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U.S. Senate Committee on Environment and Public Works

"Responding to the Challenges Facing Recycling in the United States"

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Good morning and thank you, Chairman Barrasso, Ranking Member Carper and distinguished members of the committee. I am grateful for the opportunity to speak today on this important issue. In particular, I would like to thank Senators Sullivan and Whitehouse for your bipartisan work on the Save Our Seas 2.0 Act, as well as Ranking Member Carper and Sen. Boozman for your leadership as co-chairs of the Senate Recycling Caucus. We were deeply honored and grateful for your participation at the inaugural meeting in January of the Recycling Leadership Council.

My name is Meghan Stasz, and I serve as the vice president for packaging and sustainability at the Consumer Brands Association. Our organization champions the industry whose products Americans depend on every day. From household and personal care to food and beverage products, the consumer packaged goods (CPG) industry plays a vital role in powering the U.S. economy, contributing \$2 trillion to U.S. GDP and providing more than 20 million American jobs.

The products we make are essential to every American, every day — a fact that has been on display throughout the COVID-19 pandemic. The products we make must also come in packaging. Packaging plays a vital role in protecting the safety and quality of those products.

But packaging can be better, something the CPG industry recognizes and is actively working toward. We play a crucial role in creating a more sustainable future and have made significant commitments to improving the design of packaging — from source reduction, to fully recyclable or compostable design, to using recycled content — the CPG industry is packaging with the planet in mind.

This packaging innovation, however, relies on a functioning recycling system. Today, that system is at a breaking point. Recyclable packaging ends up where it shouldn't — in landfills, where valuable materials are no longer available for reuse, or, worse, polluting the environment.

We cannot be daunted by the challenge of fixing our broken recycling system. Rather, this breakdown needs to be recast as a tremendous opportunity to overhaul the U.S. recycling and recovery system and create something lasting.

Let me be clear: recycling is not a silver bullet solution to all our packaging challenges, but it is a critical underpinning of a circular economy — where a package has a continuous lifecycle that doesn't involve waste. That needs to be our goal. There are many challenges that must be met to achieve that goal, but within each challenge, there is significant opportunity. Specifically, there are five key challenges to which we want to draw attention.

There is a market opportunity that is going unmet.

The CPG industry is responsible for the design of its packaging and making that continuous lifecycle possible at the beginning of the loop. To that end, all of the 25-largest CPG companies have made commitments to improving their packaging, focused on getting to fully recyclable packaging by 2030 or sooner and using a much greater percentage of recycled content. Unfortunately, the latter goal — using more recycled content — is, at present, unachievable.

Demand for recycled content far outstrips supply. In addition to CPG, a range of consumer-facing industries have made aggressive commitments to dramatically increase the use of recycled content, especially recycled plastics, in packaging, apparel and other products. Yet the domestic supply of recycled plastics is only able to meet six percent of current demand.

David Cornell, the former technical director for the Association of Plastic Recyclers, estimated that to meet future demand, the U.S. recycling rate for PET containers will need to jump to at least 70 percent. The EPA estimates plastic recycling currently stands at eight percent.

I struggle to understand why recyclable material is getting landfilled because of cost when there is a clear market need that is going unfulfilled. How is it possible that this demand signal isn't being heard?

Our system is fragmented, confusing and in need of innovation.

There are nearly 10,000 individual recycling systems in America, each with different rules about what is recyclable and where and how it can be recycled. For example, right across the bridge in Alexandria, a pizza box can be recycled, but in bordering Fairfax County, that same box isn't accepted. Here in the Dirksen Senate Office Building, that same pizza box can be recycled. A survey we conducted found that only four percent of Americans were not confused by recycling rules.

At a time when recycling should be increasing, across the U.S., it is quietly disappearing. Systems are reducing the materials they will accept or in some cases ending recycling programs altogether. The tremendous consumer confusion can be alleviated by harmonizing recycling rules across systems. But with a patchwork of rules that our research has clearly demonstrated consumers do not understand, it is unsurprising that of the material that enters our waste system, the best estimate is that only 35 percent of total waste is recycled.

These numbers, however, are likely to get dramatically worse. For decades, China served as the biggest buyer of U.S. recyclables. Since the implementation of China's National Sword policy in 2017, which functionally eliminated China as a buyer, mixed paper and plastic exports plummeted by more than 90 percent.

National Sword ultimately exposed a U.S. system that largely depended on a single customer, China, and masked the need for greater innovation and investment in domestic markets.

Without investment in recycling infrastructure, we cannot strengthen domestic end markets that support a reliable, cost-effective supply of recycled material for use in packaging and other value-added products.

Funding isn't the challenge — the challenge is defining what needs to be funded.

Too often, discussions about the recycling system default purely to funding. Many proposals at the state level are entirely about who pays but completely ignore the problems of the underlying system. We will keep coming back to the same place if we don't advance dramatic, wholesale

changes to fix the broken system. Paying for temporary, short-term fixes is the equivalent of a newspaper buying a printing press instead of investing in a website.

Funding needs to follow making the right, albeit hard, choices now. We must first determine what it will take to fix the underlying system. Financing the solution will follow. In April, the Consumer Brands Association released its policy platform, *Achieving America's Recycling Future*, that included a variety of funding options. Regardless of which options are the best choice for a particular situation or geographic area, any finance mechanism must reinforce or drive desired behaviors of all stakeholders and ensure that funding is exclusively dedicated to improving the recycling system, enhancing recycling infrastructure and educating consumers.

