

STATEMENT OF
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BEFORE THE HOUSE COMMITTEE ON ENERGY AND COMMERCE
SUBCOMMITTEE ON ENVIRONMENT AND CLIMATE CHANGE

“REDUCE, REUSE, RECYCLE, REFORM: ADDRESSING AMERICA’S
PLASTIC WASTE CRISIS”

MARCH 4, 2020

Good morning Chairman Tonko and Ranking Member Shimkus.

My name is Billy Johnson, and I am the Chief Lobbyist for the Institute of Scrap Recycling Industries, Inc. (ISRI). It is an honor to be before you today to discuss the important role of recycling in our society. Recycling protects the environment, conserves natural resources, saves energy, and creates jobs and a stronger economy.

Before I begin, I would like to thank Congressman Shimkus for his leadership co-chairing the House Recycling Caucus alongside Frank Pallone. We cannot thank both of these gentlemen enough for all their contributions towards improving recycling.

Background

ISRI is the Voice of the Recycling Industry®, with 1,300 member companies operating at more than 4,000 locations in the United States and across the globe. Our members are present throughout the recycling chain, and include those companies processing, brokering, and consuming metals, paper, plastics, glass, textiles, rubber, and electronics, whether sourced from commercial, residential, or industrial operations. Our membership also includes those companies that manufacture and distribute the optical and infrared scanners, balers, shredders, conveyors and other highly advanced and technical equipment that are used in all parts of the recycling chain.

Recycling is the series of activities during which obsolete, previously used, off-specification, surplus or incidentally produced materials are processed into specification-grade commodities and consumed as raw-material feedstock, in lieu of virgin materials, in the manufacturing of new products. The series of activities that make up recycling may include collection, processing, and/or brokering, and shall result in subsequent consumption by a materials manufacturer.

Recycling in the United States is an important economic engine and job creator. The recycling industry directly employs more than 164,000 Americans in jobs averaging \$73,000 in wages and benefits annually, while generating \$110 billion in economic activity and \$13 billion in federal, state and local tax revenue.

Worldwide, more than 800 million metric tons of recyclable materials are consumed each year by manufacturers. And just like coffee, crude oil, soy beans, and other commodities, the movement of recyclables is driven by the demand needs of consumers in the U.S. and around the globe with the U.S. playing a major role in this global market, selling \$20 billion worth of scrap to manufacturers in more than 150 different countries.

These numbers tell the story of a strong U.S. recycling industry, but not one without challenges in key segments. To understand those challenges, it is important to first understand what makes for successful recycling. Please let me explain elements that are necessary for recycling to be successful – market demand and minimal contamination.

First – Successful recycling requires market demand. If there is no end market to utilize the recyclable materials that are collected, they will not be recycled and used again in manufacturing, regardless of the volume of material collected. And collection without market consumption is not recycling.

Whether called “scrap”, “recyclable materials” or “secondary materials,” these valuable commodities are sold and sought after in the global marketplace by industrial consumers – including steel mills, metal refiners, foundries, paper mills, plastic formulators, and others – for

the manufacture of new consumer and industrial products. The Bureau of International Recycling (BIR) estimates that more than 40% of manufacturers' raw material needs around the world are met through the recycling of obsolete, off-spec, and end-of-life products and materials.

Second – Successful recycling requires minimal contamination as recyclables are products sold by specification grade, with their corresponding value and marketability directly related to quality. Industry specifications developed by ISRI are derived from many sectors of the recycling industry including materials recovery facilities, metals, paper stock, plastics, glass, and electronics industries and are constructed to represent the quality or composition of the materials bought and sold in the industry. These specifications are internationally accepted and are used throughout the world to trade the various commodities.

Challenges and Opportunities for Residential Recycling

Recycling in the U.S. involves far more than what is placed in the blue bin, or cart, at the end of the driveway. The recycling infrastructure in the U.S. touches almost every part of our economy – from retail stores, office complexes, residential neighborhoods, and schools to factories, construction and demolition sites, and even military bases. And the vast majority of the recyclable material that flows through the infrastructure does so without any problems, and is transformed by recyclers into clean, high quality, commodity grade product used throughout the world as a substitute for virgin materials.

Specifically, what makes the residential stream so different is that while it is subject to the same demand-driven end-market, it is saddled with an ever changing and heterogeneous mix of materials on the supply side and that material flows into the stream whether there is a market for it or not. The residential recycling plastics stream includes containers from food, beverages, and household products. These recycled plastics provide enormous environmental benefits compared with their virgin counterparts. For example, composite lumber made from recycled plastic bags conserves trees and reduces the need for hazardous wood-treatment chemicals. Using recycled plastics in manufacturing also saves up to 88% of the energy needed to produce plastics from virgin materials. This sets the residential recycling infrastructure apart from commercial and industrial recycling in the U.S., and that is why it demands a unique approach.

It is critical that all stakeholders work together to develop a common understanding of the weaknesses affecting the residential stream, and then work together to develop the menu of solutions that need to be put in place since many challenges stem from products that were not designed for recycling such as those made from multiple polymers or incompatible manufacturing methods. However, these challenges are not insurmountable and plastic recyclers are providing leadership to overcome them through new technologies to cost-effectively sort and recycle plastics including chemical recycling technologies that break down plastics to their molecular-level building blocks such as monomers, polymers, and hydrocarbons.

Because of the visibility of the challenges being experienced in the residential recycling infrastructure, we are seeing a growing loss of confidence in recycling on the part of the general public, which is of great concern to all of us in the recycling industry – not just for our operations here but for our participation in the global marketplace. While the recycling industry generally has a positive image, the negative impressions from misinformed news stories are unfortunately gaining traction leading some to question the necessity for recycling or offering solutions that often result in reductions in overall recycling especially at the residential level.

