

Recycling industry down in the dumps



Demand for recycled goods is down, causing a billion dollar industry to lose much of its steam. But another byproduct of the recycling industry's downturn is the creation of new opportunities. Sam Eaton reports.

TEXT OF STORY

KAI RYSSDAL:

With the economy the way it is frugality's taken on a whole new shine. Recycling, with its deep conservation ethic, is more popular now than it's ever been. But those crushed cans and cardboard boxes don't recycle themselves, you know. They're part of a huge global market that's been built on one thing: a booming economy.

Now recyclers can't give the stuff away. It's gotten so bad that here in California the state Waste Management Board held an emergency session today to figure out what to do. But there could be a silver -- or shall we say green lining.

From the Marketplace Sustainability Desk, Sam Eaton reports.

SAM EATON:

The Port of Long Beach is the nerve center for global recycling. Here, just south of Los Angeles, all the stuff we throw into our recycle bins is loaded into hundreds of thousands of containers every year.

It's all bound for China where old pizza boxes and plastic bottles are given new life as packaging for all the products coming back. But as the economy tanked, so did demand.

Gilbert Dodson runs a recycling export business in Long Beach.

GILBERT DODSON: Everyone got scared, and I mean the orders just absolutely stopped.

As a result, prices for recyclable materials plunged.

DODSON:

So all of a sudden the stuff's worthless. Matter of fact, you have to charge a customer to pick it up so you break even. I mean, you can see it's just, it killed the industry. The last two months have been just bedlam.

Corridor Recycling in Long Beach, Calif., is storing these materials in hopes of the recycling market coming back, rather than selling them at a loss. (Sam Eaton / Marketplace)

Dodson now leases warehouse space to store thousands of truck-sized bales of paper and crushed cans until the market recovers.

City governments don't have that choice. As prices rose, many expanded their recycling programs. And with so much material coming in, they're now forced to sell at a loss.

Alex Helou is with the Los Angeles Bureau of Sanitation.

ALEX HELOU:

Back in 2007 people were talking about recycling being recession-proof. And that really has proved it's not completely accurate.

Helou says unlike many other cities, Los Angeles negotiated a minimum floor price for its recyclables. And it's lucky it did.

HELOU:

If we did not structure the contracts we would be probably in the loss of about maybe five million dollars a year.

That doesn't mean L.A. is off the hook. It still costs the city's taxpayers tens of millions of dollars a year to keep all the recycling trucks and sorting operations going.

And that's just one city.

Heidi Sanborn with the California Product Stewardship Council calls local trash removal one of the largest corporate welfare programs of modern times.

HEIDI SANBORN:

There's no feedback mechanism to the producers to design anything different than whatever the heck they want that can litter and cause all kinds of environmental problems and public health problems. And they're not feeling any pain for this at all. Local governments are.

And in a time of tight budgets many of those local governments are asking why taxpayers, and not the companies that make all those products, are the ones paying to get rid of them.

L.A. Sanitation's Alex Helou says this is where the financial crisis may be a force for change.

HELOU:

This actually gives us an opportunity right now to relook at our whole system as a whole and come up with a solution to address the recycling issues.

One solution would come in the form of state laws requiring manufacturers to cover the cost of disposal. California, Washington and a few other states are considering legislation that would do just that. But some companies have beat them to it.

At a warehouse north of Sacramento, computer maker Hewlett-Packard takes back its old products and grinds them into raw materials for new ones. Last year the company recycled the computer equivalent of twice the weight of the Titanic.

HP's Director of Sustainability, Bonnie Nixon, says that simple change -- taking end-of-life responsibility for what

they sell -- has transformed the way HP makes things.

BONNIE NIXON:

We design our products to use fewer materials. We make them easier to disassemble and recycle. And we allow for more effective reuse of those materials.

Nixon says HP's recycling operation has yet to turn a profit. But the company plans to stick with it. She says in a world of diminishing resources it's only a matter of time before prices rise again.

In Los Angeles, I'm Sam Eaton for Marketplace.

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