recommendations to improve it. Hindman told the council and citizens, "The deposit creates an incentive to avoid littering — an incentive to pick up litter without cost to taxpayers." He suggested the task force find ways to address the concerns of retailers and investigate the feasibility of purchasing reverse vending machines.

A lone container deposit opponent launched a petition drive over the summer months to put repeal of the deposit ordinance on the ballot in November. He failed to get enough signatures to get the measure on the ballot, but has vowed to get the signatures for a ballot vote next April.

CAT plans to counter repeal efforts with its ideas for mitigating retailer objections and is distributing a new brochure touting the benefits of the deposit ordinance titled "*It's Too Good to Throw Away*".

---

Contributed by Winifred Colwill Co-Chair, CAT  
Email Winifred at [jmcwsc@aol.com](mailto:jmcwsc@aol.com) for more information.

increasingly these beverage cans and bottles are purchased and consumed away from home and recycling bins."

A Bottle Bill Working Group, heavily laden with what Sierra Club lobbyist Betty McLaughlin calls "anti-expansion industry lobbyists", studied expansion options last summer. But the Connecticut General Assembly once again failed to act on what McLaughlin refers to as "common sense legislation." Under consideration was expansion of the state's 20-year-old, highly successful and very popular deposit law to include the sports drinks, iced teas, bottled waters, etc., that did not exist when the original law was passed in 1978.

### California: Ups and Downs in First Year of Expanded Deposit Program

SACRAMENTO — Implementation of an expanded beverage container deposit system in California last year increased the number of bottles and cans recycled by 448 million, for a total of 10.2 billion containers recycled in 2000. At the same time, California's beverage container recycling rate suffered an alarming decline in 2000 to 61, according to a Department of Conservation release.

The recycling rate was down 13 percent from the previous year. "We expected a drop, but not like this," said Darryl Young, director of California's Department of Conservation, which administers the program.

Expanding the deposit system to include bottled water, juices, teas and sports drinks added some 3.4 billion containers to the program. Legislation passed in late 1999 allowed for implementation without changes in labeling last year.

The Department of Conservation is aware that many consumers may not have been aware that billions more beverage containers now have a redemption value. A two-year media and outreach campaign is underway, with \$10 million authorized by the Legislature.

The 10.2 billion containers recycled in 2000 is the highest number of containers recycled in 9 years. However, another six billion containers were thrown away.

Plastic bottles constitute the largest portion of containers added to the deposit system in 2000. PET bottles covered by the law increased from 10 percent market share in 1999, under the old system that covered beer, carbonated drinks and wine coolers, to 20 percent market share in 2000, with the addition of many more types of beverages.

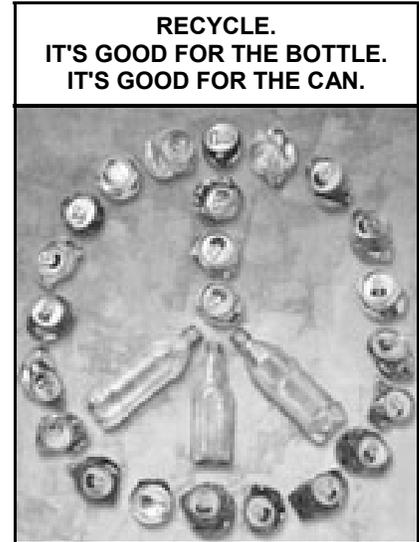
As a result of the sudden change, the recycling rate for PET deposit bottles plummeted almost 50 percent in 2000. However, analysis by the California Integrated Waste Management

Board found that the expanded deposit system is already having a positive impact on the total number of plastic bottles recycled.

The number of PET bottles recycled in California increased from 829.9 million in 1999 to 1.2 billion in 2000.

Beginning in January 2001, all containers covered by the California redemption system must be labeled with the Container Refund Value (CRV). This step, combined with expanded consumer education, is expected to lead to higher recycling rates.

The California Department of Conservation plans to report results for the first half of this year in November.



*Reprinted with permission of California Department of Conservation*

### Iowa: Future of Bottle Bill at Stake Expansion or Repeal?

DES MOINES — An epic battle over the future of the Iowa bottle bill is taking shape. At first glance it appears that broad agreement exists for expanding the 22-year deposit law to include non-carbonated beverages and increasing the handling fee.

In reality, one approach would cut the heart out of the recycling system by effectively eliminating grocery and convenience stores as redemption sites, reducing redemption locations for consumers from approximately 3,000 now to around 100, according to Iowa Recycling Association Executive Director Dwayne Johnson. Champions of the so-called 'repeal' approach are Senator Merlin Bartz (R), who introduced SF 194, and Representative Bob Brunkhorst (R), who introduced HSB 142.

The second approach also expands the deposit requirements to non-carbonated beverages and raises the handling fee from one cent to two cents. However, it maintains the current, widespread system of grocery and convenience store redemption sites. The second approach, SF 97, introduced by Representative Nancy

Boettger (R), never got a hearing, despite a broad base of support.