If every stakeholder is not all in, recycling will be on its way out.

We believe that no single industry can solve the packaging waste crisis alone. Everyone has a role if we are to make meaningful change.

From packaging suppliers to CPG companies, the waste and recycling industry to government, NGOs to consumers — each part of the recycling ecosystem must be willing to innovate, cooperate and change.

CPG companies consider environmental impact when designing new packaging and are sending a clear demand signal for recycled content to their packaging suppliers. Consumer participation is critical to getting material to the waste and recycling industry. From there, the waste and recycling industry must take a leadership role in updating equipment regularly and developing new technologies to economically recover the new forms of packaging in the marketplace today and prepare for the packaging of tomorrow. Governments can invest in or incent market-based investments in recycling infrastructure, thinking beyond municipal borders toward harmonized, scalable systems — setting up NGOs to better provide innovative thinking and implementation assistance.

The Consumer Brands Association is bringing all these stakeholders together. It created the Recycling Leadership Council, uniting a diverse group of 21 stakeholders from consumer-facing industries, the packaging supply-chain, NGOs and universities. Consumer Brands fought to create this group, knowing that without all of their voices, the objective of the RLC could not be met. RLC members include everyone from the Ocean Conservancy to the Can Manufacturers Association, from the Closed Loop Partners to the National Retail Federation.

Now, with great representation at the table, they are advancing the challenge Consumer Brands put forward: build a public policy framework to fundamentally reimagine the U.S. recycling system. This group was not convened merely to talk about problems. It exists to solve them.

The ultimate result will be *The American Recycling Roadmap*, a policy plan that represents the input and support of the RLC members to produce actionable federal-, state- or local-level policy goals that will make meaningful progress toward reducing waste and a system that works better for consumers, businesses and the environment. After producing policy solutions to address scalability, standardization, harmonization, data collection and end market creation, it will be the

task of the RLC to advocate for these policies and build a broad, bipartisan coalition of support for that fundamental change.

New ideas and scalable change were the purpose of the inaugural gathering of the Recycling Leadership Council in January. Consumer Brands Association President and CEO Geoff Freeman convened the meeting with a simple directive: “We have a responsibility to give consumers a roadmap to a system that makes a lot more sense.”

We were honored to have members of the committee in attendance, including Ranking Member Carper, Sens. Sullivan and Whitehouse, as well as Senate Recycling Caucus co-chair Sen. Boozman along with Sen. Udall and Rep. Stevens.

You encouraged us to provide brainpower, leadership and collaboration in putting together a path forward for recycling while also challenging us to think big and forge unlikely alliances.

As one of the leaders of the RLC, I am proud to report that we are responding through this organization of stakeholders which share our vision of a new future for recycling.

Consistent, reliable data is needed to make informed decisions.

In our discussions with the RLC, it has become clear that every stakeholder is better positioned to educate consumers, reduce confusion and ensure investments pay off when the entire system is aligned on a national scale.

Any solutions to fix our broken recycling system must begin with data. The dearth of actionable data and vast gaps in knowledge keeps us from identifying the broken links in the recycling system itself and building a system for the 21st century.

If we are going to collect recycling data in a meaningful way, we must concurrently pursue standards and consistent definitions for that data and reporting across the 10,000 recycling systems nationwide — a number that some of our partners estimate is actually as high as 20,000 systems, which, right or wrong, shows there is a significant data issue when it is not clearly known how many systems we have.

We need consistent and standardized data so we know across the country what the rates are by material, where the success stories are so they can be replicated, where the problem spots are so they can be solved. Our ability to succeed in fixing the broken recycling system starts with data.

We appreciate the work that Ranking Member Carper is already leading to address this challenge. Focus on this issue will harmonize supply and demand into a functioning marketplace of recycled content and where targeted investments are needed that will return the most value.

From what little reliable data we have on recycling, one thing is consistently clear: it isn't working. With more than 86 percent of Americans agreeing that the world is facing a plastic and packaging crisis, there is near-universal agreement that we need bold action. In fact, when we

asked Americans whether the federal government should make tackling waste the next “moon shot,” 77 percent said yes.

The federal government is a critical stakeholder in fixing the broken recycling system. Consumer Brands has identified two places where we see the greatest need for congressional action:

- 1) As clarified above, better data is essential to success. We ask that you further the work already started by Senator Carper in getting the metrics that will help us understand the path to a high-functioning recycling system.
- 2) Any efforts to develop supply chains or end markets for recycled material must expand beyond state borders. The federal government, along with state governments, can support recycling’s future by creating and incenting recycling infrastructure and end-market development.

There are myriad ways Congress can be helpful in reimagining recycling. As we think through the issue today, I ask that you keep one question in the back of your minds: “If we were starting from the beginning, what would we aspire to?”

Achieving solutions will require a broad, bipartisan coalition of stakeholders willing to make the tough decisions to launch America’s next moon shot. Realizing the circular economy means everyone has skin in the game, the Consumer Brands Association and its members have made clear the CPG industry stands ready to be a part of the solution. We trust that other key players will step forward as well.

We applaud the clear commitment of this committee to recycling’s success and support the movement to fundamentally reimagine recycling in America and we encourage everyone involved in this process to join the push for bold, comprehensive solutions to the plastic and packaging crisis.

I look forward to your questions and appreciate the opportunity to present our perspective.