

Achieving America's Recycling Future

Consumer Brands Association
Position on the Optimal Recycling System

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Introduction

The consumer packaged goods (CPG) industry has made sustainability, particularly packaging sustainability, a top priority. With unprecedented commitments to improving the design of packaging — from source reduction, to fully recyclable or compostable design, to using recycled content — the CPG industry is packaging with the planet in mind to reduce our footprint.

Packaging plays a vital role in protecting the safety and quality of our products. Recyclable packaging can still play that vital role and be used repeatedly if there is a system capable of economically collecting and processing those materials. Today, that system is at a breaking point and recyclable packaging ends up where it shouldn't — in landfills, where valuable materials are no longer available for reuse or are polluting the environment. This inflection point presents a tremendous opportunity to rethink the U.S. recycling and recovery system for the 21st century.

The following perspective represents the Consumer Brands Association's recommended approach to achieving America's recycling future and creating the system the U.S. needs.

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Guiding Principles

The current recycling rates for some packaging materials are far too low. Many parts of the U.S. recycling system have not been updated in a decade and, as a result, the system is not working as it should, with valuable materials going to landfills.

1. Innovative, transformative interventions are needed to improve the performance of the system and create critical change.

2. Fixing and strengthening the recycling system is a shared responsibility. A circular economy requires all stakeholders at the table to drive change.

3. Real solutions must be scalable, market-based, measurable and impactful.



Stakeholders

Everyone has a role to play. From packaging suppliers to CPG companies, waste and recycling industry to government, NGOs to consumers, each part of the recycling ecosystem must be willing to innovate, cooperate and change.

At the beginning of the supply chain, packaging suppliers and CPG companies consider the environmental impact when designing new packaging or using new materials. They send a clear demand signal for recycled content to use in new packaging.

Consumer participation is a critical link in the chain. From participating in recycling programs to properly separating recyclable packaging from waste, reuse requires consumer involvement.

The waste and recycling industry can take a leadership role in updating equipment regularly, developing new technologies to economically recover packaging, thus diverting valuable materials from landfills and back into the supply chain.

Finally, governments can invest or incent market-based investments in infrastructure, thinking beyond municipal borders toward harmonized, scalable systems rooted in best practices. NGOs can enhance these improvements by providing innovative thinking, planning and implementation assistance, including multilateral funding solutions. Both government's and NGO sector's cooperation with private industry can also aid in effective consumer education, ensuring infrastructure investments pay off.

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How We Get There

The CPG industry supports a national solution that has sufficient scale to protect the environment and address underlying problems in the recycling and recovery system.

Real and lasting improvements to the domestic recycling and recovery system requires three elements.



All of these elements must work together and standardization is especially critical. Without clear and consistent standards, the United States will continue to have a patchwork of recycling systems, causing not just consumer confusion but also preventing economies of scale and market efficiency.



PART 1

Establish a standardized foundation

Challenge: There are nearly 10,000 municipal-run recycling programs, all with unique rules. This patchwork prevents scale and directly contributes to vast consumer confusion, causing low participation rates and high levels of contamination because consumers either do not understand what to recycle or are discouraged from recycling at all.

Currently, CPG companies are committed to making their packaging more recyclable. In fact, 80 percent of the 25 largest CPG companies have made commitments to fully recyclable or compostable packaging by 2030 at the latest. But with nearly 10,000 different systems, it begs the question, "Recyclable, where?"

Opportunity: Create a market-based system with simple and transparent rules, that allows industry to design clearly recyclable packaging, with better labeling to educate consumers, reducing confusion and raising participation rates.

Establishing national or regional standards that are uniform and scalable will provide clarity to consumers, manufacturers and waste management that could facilitate the highest possible rates of recycling. Greater cooperation and consistency among programs would provide guidance and clarity for stakeholders that does not currently exist.

Standardization is important for consumers and for creating efficient, scalable systems. Recyclable packaging should be recycled regardless of geographic location or whether it is in a single-family home, an apartment or office building. What is recyclable in one place should be recyclable in another.

The Consumer Brands Association is calling for national standards of recyclability and the design of recycling systems. Understanding the challenges of national adoption, state or regional standardization pilots could serve as proof-of-concept opportunities.

PART 1

Establish a standardized foundation

Potential Path: One way to achieve standardized recycling is to create national minimum standards for Materials Recovery Facilities (MRFs). If all MRFs in the United States (or in a region or state pilot) accepted, at minimum, the same types and forms of packaging for recycling, that would achieve harmonization.