Supporters of SF 97 include Governor Tom Vilsack (D), and former Governors Terry Branstad (R) and Robert D. Ray (R), 21 business leaders and more than a dozen statewide organizations in the Beautiful Land Coalition. Members of the coalition include: Iowa State Association of Counties; Iowa League of Cities; Iowa Recycling Association; Iowa Association of County Conservation Boards; Iowa Conservation Education Council; Ecumenical Ministries of Iowa; Iowa United Methodist Church; and the Iowa Wildlife Federation.

The Bartz and Brunkhorst bills, disguised as expansion bills, really were repeal measures at heart. Both bills passed policy committees, but died in the Ways and Means Committees of each chamber.

A reliable source tells CRI that the Republican leadership in both the house and senate was committed to keeping the 'real expansion' bill, SF 97, bottled up. The battle is expected to resume in 2002.

## STATE UPDATE

### Hawaii Bottle Bill (Continued from page 1)

ber and a final report before the Legislature returns for the next session in January 2002.

“Unless the industry comes up with an alternative acceptable to the Legislature, the bottle bill could be voted out within 72 hours,” Richard Botti, executive director of the Hawaii Food Industry Association told CRI in a recent interview.

Hawaii stands poised to become the first state to adopt a beverage container deposit law since 1986. But opponents are working hard behind the scenes to peel away support, while the industry study moves forward.

CRI research and interviews revealed several factors leading to swift action on the bottle bill this year. While litter, tourism and landfill concerns prompted the legislation, it appears that a unique coalition led by state and local public officials found a receptive audience among legislators. Supporters of the Morita bill include local solid waste and recycling officials, the State Department of Public Health, recycling businesses, environmental groups and a determined group of elementary school students. The bottle bill has received editorial support from leading newspapers.

Some of the sources contacted by CRI describe the bottle bill as a ‘litmus test’ issue for the Hawaiian Legislature in 2002. Whether the public weighs in during the next few months may determine the outcome of this legislative battle.

### Protecting Island Beauty and the Tourism Industry

“Unightly litter on beaches, roadsides and in parks is a problem that the bottle bill would greatly reduce,” says Genny Salmonson, director of Hawaii’s Office of Environmental Quality Control. Salmonson, an appointee of Governor Benjamin J. Cayetano, has a recycling background and has worked on solid waste concerns for several years in state government.

Bottle bills reduce litter, address the

## Key Features of Hawaii Bottle Bill, HB 1256

- Application of a refundable deposit to carbonated and non-carbonated beverages, except dairy products.
- Creation of a special state fund for the deposits.
- A 2-cent fee paid by distributors that will be used to pay costs of handling beverage containers by redemption centers.
- Establishing a system of redemption centers to overcome objections of retailers to taking bottles and cans back, so long as redemption centers are within one mile of retailers.
- Exemption of smaller retailers, the so-called ‘mom and pop’ stores.
- No need to sort containers by brand, which reduces labor needs and produces a tremendous cost savings.
- Use of unredeemed funds for administration, consumer education, market development and other needs.
- Reporting by distributors on sales of beverages.
- Evaluation of the effectiveness of program implementation.
- Administration by the state Department of Health.

growing problem of beverages consumed away from home and the growing problem of plastic bottle waste, Salmonson told CRI.

Tourism is vital to the state’s economy, which has experienced a major downturn. While keeping tourist dollars flowing is deemed essential, it also poses special problems for recycling.

“We have 1.2 million residents in Hawaii. More than 7 million tourists visit every year,” said Honolulu Recycling Coordinator Suzanne Jones. Recycling and waste reduction programs are well developed, but the problem of bottle and can waste just keeps getting worse, particularly as new types of beverages and packaging have entered the marketplace in the past two decades.

Food and beverage industry opponents have long advocated curbside recycling as an alternative. Local government in Honolulu, the state’s largest population center, has so far rejected curbside recycling as too expensive and largely ineffective as a means of coping with bottles and cans discarded by tourists.

The problem with curbside recycling in Hawaii according to Honolulu’s Deputy Director for Solid Waste, Frank Doyle, is that “7 million tourists don’t have curbs.”

The hotel industry will benefit directly from passage of deposit legislation. “Hotels currently pay employees to collect bottles and cans for recycling. With HB 1256, they will receive an estimated \$500,000 to \$750,00 in income each year from refunds on deposits,” Jones said.

### Collaborative Approach to Developing 21<sup>st</sup> Century Bottle Bill

Until this year, bottle bills have been proposed for many years without success. One key difference in the proposal introduced in the 2001 Legislative Session was the process for developing it.

“We took a collaborative approach,” said Jones. Representatives of state and local government, recycling businesses, environmental organizations and other concerned citizens worked together. Bottle bill proponents reached out to the opposition in the food and beverage industry, attempting to address as many of their concerns as possible.

Proponents also decided to develop legislation tailored to Hawaii’s needs and evolving beverage markets. Elements of traditional deposit laws and alternative approaches were blended together.

The proposal ultimately introduced in the legislature had broad support in part because so many other segments of

## STATE UPDATE

### Hawaii Bottle Bill

*(Continued from page 8)*

the waste stream had already been addressed through public and private recycling, composting and waste reduction initiatives.

Honolulu City and County focused in the 1990's on the commercial waste stream initially. Restaurants, bars, hotels and many other businesses have well established recycling programs. Turning to the beverage waste problem seemed a logical next step.

