



## IN MY OPINION: EPR'S PROMISE DELIVERS — NOW IT'S TIME FOR AN UPGRADE

In a rebuttal to the December *E-Scrap News* article “EPR’s Broken Promises” this feature explains the benefits of producer responsibility and where some criticisms of the model fall short.

By Scott Cassel

“**E**PR’s Broken Promises,” (Doug Smith, *E-Scrap News*, December 2011) gives the impression that the author perceives extended producer responsibility (EPR) laws as a “broken model,” and that existing U.S. EPR laws for electronics should be dismantled. What is obscured by the article’s title is that the author actually advocates for moving toward a purer form of EPR – individual producer responsibility – to send a strong financial signal to producers and reward them for making products that have lower environmental impacts.

Although EPR laws in the U.S. could, and should, be improved, most are a huge improvement over having no law at all. It is critical that those in the field assess what is working, what is not working, what needs to be changed, and how these laws can be harmonized to reduce cost. To start down that path, I would like to clarify several issues addressed in the article.

local funding is available thus avoiding an unfunded mandate at the municipalities.” While EPR does save millions of dollars for municipalities, this statement ignores the myriad other benefits derived from EPR laws. Clearly these laws were not passed with the sole purpose of appeasing local recycling coordinators with strained budgets. EPR laws were also designed to create or expand collection and recycling infrastructure and to increase the recycling rate of electronics. This has been done quite effectively.

States with strong EPR laws have seen their collection and recycling infrastructure expand rapidly. In Wisconsin, for example, the number of electronics collection sites increased by 68 percent in the second year, providing residents with access to 489 collection sites statewide after just a year and eight months of the program. This increase in convenient collection locations has led to a significant increase in the recycling rate. The amount of electronics recycled in Wisconsin increased from 3.7 pounds per person during the first program year to 6.2 pounds per person in the second year. On average, states without laws collect far fewer electronics than states such as Minnesota, Washington and Maine, where collection rates can be up to five times higher. Strong EPR laws create new collec-

### The real results from EPR programs

The article claims that “The only positive results from EPR are that

tion and recycling infrastructure because public resources are not required. If we had to wait for electronics recycling to be adopted city by city and county by county, residents would not have access to such convenient and consistent recycling options. More importantly, there is no way we would have seen recycling rates climb so quickly to 5 or 6 pounds per capita in just a few years.

There's also the matter of jobs. With the increase in recycling rates has also come an increase in the number of collection and recycling jobs. While not all of these jobs have been located in the state that passed the law, many of them have and, more importantly, the entire economy has benefited from the growth of the domestic recycling industry, which is now a \$5.2 billion industry. This recycling industry supports 30,000 jobs in the private for-profit sector and is expected to grow 11 percent through 2016. Electronics reuse and recycling can create up to 20 jobs per 1,000 tons processed and remanufactured, and states that pass strong EPR laws undoubtedly benefit from that growth. In Oregon and Washington, for example, electronics take-back programs support 360 collection and processing jobs (12.6 jobs per 1,000 tons collected). Compare that to states without EPR laws and where more waste is disposed. For every thousand tons of waste disposed, only 0.1 jobs are created.

## Collection and recycling are a cost of doing business

Another inaccuracy in the article is that the author calls EPR "a hidden tax." EPR programs do not tax individuals, nor do they tax companies for doing business in the state. Rather they require companies to internalize the cost of managing their goods at end-of-life rather than externalizing that cost onto taxpayers through government-funded programs.

Companies have flexibility in how they pass these costs onto their customers. Furthermore, the argument that EPR laws create a "regressive ripple effect of cost internalization," wherein "consumers in Mississippi are subsidizing the program in New York, except Mississippi derives zero benefit from paying the hidden New York tax" makes no sense in a globalized economy.