Additionally, transparency and data are critical to a highly functioning and efficient recycling system. Therefore, reporting requirements should be established at the federal or, at minimum, state level by haulers and MRFs regarding collection, recycling and landfill data. This data should include recycling and landfill rates and the composition of those loads to state government or the Environmental Protection Agency (EPA) via harmonized reporting.

Standardization is the most critical step in the process. Without it, financing and end-market development won't result in real and lasting change.



PART 2

Finance a lasting recycling system

Challenge: There is a cost to creating a recycling system built for 21st century needs, but there is a vastly more substantial cost to doing nothing.

It will undoubtedly be a long, expensive process, but the current approach neither provides long-term, sustainable funding at scale nor does it revolutionize the U.S. recycling system. The CPG industry is open to a variety of dedicated funding options, provided the funding goes exclusively to a clearly defined, long-term solution that includes standardization.

Opportunity: Standardization opens up financing opportunities that make the recycling system the United States needs for the long-term a real possibility.



PART 2

Finance a lasting recycling system

Potential Path: Financing mechanisms must reinforce or drive desired behaviors of all stakeholders, the CPG industry included.

It is critical that all generated funds be dedicated exclusively to improving the recycling system, enhancing recycling infrastructure or educating consumers.

Policies that have been successful and possible new concepts that the CPG industry could support, in conjunction with a standardized recycling system, include the following options.

RECOMMENDED FIRST STEP:

RECOMMIT EXISTING REVENUE

Several states already receive revenue from packaging and waste, like unclaimed bottle deposits and waste taxes, but divert those dollars to purposes outside of financing a lasting recycling system. Before any new fees or taxes are considered, states should first ensure that existing revenue is directed to the recycling system.

POLICY CONSIDERATIONS:



CHECK-OFF PROGRAM

Similar to USDA check-off programs, relevant private industries would voluntarily contribute a set amount of funds annually for consumer education.



WASTE GENERATOR FEE (BROAD-BASED)

All entities (companies, consumers, businesses, etc.) pay a set fee based on how much waste they send to landfill. The funds are used to pay for waste and recycling services.



VIRGIN RESIN FEE

Virgin resin, which is used to make plastic, is currently less expensive than recycled resin. A fee for virgin resin would put it on price parity with recycled resin, making it more cost effective for use in packaging.



PER ITEM FEE

A set fee per item sold, possibly focused on items that include non-recyclable or hard-to-recycle packaging, incurred either before or at retail point of sale.



PAY AS YOU THROW (RESIDENTIAL FOCUS)

Residents pay a set fee for waste disposal (typically per bag of trash) and the funds are used to pay for waste and recycling services.



LANDFILL TIPPING FEE

An additional fee is levied on waste disposal in landfill in order to strategically raise the price of landfilling to create price parity with recycling. This model only works in places where landfilling material is notably less expensive than recycling.

PART 3

Strengthen end markets to meet demand

Challenge: Recyclable material that is not recycled contributes to a significant shortage of some post-consumer recycled materials.

As it stands, there is only enough to meet six percent of existing demand, which creates complications for the CPG industry, as companies make and work to meet significant commitments to using more recycled content in packaging. Sufficient levels of recovery are necessary to meet this surge in demand.

Opportunity: Strengthen domestic end markets that support a reliable, cost-effective supply of recycled material for CPG companies.

China's National Sword policy negatively influenced the economics of recycling, but there is significant opportunity if we achieve standardization to change those economics yet again — this time for the better.



PART 3

Strengthen end-markets to meet demand

Potential Path: New policies are needed that support both the development and maintenance of strong end markets. The federal and state governments have the largest role to play in creating and incenting recycling infrastructure and end-market development.

Any efforts to develop supply chains or end-markets for recycled material must expand beyond state borders. Restricting efforts to limit the use of recycled content or the processing of recycling within a state's geographic borders is counterproductive to maximizing end-markets and packaging technologies that would benefit from additional waste content streams, which could be out-of-state sources.

Some ways stakeholders can spur end-market development:

- Support increased post-consumer recycled content minimums in packaging, where viable.
- Conduct robust audits of existing infrastructure and improvement needs.
- Facilitate chemical recycling to improve the quality and quantity of available PCR materials.
- Create mandatory recycling or disposal bans on recyclable packaging.

The CPG industry is committed to a more sustainable future and will work alongside fellow stakeholders to achieve it. The process outlined above is what the CPG industry believes will lead us to success and it welcomes full and robust engagement to arrive at the best solution for consumers and our planet.



The Consumer Brands Association champions the industry whose products Americans depend on every day. From household and personal care to food and beverage products, the consumer packaged goods industry plays a vital role in powering the economy, contributing \$2 trillion to U.S. GDP and supporting more than 20 million American jobs.

For more information, visit consumerbrandsassociation.org