### Bottle Bill Supporters

- State Department of Health
- State Office of Environmental Quality Control
- City & County of Honolulu, Department of Environmental Services
- County of Maui, Public Works
- County of Kauai, Public Works
- County of Hawaii, Public Works
- Island Recycling Company
- Honolulu Recovery Systems
- Recycling Systems Hawaii
- Aloha Plastic Recycling
- Aloha Glass Recycling
- Sierra Club
- Life of the Land
- UH Sea Grant
- Citizen Action Project
- Kualapuu Prism Project

"It's their turn," Jones said, referring to the beverage industry waste problem. Refundable deposits are seen as the best means to increase recycling of the estimated 880 million bottles and cans sold in the state last year.

Drop-off systems already in place capture an estimated 20 percent of bottles and cans, according to the City and County of Honolulu. States with bottle bills typically achieve an 80 percent recycling rate, proponents told legislators.

### Legislative Process

Representative Morita is a soft-spoken, determined legislator, who says

"there was a core of support" for the bottle bill at the start of the year. She credits solid waste management officials and students with providing encouragement to pursue the issue.

Early in the process, it appeared that her bill might die in one house committee. But with evidence of a continuing dialogue between supporters and opponents, the bottle bill survived.

Morita leads the House Delegation on the conference committee. She described the key issue in the bottle bill debate in an interview with CRI.

"Bottom line, you either pay as a consumer or as a taxpayer," Rep. Morita said. "We live on islands. We only have so much land."

The Oahu landfill only has 18 months of capacity remaining she said.

As initially introduced, Morita's bill required a 5-cent deposit on containers 24 ounces or smaller, and 15 cents on larger containers. The amount of the deposit is one of the issues to be resolved in conference committee.

Opponents of Morita's bottle bill legislation are led by the food and beverage industry. Their general attitude was summed up by Richard Botti of the Food Industry Association as "anything but the bottle bill."

Sources tell CRI that these industry groups were caught off-guard and a rift developed between food and beverage groups. The Food Industry Association proposed a one-half cent advanced disposal fee, which Botti says would generate \$5 million a year.

Beverage industry opponents pushed for a study of 'comprehensive approaches' to solid waste, a tactic often employed in other state bottle bill battles. Pepsi General Manager Gary Yoshioka is overseeing the industry funded study by Cascadia.

In the end, bottle bill opponents succeeded in delaying final passage of the Morita bill in order to develop an industry alternative. The senate changes forced Morita's bill to a house and senate conference committee.

The Container Recycling Institute was invited to provide expert testimony on the Morita bill in both the house and senate. CRI Executive Director Pat Franklin urged legislators to look closely at the facts, which show states with deposit laws typically have recycling rates that are 2 or 3 times higher than non-deposit states. CRI also pointed out that many of the potential problems often cited by opponents of bottle bills have not been serious problems.

### Bottle Bill is Elementary to Recycling, Students Say

Support for the bottle bill is elementary, at least that is the message from 5<sup>th</sup> and 6<sup>th</sup> grade students in Hawaii.

Kimberly Mokuau, a sixth grade student at Kualapuu School, appeared before the House Committee on Judiciary and Hawaiian Affairs, to support the bottle bill. In a detailed statement, she addressed the main arguments used by opponents.



Kimberly Mokuau testifies in support of proposed bottle bill

"I think recycling is everybody's responsibility. The person who buys the beverage should be responsible that the container doesn't end up in the landfill, and the beverage industry should support the programs that provide incentives to the consumer to act responsibly," Kimberly Mokuau said.

While the fight for a bottle bill in Hawaii is still far from over, Representative Morita's bill moved farther and faster than any legislation proposed in the last 15 years anywhere in the United States.

## Massachusetts: Energy Committee Holds Hearings on Bottle Bill Proposals

BOSTON — The Massachusetts Energy Committee recently held hearings on competing proposals to amend the state's 18-year-old bottle bill. One of the measures, H. 2155, would have expanded the bottle bill to cover non-

carbonated beverages, including sports drinks, bottled water, wine and spirits, and single-serving iced tea, juice drinks, herbal beverages. Another bill, H. 2888, was a beverage-industry backed repeal proposal, which would have phased out the state's container deposit law over three years

and attempted to replace it with "comprehensive" recycling programs in public places and increased curbside recycling access.

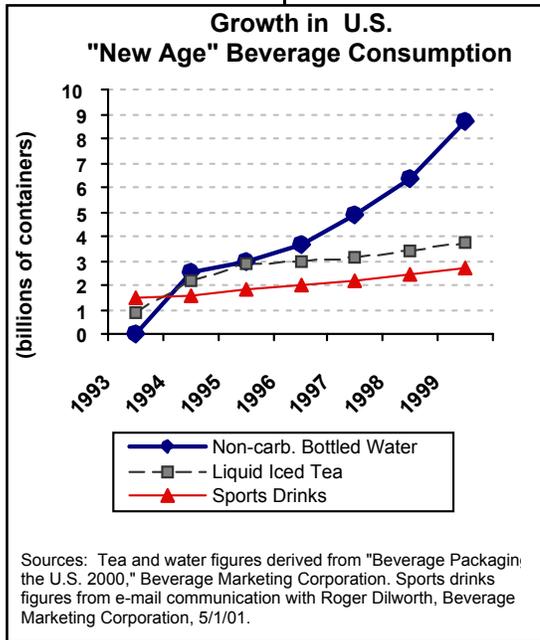
Both the repeal bill and the expansion bill were tabled for study by the committee. Local news media characterized the situation as a stalemate, with legislators loathe to repeal the popular law for fear of public opposition and reluctant to give up about \$28 million in revenues that accrue to the state annually from unclaimed deposits. At the same time, the beverage industry has so far blocked expansion efforts.