First – Recycling Does Work, although it is not without challenges. Our country's recycling infrastructure processes more than 138 million tons of recyclables annually. However, residential recycling represents only 30 percent of the material that works its way through that infrastructure. The other 70% comes from the recycling of commercial and industrial materials that tends to be cleaner, and therefore can be processed to higher grades with greater marketability.

Second – There is no one, singular, solution to the challenges we are experiencing in the residential recycling infrastructure. The residential recycling chain and associated infrastructure in the U.S. is a complex system which is driven by market demand but saddled with a supply chain that is generally not linked to current market conditions – the material flows into the stream whether there is a market for it or not. This sets the residential recycling

infrastructure apart from commercial and industrial recycling in the U.S., and that is why it demands a unique approach.

Pressure Points in the Recycling Stream

At ISRI, we believe that all stakeholders must come together to develop a common understanding of the weaknesses affecting the residential stream, and then work together to develop the menu of solutions that need to be put in place. ISRI sees four major pressure points in the current residential recycling infrastructure:

The first pressure point is right before before the material enters the residential recycling stream, when the decision is made whether to put an item in the bin and in what condition to do so, and where education efforts can play an important role.

The second pressure point is between the municipality and the materials recovery facility or “MRF,” where there is a need for contracting policies and procedures that provide flexibility for market fluctuations so as to minimize material flow disruptions.

The third pressure point is processing, where – despite investments that are already being made – there is a need for additional upgrading of equipment and facilities, and for workforce development initiatives.

The fourth pressure point is at the point following processing, when the recyclables enter the end-market. We need market development efforts that will create new and expanded uses for the specific materials that are found in the residential stream, which will lead to a more stable and balanced market.

Policy Solutions

Therefore, please let me offer several practical solutions and effective policies that will help improve recycling in the United States.

Design for Recycling - More than 30 years ago, ISRI started the Design for Recycling® initiative to encourage manufacturers to consider the ultimate destiny of their products during the design-stage of a product's development. This concept continues to be highly relevant today, as stakeholders throughout the recycling supply chain in the U.S. and around the globe are working hard to better manage material flow amidst ever changing supply and demand for recycled commodities.

Why is Design for Recycling ® important? Because products that are designed with recyclability in mind:

- Are easily recycled through current or newly designed recycling processes and procedures;
- Are cost effective to recycle;
- Are free of toxics and other materials that could impede the recycling process;
- Maximize the use of recycled materials during manufacture and in the product itself; and
- Help move us towards a true circular economy.

Education Funding for Recycling - Consumer packaging is becoming increasingly complex as brand owners are under pressure to develop innovative designs that fulfill their sustainability goals. As these new packaging designs are released to the public, there is a need to ensure the materials can be collected, sorted and recycled properly.

ISRI supports addressing the education vacuum as a multi-prong and multi-stakeholder responsibility. There are numerous public-private partnerships that have successfully raised the bar for consumer awareness and these should be encouraged and expanded by exploring new and effective means for connecting to consumers who are the primary source of the residential recycling stream. Accordingly, we support the bi-partisan "RECYCLE" Act recently introduced in the House of Representatives.

Encouraging Recycling Activities - ISRI supports policies that will encourage the collection, processing and end-market development for recyclable materials. As long as there is a parity for public and private recyclers, ISRI supports recovery and recycling through policies such as:

- Business financial assistance programs;
- Recycling-specific technical and financial assistance; and
- Grants, loans, and tax incentives for new innovation.

Strengthening Domestic Recycling and Market Development - ISRI fully supports initiatives and incentives designed to strengthen domestic residential recycling and markets utilizing policies such as:

- Affirmative Government Procurement policies demanding increased recycled content;
- Commitments to use recycled materials in state and local transportation and infrastructure projects;
- Tax credits, tax exemptions, loans, grants, and bonds for investment in recycling facilities;
- Dedicated recycling business development assistance;
- Minimum recycled content mandates tied to increased public education, collection and supply; and
- Encouraging policies that incentivizes manufacturers to design their products for recycling, and to use greater amounts of recycled content in manufacturing.

Extended Producer Responsibility

One policy concept being discussed is extended producer responsibility. While ISRI acknowledges that the concept of extended producer responsibility is being considered at the federal and state governmental levels we do not support those product stewardship policies that disrupt the current recycling infrastructure that either target, include, or disrupt the recycling of materials or products that are being successfully recycled and consumed in existing markets.

We recognize there are certain materials and consumer products entering the residential recycling stream for which commodity markets do not currently exist, or the markets may be regional in nature and not be economically viable at the point of collection. There are also some packaging materials for which no technological process has been developed to process them. Furthermore, there are a number of recycling programs driven by government mandates or sustainability goals that are not supported solely by market values, and certain materials that

were previously economical to recycle may no longer have viable end markets due to major changes in global commodity markets. These conditions create items that are difficult to recycle.

Instead, to address facilitation of proper recycling of difficult to recycle items, as a last resort, ISRI supports consideration of policies that are temporary in nature to support markets for recycling of those items until the markets mature, and require consumers and manufacturers to:

- Provide a collection mechanism for difficult to recycle items which could be accomplished through manufacture facilitated collection systems developed in cooperation with retailers or other entities, and/or;
- Compensate municipalities/recyclers for costs associated with separate collection, transportation, and processing systems for difficult to recycle items.

Thank you for this opportunity to speak to you today. It is imperative that as policymakers, industry and environmental representatives, and citizens, we work to rediscover the important aspects of recycling that help us protect the environment, conserve natural resources for future generations, save energy and put Americans to work in good paying jobs. ISRI and our member companies look forward to working with all stakeholders to find effective solutions to foster policies that encourage and improve the effectiveness of recycling.

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