

Session 5 - Role of Market Development in Packaging Producer Responsibility

June 2023

5 KEY TAKEAWAYS

Recycling market development (RMD) helps create and maintain demand for recyclables by developing markets for materials and stimulating demand for products made with recycled material. Healthy recycling markets divert materials from the waste stream and into production of new products. Businesses that use recyclable material to make a product are often called “end markets.” Without these end markets, we can’t have recycling. RMD efforts also support those businesses that process the materials we recycle so they are ready to be used by end markets.

To advance this dialogue within the context of packaging producer responsibility, **AMERIPEN** spoke to three professionals deeply involved in recycling market development in the US:

- Betsy Dorn, *Circular Matters*, a consultancy focused on market development and extended producer responsibility.
- Matt Flechter, *Michigan Department of Environment, Great Lakes, and Energy (EGLE)* leads a state funded recycling development center.
- Jason Pelz from *Tetra Pak* and *The Carton Council* helps coordinate industry manufacturers to increase carton recycling by educating, investing and encouraging research and development.

1 **Packaging producer responsibility is another model for recycling market development.**

At least seven states across the U.S. currently have dedicated recycling market development centers, and more are coming online. These centers are typically funded by the state to increase jobs and decrease landfill through supporting recycling market development. They may provide tax incentives, regulatory support, research and development and recruitment assistance. Additional efforts in recycling market development can come from industry collaboratives where producers and users of specific materials and/or packaging formats help coordinate and fund the collection, recycling and innovation needed to increase recovery of their product. Together, these initiatives can and should support packaging producer responsibility as it becomes enacted in the U.S., but to date there has been very limited legislation or discussion around how best to achieve that collaboration.



2 **Producers and producer responsibility organizations (PROs) can play a major role in advancing recycling market development in the U.S.**

We're going to need more markets, including for new materials, because more materials will be collected and recovered. Packaging producer responsibility can establish a system of funding and action that can ultimately result in a more robust, resilient marketplace for recovered materials by:

- Assuring adequate acceptable market capacity for all materials collected.
- Improving marketability for covered packaging deemed not readily recyclable.
- Building and strengthening domestic markets.
- Overcoming barriers that increase cost and quality of supply of materials.

Producers of covered packaging materials, through their PROs, will set key priorities, including incentivizing producers to maximize the marketability of materials through eco-modulated fees, for example, and will undertake projects to improve markets with higher value feedstock and ensure the use of responsible end markets through legislated, regulated, and self-imposed levers.

Our speakers strongly encouraged producers and PROs to get engaged in recycling market development now to understand what might be expected of them to help drive recycling market development in different ways in different states.

3 **Informed collaboration is key!**

Advancing meaningful recycling market development for packaging materials through packaging producer responsibility is not going to happen without significant collaboration across multiple stakeholders within the direct packaging value chain – material suppliers, packaging manufacturers, producers and their PROs, haulers, material recovery facilities (MRFs) and recyclers, and processors. Add to that existing and future recycling market development centers, public-private partnerships and state and local economic development entities. Only through this will we be able to truly advance recycling market development and a more circular economy for more end markets for packaging materials.

Producers and their PROs should reach out to experts in the field now to help move past the theoretical and into the actual to understand where investments into recycling market infrastructure will make a difference. Speakers cautioned that the last thing the U.S. recycling system needs is to create something uninformed that is doomed to fail or that is unachievable.

4 **Federal coordination on recycling market development currently seems unlikely, but regional approaches may be a necessity.**

There was consensus among our speakers that we're not likely going to see meaningful coordination or harmonization efforts on recycling market development at the federal level from the U.S. Environmental Protection Agency (EPA), other agencies or Congress. It's even currently unclear if and how some of the great federal recycling grant programs we are seeing come to fruition might be able to assist with recycling market development.

But there was consensus among our speakers that consideration of regional approaches and state coordination should be considered – and may be necessary. Market development and end markets can't and don't operate within state lines as materials move domestically and internationally. Speakers noted there is a risk that advancement of packaging producer responsibility in some states may leave some neighboring states behind as material supply and demand issues put pressure on end markets. Regional cooperation could help mitigate some of these concerns and advance recycling market development even further.

5 **Packaging producer responsibility is unlikely to be the only path to increase recycling market development for packaging materials. Other mechanisms and stakeholders are also very important.**

Even with most currently enacted state packaging producer responsibility laws supporting recycling market development through "responsible end market" requirements, additional legislation, and funding, the speakers believe additional investment will be needed to fully address recycling market development needs for packaging materials. Additional mechanisms could include deposit return systems, disposal/landfill bans, voluntary and mandated recycled content use, etc.

Lastly, PROs should not overlook state and local economic development funding and recycling market development centers (where they exist) to drive recycling market development even further. Economic development entities are starting to explore the circular economy and could benefit from further engagement with stakeholders who are already deeply involved in these discussions.

Did You Know?

AMERIPEN has a State Recycling Market Development Taskforce that brings together state and regional recycling market development professionals from across the U.S. to collaborate and drive discussion and research on issues related to recycling market development. Output from the Taskforce has included:

- **U.S. Company Recycled Plastic Content Goals Analysis – Supply and Demand (2021)**
- **Best Practices for State Recycling Market Development Centers (2021)**
- **Economic Benefits from the Development and Operation of Recycling Market Centers (pending 2023)**