CRI Senior Research Associate Jennifer Gitlitz told the committee that repealing the bottle law would be a setback for the state's recycling rate. "Nationally, the recycling rate for beverage containers is only 44 percent.

The 72 percent redemption rate in Massachusetts is evidence that the bottle bill is working effectively."

She cited a national trend of increased wasting of all container types, despite a tripling in the number of curbside programs in the last decade.

"Although 50 percent of the U.S. population now has access to curbside," she told the committee, "Americans waste 143,000 tons more aluminum cans, 245,000 tons more glass bottles, and 386,000 tons more plastic bottles than they did in 1992, when only 15 percent



of the country had access to curbside recycling." She called the beverage industry's portrayal of the debate as a choice between curbside and bottle bills a "false dichotomy," arguing that because so many beverages are now consumed away from home, both systems are necessary to give consumers maximum opportunities and incentives to recycle.

Gitlitz suggested updating the law to include the so-called "new age" non-carbonated beverages, which were not a market presence when the Massachusetts bottle bill was enacted in 1983. "From 1993 to 1999, non-carbonated beverages sales increased by almost 50 percent nationally; from 23.5 to 33 billion," she said. "They now comprise almost 20 percent of the total U.S. beverage market."

## Puerto Rico: Bottle Bill Introduced in Senate

SAN JUAN — Senator Cirilo Tirado, chairman of the Natural Resources, Environmental and Energy Affairs Committee, introduced a beverage container deposit bill, SB 529, on May 7 in the Puerto Rico Senate. All can, plastic, glass and laminated cardboard beverage containers are covered by the deposit except those containing cows' milk products. The deposit amount is five cents regardless of the size of the container.

Food and beverage industry opponents of deposit legislation typically lament the burdens that such laws place upon them. Tirado's bill substantially minimizes these burdens by relieving distributors and retailers of redemption and handling of the empty beverage containers. After collecting the deposit from the consumer, the retailer turns the deposit amount over to the Puerto Rico Treasury Department. From this point forward, distributors and retailers have no further obligation. Government certified redemption centers would redeem the containers and present the person with a "cash due" ticket that can be cashed at supermarkets and convenience stores that have installed the necessary equipment.

The nickel deposit would eventually be divided as follows: 3 cents would be returned to the consumer, 1.5 cents to the redemption centers for handling and processing, 0.2 cents would become a local government tax, 0.2 cents would go to the Solid Waste Authority and 0.1 cents would go to the distributors to cover labeling costs.

Tapped by Senator Tirado to draft the bill, Attorney German Gonzalez believes the bill will be given serious consideration. Gonzalez states that "the government is desperately looking for ways to recycle since it is already de facto public policy that Puerto Rico will not incinerate its trash!"

Hearings are anticipated in late October or early November.

## Michigan: Leading Conservation Group Calls for Expanding Beverage Deposit Law

LANSING — Expanding Michigan's 25-year old beverage container deposit law to include water, tea, sports drink, and fruit juices is one of the top legislative priorities for Michigan United Conservation Clubs (MUCC), the largest conservation organization in the state. With 100,000 members and 525 affiliate clubs, MUCC is an organization that has clout and credibility in shaping state environmental policy.

"We estimate an additional 800 million containers would be covered by expanding the law," said Dennis Fox, environmental policy specialist for MUCC. "If these containers had been around when the original bottle bill was passed, they would already be part of the system."

Representative Michael Switalski (D-Roseville) introduced HB 4096, to include non-carbonated beverage containers, except milk and dairy products. Representative Bruce Patterson (R-Canton), House Majority Floor Leader, is co-sponsoring the bill. "Patterson's co-sponsorship has created a new, bipartisan effort to expand Michigan's Bottle Deposit Law," Fox said in a recent interview with CRI.

Senator Burton Leland (Detroit) introduced SB 223, a more narrowly targeted proposal to expand the bottle deposit law to include non-carbonated fruit beverages. Neither bill has been scheduled for committee hearings or votes yet in the first year of a two-year legislative session.

"Passage of these two bills will result in almost all containers being

covered by a deposit. It will go along way towards keeping Michigan's roadsides, parks, trails, and beaches the cleanest in the nation," said Fox.

Current law requires a 10-cent, refundable deposit on beer, soft drinks and wine coolers. In 1999, 4.3 billion bottles and cans were recycled. Only 5

percent, 210 million containers, went unredeemed that year.

Michigan reports the highest recycling rates in the nation under its beverage container deposit law, with annual recycling rates in the range of 95 to 98 percent. CRI research shows that states with lower deposits have lower recycling rates.