Countries, states, and local governments continually implement regulations that may impact a product's price, and those costs are spread across the corpora-

tion. Using the author's logic, you could say that American customers are subsidizing European customers because companies operating in Europe must comply with stricter European environmental laws, or that Indian customers subsidize companies that comply with U.S. minimum wage laws (which drive up product costs), but derive no benefit from those laws.

Alternatively, if these end-of-life management costs were not internalized, there would be a much more pernicious "ripple effect." In states without electronics EPR laws, all taxpayers pick up the tab for man-

aging used electronics.

In the town in which we both live in Massachusetts, electronics recycling appears to be "free" for residents, though the town picks up the entire cost of collection and recycling. In that case, all taxpayers, regardless of whether they purchase a new TV every 10 years or 10 months, pay an equal share to manage those goods. That's not fair. Policy makers from across the political spectrum have decided this is not how business should be conducted. Businesses are now expected to assume responsibility for the full costs of their products. The govern-

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ment is no longer going to pick up the tab for cleanup.

## The disconnect between manufacturers and recyclers

The author also decries the fact that “no nexus exists between an individual company’s products and recycling,” and companies that never made printers are recycling them in order to reach their targets. However, in many states a company would be free to set up the infrastructure to collect its own scrap products if it could collect enough products from customers to meet its collection goals.

The fundamental argument the author is making is not against EPR per se, but rather against systems that currently do not allow manufacturers enough flexibility to run their own programs and collect their own material.

As noted by the author, in states where producers can develop their own programs, the costs have been much lower on a per pound basis. Again, this is not a downside of EPR, but rather evidence that true

producer responsibility systems actually do deliver economy-wide benefits, as the private sector can provide collection and recycling services more cost effectively than the public sector.

Clearly, electronics EPR laws should allow manufacturers to collect their own material and thus create a stronger link between the design and recycling of electronics. In order to truly reward companies that have reduced end-of-life management costs by designing greener products we would need to transition to a system which allows much greater flexibility for manufacturers to manage their own material.

## Moving forward

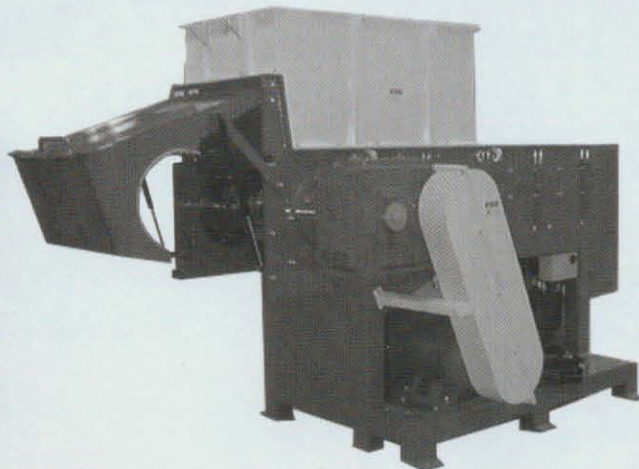
By the end of the article, the author was onto something. He was asking us all to consider the programs in Canada and Europe, which resulted in “rational laws” and “protected the current economic markets and developed fair market financing.” The author is rightly concerned about how government policies can best accomplish laudable goals, including product design changes by individual producers managing their own products.

There is a real need to honestly assess the 25 U.S. EPR electronics laws. Which work, and which don’t and why? What can we learn from laws in other countries? How have these laws performed relative to lowering costs, saving governments money, increasing recycling, creating jobs and creating a level playing field? What are the policy best practices and should these be woven into a new federal law that covers all states?

Emotions can often run high with EPR. After all, the movement has created a paradigm shift of tectonic proportions that has changed the dynamic of how waste in the U.S. and other countries is managed. For electronics EPR in the U.S., it is time to step back and assess the situation in a balanced manner – with all the stakeholders at the table. **ESN**

Scott Cassel is the CEO and founder of the Product Stewardship Institute. Previously, he served as the director of waste policy and planning for the Massachusetts Executive Office of Environmental Affairs and has worked on solid waste and recycling issues for the past 30 years.

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