

The Northwest Product Stewardship Council endeavors to integrate product stewardship principles into the policy and economic structures of the Pacific Northwest. This is one of a series of bulletins to brief you about policy issues of importance to policymakers, business leaders, and citizens. For more information, please visit our website www.productstewardship.net/

Product Stewardship

is an environmental management strategy that means whoever designs, produces, sells, or uses a product takes responsibility for minimizing the product's environmental impact throughout all stages of the products' life cycle. More information about product stewardship is available at www.productstewardship.net/

Third Party Organizations: Shifting Costs from Local Governments

Introduction

A rising tide of obsolete electronic equipment is putting pressure on industry to find new ways to collect and manage used electronic products. Within the past year, Oregon and Washington enacted legislation that directs research into different approaches for an electronic waste collection and recycling system. Many supporters of the legislation recognize the e-waste challenge is best addressed through a product stewardship approach, which shares responsibility among manufacturers, retailers, consumers, recyclers and governments. Formation of a third party organization (TPO), or producer responsibility organization (PRO), offers one approach to making product stewardship principles operational and may help resolve the current e-waste dilemma. As discussed below, TPOs also function to address waste management concerns for other commodities in addition to electronics.

What is a TPO?

A "TPO" is a private, not-for-profit organization, which is established to implement and administer programs to recover and manage particular used consumer products for reuse and recycling. A TPO may be formed voluntarily by interested parties or in response to legislation. Membership may be comprised entirely of industry representatives, including manufacturers and retailers, or include other stakeholders, such as non-profit organizations, independent groups, and/or governments. Typically, a TPO's responsibilities include recruiting members; collecting fees and managing program funding; establishing and managing a product collection system; monitoring, evaluating and reporting program results; and program promotion.

Existing TPOs

Select industries have formed TPOs to assume product stewardship responsibilities. Examples of existing TPOs that illustrate different approaches to collective stewardship programs follow.

- **Rechargeable Battery Recycling Corporation (RBRC)** RBRC was established in 1995 to manage collection and recycling of nickel-cadmium (Ni-Cd) rechargeable batteries. The rechargeable battery industry voluntarily launched the organization after eight states mandated take-back of Ni-Cds: the RBRC was formed as an alternative to establishing separate mandated take-back systems in each state, as well as to preempt future legislation in other states.



Licensing fees are used to fund the organization's takeback program. The RBRC licenses its logo to manufacturers of rechargeable batteries and products that contain them. More than 95% of the portable rechargeable power industry in North America participate in the RBRC program. See RBRC's web site at <http://www.rbrc.org/index.html> or a NWPS's bulletin at <http://www.productstewardship.net/PDFs/policiesRBRCBulletin.pdf> for more information.

- **Carpet America Recovery Effort (CARE)** In January 2002, members of the carpet industry, governmental agencies, and non-governmental organizations signed a Memorandum of Understanding (MOU) for management of waste carpet. This MOU is the result of a two-year negotiation process, in which participants joined together to implement a product stewardship plan to change how post-consumer carpet is managed in the US.



CARE is responsible for achieving an escalating target for diversion of waste carpet from landfill, with the ultimate goal of diverting 40% of post-consumer carpet within 10 years. CARE functions to enhance collection infrastructure for post-consumer carpet by creating demand in the marketplace for products that contain post-consumer recycled content from carpet; serve as a resource for technical assistance; and measure and report on progress toward fulfilling the MOU goals.

CARE is funded by a tiered sponsorship system. Current sponsors include carpet manufacturers, equipment and material suppliers, a professional trade association, and the US EPA. Additional information is available at <http://www.carpetrecovery.org/>

Listing of NWPSC Steering Committee Agencies

King County
Department of Natural Resources and Parks

Kitsap County Solid Waste Division

Local Hazardous Waste Management Program in King County

Metro Waste Reduction and Outreach Division, Portland, OR

Seattle Public Utilities

Snohomish County Solid Waste Management Division

City of Tacoma Public Works Solid Waste Management

U.S. Environmental Protection Agency, Region X

Washington State Department of Ecology



- **Product Care** is an industry sponsored association that manages stewardship programs in British Columbia, Canada for manufacturers in the paint, flammable liquids, pesticides, and petroleum products sectors. Developed in response to Canadian provincial stewardship regulations, Product Care partners with local governments, private industry and nonprofit groups to offer a depot collection system where consumers may return leftover paint, flammables, pesticides, and gasoline at no charge. Collectors may be compensated by Product Care for providing collection services at a rate negotiated by both parties. Product Care funds transportation and product disposal.

The program is funded by a separate "eco fee" which manufacturers remit to Product Care. The eco fee ranges from \$0.10 to \$2.40, depending on product type and container size. Manufacturers of impacted products have the option to absorb the eco fee or recapture the fee from consumers by adding the fee into the sale price of the product. For more information, see <http://www.productcare.org/>

Potential Advantages of TPOs

- **Collective responsibility.** TPOs enable industry members to assume product stewardship responsibilities collectively, which may be more practical than each industry member acting on their own.
- **Efficiency.** By coordinating end of life product recovery and recycling for an entire industry, a TPO consolidates and streamlines financing, collection, processing, and reporting functions.
- **Accountability.** TPOs can track participants and non-participants from within the targeted industry, which relegates some regulatory and oversight functions to industry.
- **Shared responsibility for orphaned products.** TPOs provide an infrastructure to manage products made by manufacturers that are no longer in business.

Potential Challenges for TPOs

- **Free Riders.** Free riders are companies that do not contribute to the funding of the TPO yet benefit from the services offered by the TPO. Free riders could be a significant problem for a voluntary TPO. Lack of enforcement of governmental requirements also leaves room for free riders.
- **Reduced competition.** TPOs work cooperatively, not competitively. Therefore, competition for some services, such as collection or processing, may be reduced.
- **May not reduce recycling costs.** When a manufacturer does not individually pay for recycling or disposing of their own product, there is less market driver to minimize or reduce recycling costs.
- **May not foster innovation.** If industry members are not individually responsible for the product at its end-of-life, drivers to improve the design or minimize the toxics used in the product or its production are reduced.

Actions for Governments

- Consider introducing and actively supporting legislation that requires manufacturers to manage their own products, either individually or through a TPO.
- Resolve any legal challenges that may impose constraints on cooperation among companies in the management of end-of-life products.
- Help promote already existing TPOs in your community to increase customer awareness and use of the program. (Does your constituency know which retailers in your community accept NiCd batteries for recycling?)
- Make sure your agency and community are participating in TPO-managed programs to recycle discarded products. (For example, does your agency participate in the RBRC for rechargeable battery collection?)
- Use your market power. Include manufacturer take back requirements in procurement contracts.

