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Immediate Adjustment of Processing Payments is Needed to Avoid Further Closures of Recycling Centers in California
Hundreds of Beverage Container Redemption Centers Close as a Result of Lower Commodity Prices

LOS ANGELES, Calif., Mar. 7, 2016—The Container Recycling Institute is calling on CalRecycle to work with the legislature to immediately adjust the payment amounts for beverage container redemption centers. The combination of reduced state payments and dramatic declines in commodity pricing has forced the closure of 191 rePlanet recycling centers, or 9% of the centers statewide, along with layoffs of 278 employees. Last year, another 200 redemption centers were closed throughout the state by various companies, including rePlanet.

The closures will deny consumers the opportunity to obtain their beverage container refunds locally, forcing them to travel further. This is contrary to the intent of the California Beverage Container Recycling and Litter Reduction program, which is designed to make it as easy for consumers to obtain refunds as it is to pay the deposit at grocery stores. The program is popular with consumers, who recycle more than 80% of beverage containers sold in the state.

Since reaching a peak in 2011, commodity prices have declined dramatically, reducing revenues for all types of recyclers nationwide. PET plastic scrap prices have steadily declined from a peak of $500 per ton in 2011 to roughly $200 today, a decline of 60%. Aluminum prices are 40% off their peak price of $1,900 per ton in 2011 to $1,135 per ton recently, while glass prices have fallen only slightly.

So-called “processing payments” are designed to reimburse the recycler when the cost of recycling is not covered by the commodity price of the material being recycled. Changes to processing payments have not kept pace with the rapid decline in scrap values. In fact, CalRecycle further reduced processing payments for PET plastic effective January 1, 2016.

“One would expect state payments to go up when scrap prices go down, but the state payments per ton have declined,” said Susan V. Collins, president of the Container Recycling Institute. “We are asking that CalRecycle ensure that their system works for all consumers, not just those close to the dwindling number of recycling centers.”

CalRecycle should work with the state legislature to immediately adjust the payment mechanism so that it provides refund opportunities for all consumers. The California program is essential for beverage container recycling in the United States, because 19% of all U.S. beverage container recycling occurs in California.
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