



Packaging Extended Producer Responsibility May 2025

INTRODUCTION

The recycling industry has faced numerous challenges resulting from numerous factors impacting quality and value of materials. These challenges have resulted in increased efforts to pass legislation at both the federal and state level advocating for extended producer responsibility (EPR) for packaging. While well intentioned, many of these bills fail to address the root of the problems and also overlook existing recycling programs and their achievements.

Packaging EPR has not been shown to drive a circular economy. A circular economy is better served with content commitments which would lead to consistent demand for recovered materials and more stable recovered materials prices.

DISCUSSION

Americans want accessible and effective recycling. They want sustainable products that support the circular economy. There are five major issues facing recycling right now:

- insufficient demand for some recyclables
- volatile prices for the combined recycling stream (blended value)
- consumer behavior challenges
- public concern over plastic in the environment
- inexpensive virgin resources, particularly plastic resin

The last thirty years of legislative history on recycling has been focused primarily on creating supply – without consideration of adequate end markets. The North American recycling system has been set up to continuously generate material even when demand falls and prices drop. Any legislation that proposes to address recycling issues needs to first focus on correcting this problem by incentivizing the demand for recyclables, rather than continuing to focus only on adding supply.

Demand is key!

Until 2018, China's growing economy provided demand for recyclables from across the globe, including a significant portion of America's recyclables. This material was not dumped on China; rather Chinese companies paid to acquire these materials as feedstock to produce the products and packages that they sold to the U.S. and other countries. Chinese government import bans mixed paper and mixed plastics and quality requirements for cardboard lead to a sharp and prolong decline selling prices for these commodities The Chinese market is no longer an option for recyclables.



Recyclables can continue to be collected and sorted – but every seller needs a buyer. Without stable end market demand, material will not be recycled. Recycling legislation focused on content commitments can create demand by requiring *packaging to have post-consumer recycled content*. This will spur demand for more material, increasing the value of recyclables, strengthen the domestic recycling market, and help offset the cost of recycling.

Low prices

Prior to China's actions in 2018, the commodity value from municipal recycling programs offset much of the cost of processing the material for sale; supported a reasonable return on the capital invested in recycling processing and in some cases, municipalities saw a net benefit from the sale of recyclable commodities. Post the Chinese actions in 2018, recycling processing adopted a manufacturing model that introduce some stability in the business model. However, recycled material commodity price volatility persists even sometimes to negative levels. The recycled commodity basket is heavily weighted to fiber (cardboard) with it making up as much as 60% of the curbside recycling stream. Increased demand for paper, as well as plastic and other materials through content commitment, will stabilize prices making recycling sustainable in municipalities.

Consumer behavior

Reducing contamination will improve the viability of recycling programs and the quality of the output. This can be done by harmonizing recycling lists, reducing confusion, providing feedback to consumers through education and cart tagging, and providing clear and accurate labeling on packaging and recycled materials. Materials need to be truly recyclable. The myth that recycling is free of charge needs to be combated and consumers must understand that there is a true cost for recycling that is not mitigated by commodity values alone.

Public pressure associated with plastic waste in the environment

Ocean plastics are predominantly from developing countries with inadequate waste collection and disposal infrastructure. The Alliance to End Plastic Waste estimates that more than 90% of ocean debris originating from rivers comes from just ten rivers – eight in Asia and two in Africa. Most National Waste & Recycling Association (NWRA) members sell residential plastics domestically and many no longer export plastic recyclables. Ideally, municipal plastic recyclables should only be exported to developed countries to reduce the potential of mismanagement of exported material.

NWRA POSITION

NWRA efforts are focused on increasing demand for recyclable materials (content commitments) to allow market forces to incentivize recycling. Increased use of post-consumer content is an essential component to increased demand. If EPR is proposed, NWRA supports the following:

1. Recycling legislation should seek to support and invigorate existing recycling systems by strengthening them rather than upending them with duplicative and unnecessary programs. Such legislation should focus on investment in infrastructure and incentives to create new markets for recycled materials.
2. Prior to the enactment of any EPR legislation, the state should conduct a needs assessment whose input should be considered before enacting EPR. Any needs assessment should be conducted in a manner that is protective of confidential business information.
3. Recycling legislation should consider how to improve end market demand focused on inclusion of incentives for use of post-consumer materials. This extends beyond processing and mills and includes the products and goods we purchase and use every day. Prior to enactment of any EPR legislation, minimum content requirements should be established based on material type.
4. Federal, state, and local governments should incorporate post-consumer materials in their purchase requirements where appropriate.
5. State and local governments should retain control over their recycling programs. Local stakeholders understand the needs and complexities of their communities and are the most adept at finding solutions.
6. Producers should assume responsibility for their packaging by considering the end-of-life when designing packaging. Packaging should be designed to promote recycling and sustainable outcomes.
7. The structure of EPR should be a shared responsibility model between the producers, local governments, and service providers.
8. An advisory council made up of equal representation from state government, local government, recycling collectors, recycling processors and producers/brands should ensure the priorities of the EPR legislation is met.
9. State legislation should place responsibility on the Producer Responsibility Organization (PRO) to improve recycling by harmonizing lists, encouraging investments in end markets for materials, coordinating education and enforcement, supporting the improvement of existing collection and processing infrastructure, and supporting litter cleanup.
10. State regulators should also have enforcement responsibility on the PRO and on any producers that are not part of the PRO.