Of the \$21.9 million in unredeemed funds in 1999, \$5.4 million was returned to retailers to defray sorting costs and \$16.5 million was used to clean-up superfund sites. Retailers get 25 percent of unclaimed deposits and the special environmental clean-up fund gets 75 percent of unclaimed deposits.

Expansion efforts target approximately 14 percent of beverages sold in Michigan, containers that are a growing litter concern for MUCC members. Seeing plastic water bottles floating on Lake Michigan during fishing trips is an example of the litter that offends conservationists and sportsmen.

Opponents of the expansion include the beverage manufacturers, retailers, wholesalers and bottlers. The biggest concern of grocers is the impact these additional containers will have on their already stretched facilities.

MUCC is working with industry groups to address their concerns. "We realize Michigan's system is 25-years-old and it's probably time to take a comprehensive look at the entire system to see if there is room for improvement," said Fox, "but we are also committed to updating the bottle bill to include the new containers."

Fox told CRI that if the legislative effort fails, MUCC is prepared to take the issue to the ballot, which is how the law was enacted in November 2, 1976. MUCC was the key organization behind the referendum effort 25 years ago.

Exploring ways to develop redemption centers authorized in current law is one issue raised by MUCC with retailers. Another issue that interests MUCC is exploring means to encourage more recycling businesses in Michigan, enterprises that could benefit from the steady supply of high quality material generated by the deposit system.

## Kentucky: Stumbo Will Have Another Go at Amendment

FRANKFORT — Kentucky House Majority Floor Leader Gregory D. Stumbo said he will prefile legislation for the 2002 General Assembly placing a Constitutional Amendment on the ballot to permit a referendum on a beverage container deposit program in the Commonwealth.

Stumbo pointed out that Maine, Michigan and Columbia, Missouri adopted deposit programs by referendum. Kentucky voters changed state law at the ballot box last November, permitting annual meetings of the Legislature.

In a brief session, Stumbo brought House Bill 9 out of the House Elections and Constitutional Amendments Committee in 2001. HB 9 would have placed the question of beverage container deposits on a statewide ballot. The 45-45 tie vote on the house floor amounted to defeat.

The legislation, as written, does not outline a specific program. It essentially presents the following question to Kentucky voters: "Do you want a beverage container deposit system?" If the amendment were approved by voters, the legislature would convene to hammer out specific details of a beverage container deposit law.

Stumbo said he believes that in spite of the setbacks, Kentuckians want to clean up the environment and that a beverage container deposit law will be the most effective way to achieve this.

**"Expansion legislation is a bi-partisan effort in the Michigan House," says Dennis Fox.**

## STATE UPDATE

Nation's First Bottle Bill Turns 30  
(Continued from page 1)

what it was 30 years ago. If you adjust for inflation, a nickel deposit then is the equivalent of 22-cents today," he said.

Benefits of the bottle bill, as Spendelow notes, include a high rate of recycling for containers covered by the law, a dramatic reduction in beverage container litter, and development of a

"It made sense then and it makes sense now."

Bottled water, juices, teas, sports drinks and coffees have emerged as a significant part of the beverage industry, but these beverages are not subject to deposits in Oregon. Most of the bottles and cans containing these beverages are landfilled and many end up as litter.

search Group (OSPIRG) mounted an initiative in the 1990's to expand the bottle bill program. Massive, out-of-state beverage industry spending on an 11<sup>th</sup>-hour advertising campaign defeated the initiative.

There is interest in updating and expanding the law. Representative Carolyn Tomei, a freshman member of the Oregon House introduced HB 3974 this year to expand the deposit law. Other changes being discussed by some recycling professionals include a handling fee paid by bottlers to retailers to reduce costs, and requiring bottlers and distributors to report beverage sales.

Developing precise figures on recycling and landfilling of beverage containers is difficult, since there are no reporting requirements in the current law. The DEQ must estimate the number of containers landfilled without the benefit of data held by beverage distributors concerning container refunds.

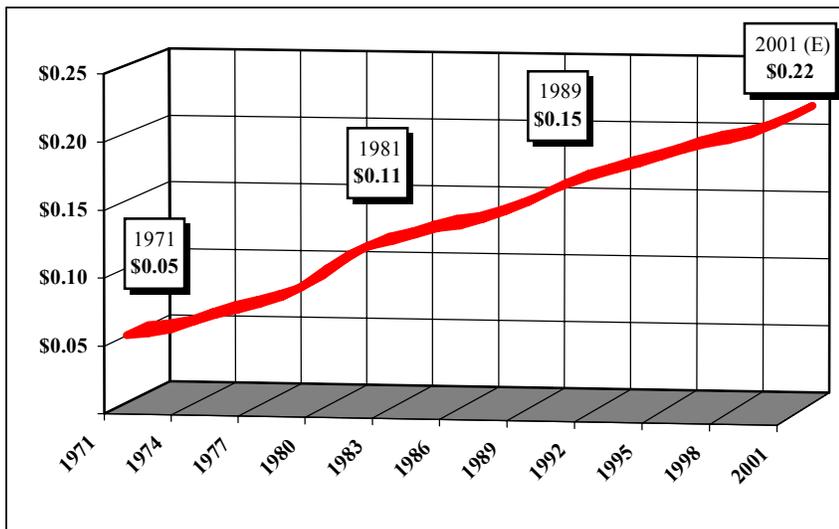
"The changing beverage market and the declining value of a nickel are reason enough for the state and interested parties to consider updating and expanding the Oregon bottle bill," said Franklin.

