

DEQ Stakeholder Recycling Initiative

Market Development Subcommittee

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Discussion Summary and Findings

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The Market Development Subcommittee met with the following objectives:

1. Brainstorm and discuss strategies to support market development.
2. Identify budget and legislative amendments necessary for implementation of market development activities.

The subcommittee defined the scope of their efforts in relationship to the overall DEQ initiative to improve recycling in Michigan. This subcommittee will make recommendations to the DEQ to consider for inclusion in a final plan that will address measurement and goals, education and technical assistance, access, and recycling market development. The primary theme of the discussion revolved around the challenge of providing a consistent supply of recycled commodities to existing end-use markets. Many recycling markets are stable and are focused on securing additional supply, while others are still developing and are in need of Michigan based end-use markets. The subcommittee worked to separate their recommended approach to market development into two categories, those markets in need of additional material and those in need of end-use market support.

The subcommittee recognized that market development should not be viewed as a means to have government compete with the private sector but rather a way to encourage private investment by fostering public-private partnerships. The subcommittee encouraged the State to use existing tools available through the Michigan Economic Development Corporation to expand recycling markets in Michigan.

The subcommittee identified the need for the State to foster consumer-to-business and business-to-business connections to grow existing recycling end use markets.

When developing markets for materials such as tires, mattresses, 1-7 non-bottle plastics, the primary considerations affecting recycling markets are quality of the material, quantity of the material, logistics of transporting the material to end-use markets, and overall economics of the material's use.

Questions identified for further evaluation were:

1. How have previous market development activities worked?
2. What tools are available right now to foster market development?
3. What is the balance of supply and demand for various commodities?
4. What is the size of the current recycling industry in Michigan?
5. What is the current landscape of end-use markets?

The subcommittee recommended that the State play a primary role in answering these questions.

For many commodities with a long recycling history such as steel, PET plastic, and paper there is a supply issue, not a market issue. For those commodities "market development" will need to focus on developing collection infrastructure and ensuring high access and participation in recycling opportunities. Ensuring collection programs are in place in underserved communities and developing processing capacity or long-haul transportation of materials to regional Materials Recovery Facilities is

needed. To facilitate this growth in collection and processing, statewide technical assistance is needed. Specifically, as new materials are added to collection programs the State can provide technical assistance to programs to ensure the quality of materials collected remains high.

Materials that are challenging to recycle typically do not have stable end-use markets. The subcommittee recommends the development of a fund for research and development (R&D) of innovative uses for hard to recycle materials. Encouraging university support of R&D is also recommended.

The subcommittee identified the following four categories of materials in need of specifically tailored market development support:

1. Traditional recyclables with strong end-use markets (paper, PET and HDPE bottles, and metals) need support to develop supply.
2. Traditional recyclables with challenging end-use markets (colored glass and non-bottle 1-7 plastics) need end-use market development support.
3. Non-traditional materials (paint, electronics, mattresses, textiles) need support tailored to the unique challenges of collecting and transporting those materials.
4. Organics (yard clippings and food waste) need both processing infrastructure and end-use market development support.

The subcommittee recommended prioritizing traditional recyclables market development first because market support is needed to make sure materials continue to supply existing mature markets.

Electronic waste was briefly discussed. The product stewardship ewaste law is seen as a successful regulatory approach to developing an expanded collection infrastructure and significant economic investment in Michigan; however the perceived voluntary nature of the law has hindered further collection and industry growth.

The subcommittee discussed the barriers to securing a sufficient amount of certain materials for end-use markets craving additional material that is currently being disposed. The subcommittee recognized a need for expanded recycling opportunities and development of a standard set of commodities that should be collected from every household. Other tools to increase the supply of commodities include Pay as you Throw disposal pricing and using the solid waste planning process to ensure recycling opportunities are made available to residents. Development of “recycle-sheds” to encourage regional collaboration and processing infrastructure development was recommended. Increasing the solid waste surcharge was mentioned as a way to fund these efforts while changing the economics of disposal to encourage increased recycling.

It was recognized that while the scope of this recycling initiative is focused on residentially generated material, market development must incorporate the industrial sector because residentially generated material will end up in the same markets.

The Michigan Department of Transportation was identified as a key player in developing end use markets for tires, shingles, glass, and compost. The subcommittee recommended that additional effort be placed on encouraging more use of recycled commodities in the transportation sector.

Two existing market development organizational structures, the Southeast Recycling Development Council and the Pennsylvania Recycling Markets Center, were discussed. Both have tools and structure that are worth incorporating into a market development plan for Michigan.

State leadership should make a strong statement that Michigan is “open for business” and is serious about recovery of wasted commodities. Demonstrating that there is significant effort to improve recovery in Michigan will result in expanded business development.