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BUSINESS

High Costs Put Cracks in Glass-Recycling Programs

Some cities pull back as processors begin to charge for accepting trash-heavy shipments



1 of 8

A truck brings used glass heavily contaminated with trash to a Strategic Materials recycling plant in Raleigh, N.C. *JUSTIN COOK FOR THE WALL STREET JOURNAL*

By SERENA NG

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The glass recycling business is at a tipping point.

In many parts of the country, glass—the original recyclable—is becoming too expensive to handle, placing a growing burden on towns and businesses. Some cities, including Harrisburg, Pa., and Charleston, W. Va., consider it more cost-effective to have residents throw glass bottles in the trash than to recycle them.

The reason has little to do with supply and demand. Americans generally want to recycle their beer bottles and jelly jars, and manufacturers like working with recycled glass because it requires less energy than starting from scratch. The problem is what happens to used glass after it gets collected.

Recycling got a big boost in the U.S. after the industry pushed to allow American households to dump their paper, plastic, cans and glass into a single container. The downside has been the broken glass that gets mixed up with tons of hard-to-sort debris.

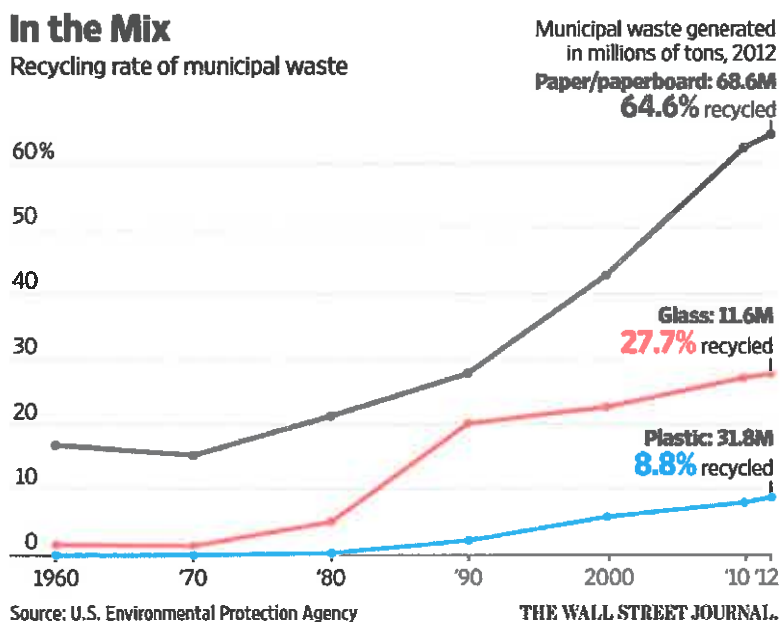
Much of that mess makes its way from regional recycling companies to a single processor: Strategic Materials Inc., the country’s largest glass-recycling company.

Curt Bucey, an executive vice president at the company, said that when used glass arrived at its plants 20 years ago, it was 98% glass and 2% other castoffs, such as paper labels and bottle caps. These days, some truckloads can include up to 50% garbage, he said.

“Now what comes with the glass are rocks, shredded paper, chicken bones people left in their takeout containers, and hypodermic needles,” Mr. Bucey said. The company has had to invest in expensive machinery to separate the glass from the trash, then has to dispose of the garbage, making recycling a much costlier equation.

In the Mix

Recycling rate of municipal waste



Strategic Materials used to pay for all the glass it received, but these days it is charging between \$10 to \$40 a ton to accept some truckloads of used glass that are heavily contaminated with trash. Other recyclers are starting to follow suit, sending ripples through the businesses and towns along the recycling supply chain.

The city of Harrisburg on Wednesday told households to stop including glass in the same bin as other recyclables, said John Rarig, the city's recycling coordinator. "We're asking everyday citizens to bring the glass to a central location or just put it in the trash," he said.

Some residents have responded angrily to the idea. "People have reacted quite vehemently because they care about recycling," said Mr. Rarig. "But it costs money to get rid of the glass."

Even in cities where recycled materials are collected separately, glass can be a problem. In Charleston, the city's recycling center stopped accepting glass in November because it was too costly to process and transport.

"There's little revenue for it locally, and it is very expensive to send it to a processor, as the weight is a big factor," said James Young, executive director of the Kanawha County Solid Waste Authority, which receives the city's recyclables.

'Glass has become the scourge of recycling.... You can't make money from it.

—Gray Russell, sustainability officer for Montclair, N.J.

In the past, the center pulverized the glass and would give it away to residents for use in their homes and gardens. It's been hard to cut off that service. People unaware of the change still sometimes bring glass by the Charleston recycling center or dump it on the premises after hours.

"When you're losing money and time processing glass for not much revenue, it is just a losing battle, and not sustainable," Mr. Young said.

Glass recycling hasn't become an economic loser overnight. But the problem is taking on new urgency. The recent drop in oil prices, which has lowered some raw-material costs, has reduced demand for recycled plastic. In addition, overseas buyers of used paper and plastic are paying less for those materials if they are contaminated with glass shards. That's weighing on the profits of recycling companies and forcing them to look for ways to trim costs.

“Glass has always been a difficult commodity to recycle and an economic challenge,” James Fish, chief financial officer of Waste Management Inc., said late last year on a conference call to discuss earnings. Mr. Fish, whose company is one of the country’s largest waste collectors, said glass is tough to handle, hard on equipment and the only recyclable commodity it has to pay a processor to take. That’s why, he said, the company is looking to charge cities, towns and other customers extra if they want to recycle glass.

Most municipalities have multiyear contracts with companies like Waste Management to collect their recyclables for a fee tied to market prices for the commodities. Waste Management is starting to seek better terms in its contracts. A spokeswoman said that if customers want to recycle glass, “we can, and we will, but we are having conversations with them about fair compensation.”

Some recycling companies are telling municipalities that they will pay less per ton for materials if glass is included, or instead charge them a fee for loads with a large amount of glass. By weight, glass, which is heavier than other recyclables, makes up as much as a fifth of the materials that towns and cities collect.

Glass doesn’t decompose and is one of few materials that can be recycled repeatedly. Glass manufacturers say they want to use more recycled glass, but in the U.S. “there is a shortage of good-quality recycled material,” said Ryan Modlin, vice president of government affairs, North America, at Owens-Illinois Inc., the world’s largest maker of glass bottles for food and beverages.

The company’s goal is to use more than 60% recycled glass in its manufacturing by 2017 across its plants world-wide. In North America, that percentage was just 26% last year, far short of the 49% rate in Europe, where most glass is collected separately from other recyclable materials.

An average of around 63% of glass containers are recycled in the 10 states, including New York and Massachusetts, that require consumers to pay deposits on beverage containers. The contamination level of recyclables in those states is less of a problem because glass is often collected separately.

But most states don’t have deposit programs, and glass-recycling rates are much lower as a result, at around 24%, according to the Container Recycling Institute, which lobbies for such programs.

Nowadays, in states such as New Jersey, where recycling is mandated by law and there is no bottle-deposit program, a lot of used glass ends up pulverized as landfill cover or in construction projects, where it can be used to fill gaps around pipes or line sewer systems.

“Glass has become the scourge of recycling,” said Gray Russell, sustainability officer for the town of Montclair, N.J. “You can’t make money from it.”

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