

## Beverage Container Recycling - Multi-Stakeholder Report Shows Ways to Cut Costs, Improve Performance

A new report on beverage container recycling suggests that we can double recovery of beverage containers – and save money at the same time. These are the unexpected findings of ***Understanding Beverage Container Recycling: A Value Chain Assessment***, a study carried out under the watchful eyes of both beverage industry and environmental representatives.

This ground-breaking study, released on January 16, 2002, is the first accomplishment of the Multi-Stakeholder Recovery Project (MSRP), a project of Businesses and Environmentalists Allied for Recycling (BEAR). BEAR works under Global Green USA to pursue a ‘fact-based approach to public policy making’ in order to break through the traditional impasse between supporters and opponents of so-called ‘bottle bills.’ BEAR formed in response to a consumer campaign organized by the GrassRoots Recycling Network (GRRN) to get the beverage industry to take responsibility for the escalating problem of beverage container waste.

Coca-Cola North America, Waste Management Inc. and other stakeholders sponsored and participated in the study, which was written by a team of leading consultants: RW Beck, Franklin Associates, Tellus and Sound Resource Management Group. GRRN has been a full, active participant in the Multi-Stakeholder Recovery Project, both through the MSRP Task Force and on the BEAR Executive Committee.

After nearly a year of work, GRRN is pleased that this group of key business and environmental stakeholders is still committed to reaching a common understanding of the problems caused by beverage container wasting as well as opportunities for innovative solutions. The participants are committed to identifying economically and socially viable strategies for moving towards GRRN’s ultimate vision of zero waste and a sound economy.

Phase I of the MSRP has culminated in the publishing of the report, which documents the state of

beverage container recycling in the United States in 1999 and provides an assessment of the key strategies available to reach BEAR’s 80 percent container recovery goal.

The report points to a *modified deposit/return system* as a cost-effective means of achieving or exceeding 80 percent beverage container recovery. Such a system (which is unlike traditional deposit/return systems in that it does not require sorting by brand name or return exclusively to retail) would achieve container recovery rates four times higher than curbside collection. Further, it could operate at no expense to taxpayers, being financed instead by a combination of revenues from the sale of container materials and un-refunded deposits that have been forfeited by consumers who choose not to recycle.

While such a deposit/return system does not achieve zero waste of beverage containers in the short term, it creates a universal infrastructure for the return of containers and encourages beverage producers to move to more sustainable beverage container design and management systems, such as the use of refillable bottles and recyclable materials.

As Stage I of the MSRP concludes, attention will now turn to Stage II which will focus on finding strategies for achieving BEAR’s 80 percent recovery goal. Although the report makes no recommendations about future strategies, GRRN believes the report provides clear evidence that a *financial incentive system* is necessary to reach that goal and that the modified deposit/return system is the most effective strategy for achieving it.



# GRASSROOTS RECYCLING NETWORK

GRRN believes two key issues should be made a priority as BEAR begins to develop a framework for Stage II:

- **Producer responsibility.** As the party in the value chain with the greatest control over package design and product marketing, the brand-owner (party whose brand appears on the beverage container) should be ultimately responsible for meeting the 80% recovery goal.
- **Incentives for refillables.** The report did not analyze the value chain of a well-developed refillable bottle system. Refillables are an important zero waste strategy because they are far more energy and resource efficient than traditional one-way containers and they stimulate local economic growth and enable local manufacturers to more effectively compete for beverage market share.

GRRN believes that a modified redemption system should have the following core features:

- **80% recovery goal.** The program should establish a mandatory goal of 80% material recovery, consistent with BEAR core principles:
  - The recovery goal should cover all types of beverages (all carbonated and non-carbonated beverages such as soft drinks, beer, wine, liquor, juices, waters, and milk) and all types of beverage containers (all metal, glass, plastic, aseptic and composite containers), as well as associated packaging
  - The recovery goal should be based upon container units sold, excluding exported new containers and imported scrap containers.
  - The recovery goal should focus on material recovery (reuse and recycling) and should not include burning (waste-to-energy, pyrolysis, etc.) or other treatments to produce fuel.
  - The recovery goal should be achieved on an aggregate basis over a 2-year period from program implementation, but should ultimately apply as a minimum for each material type.
  - The recovery goal should increase over time to ensure that the recovery rate continually improves.
- **Consumer redemption incentive.** The program should establish a redemption incentive (deposit refund or other financial mechanism) paid to consumers when the container is recycled to encourage recycling.
- **Beverage container returns.** Returns of beverage containers should be allowed through a variety of options, ensuring consumer convenience while minimizing costs.
- **Internalization of costs.** The cost of beverage container recovery should be internalized, with producers and consumers paying the full cost of recovering their containers, and no part of the cost being borne by the public.

- **Refillables incentive.** A redemption system should include incentives for the use of refillable bottles, such as economic incentives and market share set-asides. A return to the refillable packaging systems developed by the beverage industry in the early 20<sup>th</sup> Century and later dismantled in response to subsidies that made mass-production and long-distance distribution more economical will create opportunities for local business and reduce environmental costs that are now being borne by the public.
- **Closed-loop recycling.** A deposit system should encourage bottle-into-bottle recycling in order to reduce environmentally damaging emissions from virgin material extraction and production and minimize market disruptions during periods of rapid increase in container recovery.
- **Centralized fund.** Since the program would involve all beverage brands, it may be more cost-efficient to be managed through a centralized fund similar to the industry-managed fund in British Columbia or the state-managed fund in California, so brand sorting is not necessary.
- **Responsibility for compliance.** As the party in the value chain with control over packaging design and product marketing, the brand-owner should be ultimately responsible for meeting the 80% recovery goal and ensuring that the members of the supply chain and consumers share responsibility for the cost of recycling. Government would impose corrective measures should the system fail to perform.
- **System design flexibility.** The overall program design would depend upon whether it was managed by government or beverage producers (see key issues discussion below); however, producers should be given flexibility to design the system in a manner which minimizes costs. Producers may choose to operate their own programs or to contract with other private or public entities on their behalf, so long as the full costs of recovering the resources and managing products at the end of life are internalized into the costs of producing and selling products and are not borne by taxpayers.
- **Market development.** Producers should be encouraged to actively participate in development of value-added markets for recovered containers.

The **GrassRoots Recycling Network** is a North American network of waste reduction activists and professionals promoting producer responsibility and Zero Waste as critical elements of a sustainable economy. GRRN was founded in 1995 by members of the Sierra Club, California Resource Recovery Association, and Institute for Local Self-Reliance.