BEAR Pursues Bottle and Can Waste  
(Continued from page 4)

objective, quantitative analysis of costs, BEAR has retained a research consulting team comprising R.W. Beck, Inc., Franklin Associates, Ltd., the Tellus Institute and Sound Resource Management Group.

Once the research is complete, the BEAR Executive Committee and MSRP participants will work to develop a consensus on the best means to increase recycling of beverage containers. If no consensus is reached, the BEAR Executive Committee may choose to pursue solutions independently. Whatever the eventual outcome, formation of BEAR and MSRP reflects growing concern about the beverage container waste problem and the need to find solutions.

### A Nickel Deposit — Adjusted for Inflation



\*Chart derived from Consumer Price Index data

strong recycling commitment in the state.

For a time, deposits strengthened the position of refillable bottles. But as the beverage industry dismantled the system of local bottling plants using the same bottles again and again, refillables largely disappeared. The deposit law became the means to recover one-way bottles and cans for recycling.

Today, new types of beverages and packaging, not covered by the law, are eroding the effectiveness of the system. Recycling advocate and editor of *Resource Recycling*, Jerry Powell calls the Bottle Bill a "qualified success." Applying the deposit only to what he calls "fizzy drinks", limits the effectiveness of the law. Bottom line says Powell,

Plastic beverage packaging developed long after Oregon adopted the bottle bill. As the fastest growing packaging material, plastics pose unique problems, due to their relatively high net cost of recycling. Plastic soft drink bottles covered by the bottle bill have a recycling rate that is approximately 4 times higher than non-deposit plastic bottles.

"Oregonians have recycled billions of beverage containers that would not have been recycled without deposits. However, litter is becoming a problem again in Oregon and other deposit states, with the new types of beverages," CRI Executive Director Pat Franklin said.

The Oregon Public Interest Re-

**“Ecologically damaging packaging” target for deposits in Germany**

The German government, in March 2001, announced its decision to introduce an amendment to the 1991 Packaging Ordinance. The amendment, introduced by Juergen Trittin, a leading member of the Green Junior Coalition Partners, and a strong supporter of container deposits, would require deposits on all non-refillable beverage containers except wine bottles and aseptic beverage cartons. Trittin said the introduction of a deposit on "ecologically damaging packaging" was aimed at stopping the rise of cans and disposable glass and plastic bottles, and stabilizing market share for reusable and refillable packaging.

On July 13, 2001, Trittin's amendment lost in a close vote (34-36) in the Bundesrat, the legislative body that includes representatives from each state. Rather than accept a counterproposal,

Trittin stood by the existing law, which requires manufacturers to collect refundable deposits on all one-way, (non-refillable) beverages that fail to meet the 72 percent refillable quota established by the German Packaging Ordinance of 1991.

When the overall rate dropped below 72 percent in 1997, the government intensified monitoring of sales for each beverage market to determine which beverages were not reaching the refillable rate they achieved in the base year of 1991. The table below lists both the individual quotas for each beverage, based on the refillable rates in 1991, and the refillable rates actually achieved in 1999.

The refillable figures for February 1999 to January 2000 must be published in the Federal Gazette of Germany before the deposit requirement goes into effect.

Since carbonated soft drinks met their "refillable" quotas, they are exempt from the mandatory deposit under the original 1991 Packaging Ordinance. In defending his amendment, that would have included all beverages, Trittin argued that the public will be confused if deposits are required on some single-

serve beverages such as beer and mineral water and not on others, such as carbonated soft drinks.

An estimated 12.7 billion containers would be effected by the proposed amendment, which would require a refundable deposit of 0.25 euros (\$0.25 US) per unit, (0.50 euros for bottles above 1.5 liter volume) on all disposable (non-refillable) mineral water, beer, carbonated soft drink, non-carbonated soft drink containers except aseptic beverage cartons. The extra cost to industry, estimated at less than two pfennigs (\$0.009) per container, was described by the Minister of Economy Werner Mueller as "economically bearable".

According to industry sources in Germany, the retail industry filed an injunction against the government to halt the publishing of the refillable figures for February 1999 to January 2000 in the Federal Gazette of Germany, which must be done before the deposit requirement goes into effect.

The Administrative Court of Berlin decided in favor of the Government but the retailers appealed the decision. A final decision is expected around end of September. If the Court rules in favor of the government, Trittin will publish the numbers immediately and the deposit law will be effective as of March or April 2002.

<b>Market Share of Refillable Bottles</b>		
	<b>1991</b>	<b>1999</b>
<b>Mineral Water</b>	91.33%	84.66%
<b>Beer</b>	82.16%	74.51%
<b>Carbonated Soft Drinks</b>	73.72%	74.50%
<b>Non-carbonated Soft Drinks</b>	34.56%	34.43%
<b>Wine</b>	28.63%	26.90%
<b>TOTAL</b>	<b>72.00%</b>	<b>68.29%</b>

**Fun Fact**

“Did you know that refillable bottles have not completely disappeared in the United States. Nationally, refillables comprised just 3.3 percent of beer sales in 1998, but in Massachusetts, a bottle bill state, 18 percent of total beer volume was sold in refillable bottles. In seven of the ten bottle bill states more than 7 percent of beer volume is sold in refillables.”

- CRI's Pat Franklin

I'd like to support the efforts of the Container Recycling Institute.

Enclosed is my tax-deductible check, payable to CRI for \$\_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

Company/Organization \_\_\_\_\_

Address \_\_\_\_\_

City/State \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_

**Mail to:**  
*Container Recycling Institute*  
 1911 Ft. Myer Drive, Suite 702  
 Arlington, VA 22209  
 703/276-9800 Fax: 276-9587  
[CRI@Container-Recycling.org](mailto:CRI@Container-Recycling.org)

## Shareholders Press Beverage Industry to Increase Recycling: Coke Commits to Small Steps, Pepsi Snubs Effort

By LANCE KING

Investor proposals pressing management at The Coca-Cola Company and PepsiCo Inc. to increase recycling gained more support than expected at annual shareholder meetings in 2001, which assures the proposals can be brought back again next year. For the first time in many years, chief executive officers from two Fortune 500 companies were compelled to address recycling issues raised by shareholders.

Management at both Coke and Pepsi opposed the shareholder resolutions, which call for both companies to use 25 percent recycled plastic in making new soda bottles and reach an 80 percent recycling rate for all of their beverage containers by 2005. However, responses by the two companies to shareholders revealed major differences in addressing recycling concerns.

Coca-Cola Chairman and CEO Doug Daft announced that his company plans to use 10 percent recycled-content in plastic bottles by 2005 and will work with Businesses and Environmentalists Allied for Recycling (BEAR) to increase recycling of beverage containers. While these modest steps disappointed sponsors of the shareholder resolution and environmentalists, it was encouraging to see Coke begin to address the growing beverage container waste problem.

By contrast, Pepsi management sought, unsuccessfully, to block the shareholder resolution from being placed on the proxy statement for a vote. Pepsi filed objections with the U.S. Securities and Exchange Commission (SEC), but the SEC rejected their request to block it. Pepsi's new chief executive officer, Steve Reinemund, listened politely to a parade of speakers voicing support for the recycling proposal, but failed to offer any commitment to stem the waste of billions of Pepsi bottles and cans each year.

One possible explanation for the contrasting positions is that Coke has

been subject to a four-year grassroots campaign on recycling, while Pepsi "has gotten a free ride," according to GRRN Executive Director Bill Sheehan.

Sheehan told the Pepsi shareholders that GRRN will begin focusing pressure on PepsiCo Inc. to take responsibility for its beverage packaging waste. The Container Recycling Institute teamed up with GRRN and Waste Not Georgia in organizing support for

*Wall Street Journal*, April 2, 2001

**A Moment of Refreshment,  
An Eternity of Waste?**

**Coca-Cola Shareholders**

**Recycling Facts**

- Every minute, more than 37 thousand empty Coke® soft drink bottles and cans are thrown away in the United States. It only takes more than 46 million bottles (360 or get used to landfill and incineration.
- Beverage container waste increased by more than 90% between 1992 and 1999. Recycling rates are declining in large part because of new single-serving convenience plastic bottles.
- Three quarters of all plastic soda, juice and water bottles are thrown away, not recycled.
- Coke® increasingly relies on plastic bottles for packaging products and has yet to address the growing waste problem.

**Your Shareholder**

As a shareholder of Coca-Cola, you have the right to request that the Board of Directors take action on the recycling of beverage containers. This is a matter of public concern and one that affects the long-term viability of the company. We urge you to contact your broker or the GRRN office to request that the Board of Directors take action on the recycling of beverage containers.

**Shareholder Action**

Shareholders who are interested in the recycling of beverage containers should contact the GRRN office to request that the Board of Directors take action on the recycling of beverage containers. Shareholders who are interested in the recycling of beverage containers should contact the GRRN office to request that the Board of Directors take action on the recycling of beverage containers.

**Vote Yes for Recycling PROXY PROPOSALS**

For voting and other information on Proxy Proposal 2, visit our Internet web site: [www.grrn.org](http://www.grrn.org)

P. O. Box 4880  
Atlanta, GA 30304  
Tel: 404-525-7125

the shareholder resolutions. An advertisement in the *Wall Street Journal* southeast regional edition headlined 'A Moment of Refreshment, An Eternity of Waste' urged shareholders to support the resolution.

Media campaigns and outreach by investment funds informed and educated shareholders, and secured meaningful support for the resolutions.

Investors holding 88.9 million shares of Coca-Cola stock, worth more than \$4 billion, supported the recycling

resolution. Nearly 10 percent of shareholders refused to go along with management, either voting 'yes' or abstaining.

PepsiCo Inc. investors holding 83.3 million shares, worth \$3.7 billion, voted for the recycling resolution.

Conrad MacKerron, Director of the Corporate Accountability Program at As You Sow Foundation, and Ken Scott of Walden Asset Management, sponsors of the resolutions, called upon Coke and Pepsi management to stop opposing bottle bills or come up with alternative means to achieve comparable results.

CRI provided technical support to shareholder funds developing the resolutions, and CRI Executive Director Pat Franklin addressed Coke and Pepsi annual shareholder meetings. She made two key points, that beverage container waste is growing at an alarming rate — increasing more than 50 percent since 1992 — and that financial incentives are essential to increase container recycling.

Shareholder resolutions are non-binding and typically gain support from a small percentage of total shareholders. Resolutions still often are a catalyst for meaningful changes in corporate practices.

The *Atlanta Journal Constitution* urged Coca-Cola to take up the recycling challenge contained in the shareholder resolution, noting that Home Depot and others have responded positively to pressure from investors.

If real commitments to boost beverage container recycling fail to materialize, Coke and Pepsi shareholders have vowed to bring the issue back next year.

# CRI EDITORIAL

## LESSONS FROM THE 'GREATEST GENERATION'

On September 11, as we were preparing to go to press with this newsletter, tragedy struck at the World Trade Center, the Pentagon and in the Pennsylvania countryside. Working close to the Pentagon in Arlington, Virginia, our offices were closed by building management a couple of hours after the attacks began.

In the days that followed, all of us have struggled with feelings of shock, disbelief, grief and sympathy for our fellow citizens. All at once, the most compelling concerns of daily life and work somehow seemed smaller, less important.

President Bush called for a National Day of Prayer. Like so many others, we paused from our daily routines.

This week the nation begins to pick up the pieces and get back to work. As the president and world leaders discuss how to respond, few can predict how all our lives will change in coming months and years. We all want to help!

Reflecting on the history of recycling, Tom Brokaw's book on "The Greatest Generation" came to mind. During World War II, millions of Americans saved and recycled all kinds of materials.

Even today, many of our most ardent supporters speak of habits of thrift and recycling dating back to childhood experiences in the Great Depression and World War II.

Sometimes it seems we are fighting a losing battle against the rising tide of bottle and can waste. Then someone calls or writes to remind us that recycling is about American values and looking out for future generations.

In Hawaii, during the early months of 2001, elementary school students supporting the bottle bill spoke about our shared responsibility to recycle and conserve. It sounded much like the words a grandparent or great grandparent might have spoken. These children remind us that the child is often father to the man.

So while it's hard to know what to expect in coming months, CRI pauses to remember those lost in the tragic attack on America. And we remember parents and grandparents who taught us so many important life lessons.

We are working again, undeterred by the terrorists. We are all grateful for the words of sympathy and support from friends around the world.

Ultimately, the work we do as recycling advocates is about values and about the future. We pledge our efforts to seek ways to promote the common good, as individuals and as a public interest organization.

### National News Brief

#### NSDA, allies plot strategy against Senator Jeffords' National Bottle Bill

WASHINGTON, DC – The National Soft Drink Association (NSDA) held a meeting with industry allies opposed to national bottle bill legislation in August 2001, according to documents obtained by the Container Recycling Institute. Industry concern centers on the possibility that Senator James Jeffords (I – VT), chairman of the Senate Environment and Public Works Committee (EPW), will introduce a new version of his national bottle bill.

In a related development Senate EPW staff invited representatives from Pepsi, Coca-Cola, NSDA and CRI to brief them on the state of beverage container recycling and the effectiveness of deposits in increasing recycling and reducing waste. Industry opponents charged that bottle bills are inefficient and costly. CRI's Pat Franklin made the point that deposit states have recycling rates 2 to 3 times higher than non-deposit states.

While Sen. Jeffords is a long-time advocate of a national bottle bill, his new position in the senate affords a greater opportunity to address the issue by holding hearings and setting the committee agenda. Jeffords is expected to introduce a national bottle bill either late this year or early next year.

Details of the measure are not available at this time. However, previous bottle bill proposals introduced by Sen. Jeffords required states to reach a 75 percent beverage container recycling rate or require a 10-deposit.

Senator Jeffords told CRI, "A national deposit system would create a partnership between consumers, industry, and local governments. Promoting refund values on used beverage containers would provide an incentive for consumers to take a role in cleaning up littered highways, saving energy and resources, and reducing waste."

In the U.S. House of Representatives, Rep. Lynn Rivers (D – MI) introduced a national bottle bill proposal, H.R. 1667, in May 2001. No action is expected in the immediate future.

**SPECIAL DOUBLE ISSUE!!**

## **HAWAII — 6th grade student makes case for bottle bill.**

“I think recycling is everybody’s responsibility. The person who buys the beverage should be responsible that the container doesn’t end up in the landfill, and the beverage industry should support the programs that provide incentives to the consumer to act responsibly.”

— Kimberly Mokuau, Kualapuu PRISM Project

## **BEAR pursues 80 percent recycling goal**



1911 Ft. Myer Drive - Suite 702  
Arlington, VA 22209-1603  
Tel: 703-276-9800 Fax: 703-276-9587

Address Service Requested

Non Profit Org  
U.S. Postage  
PAID  
Arlington  
VA  
Permit #5433

