

# Keynote Speech

**Scott Cassel, CEO/Founder  
Product Stewardship Institute**

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Thank you all for coming to Boston. We are honored that you are here.

We have held 8 conferences over the 16 years that PSI has been in existence. But this conference has a sense of urgency about it. It just might have a bit to do with that new guy in the White House.

Some people may be angry and frustrated with federal and state environmental policies as our country gropes for its political balance. But let me counter that sentiment with a few facts about the success of our work together over the past 16 years.

For example, Metro regional government in Oregon saves \$1 million each year because Oregon passed a paint stewardship law in 2007. The City of Hartford, Connecticut, recycles 420 tons of mattresses each year avoiding \$420,000 annually only because a mattress stewardship law was put in place in CT in 2013. Lake County, Illinois, has recycled 21 million pounds of scrap electronics, saving \$2.1 million, because of the electronics stewardship law passed in Illinois in 2008.

We know that extended producer responsibility (or EPR) has worked in the U.S. That is a fact. In 2000, when PSI started out, there were only 8 EPR laws in 7 states, all on batteries. That number has grown to 105 EPR laws in 33 states on 13 product categories. I want to congratulate our colleagues from WA State for just passing the nation's 1<sup>st</sup> EPR law for solar panels.

EPR has saved millions of dollars for local governments in the U.S. and recovered billions of pounds of materials that were destined for disposal. It has also created hundreds – if not thousands – of jobs. The number of those jobs created by EPR certainly rivals those 800 saved jobs touted by the President at Carrier in Indiana. And we didn't even have to spend \$7 million on financial incentives to keep anyone from moving to Mexico.

We are here at this conference because the rate at which natural resources are extracted from the earth is not sustainable. Using resources sustainably is our global common interest. But we all have our own interests for being here at this conference.

Some of you are here because your government agency has budgetary pressures that force you to seek new ways to reduce costs. You might see EPR as a way to shift costs from taxpayer-funded government programs to consumers, through manufacturers.

Some of you are here because your company provides services to take back and safely manage products. Others convert wastes into new products and derive added value in the supply chain. To you, it is a business opportunity.

And others are here because your company is being asked to finance and manage the collection and processing of products you put on the market. But you want to do it efficiently and on a level playing field so you can compete fairly. And you want to get out in front of government regulations and shape them in a way that benefits your company.

In this room, there are many interests that are strong and specific. But we know we need to have a common vision. Without a joint understanding of problems we face and goals we seek to achieve, we can promote all the solutions we want but it will be like tossing them into a hat for each person to pick the ones they want, without regard to others' interests.

Now let's face the elephant in the room. Actually it is that elephant in the White House. We are obviously living in an extremely polarized time. And I don't want to polarize this room. But I would like to share some observations. And I would like to start with the most major environmental issue on all of our minds – climate change.

The vast majority of the US population believes that climate change is real, and we should reduce our impact on the planet. We know the US has a disproportionate impact on global climate. We have about 4% of the world's population. Yet we are the Number 2 contributor to adding CO<sub>2</sub> to the atmosphere.

Quite crudely put...Our country has enriched itself at the expense of others. By pulling the US out of the Paris Climate Accord, the President has refused to take responsibility for the impacts that our country causes to an environment shared by others.

Around the world, countries are spending billions of dollars to mitigate and adapt to climate change. That is a very real cost that, to an economist, is a classic "externality." We are all part of the problem to some degree. But others have a disproportionate impact. Coal fired power plants. Gas guzzling vehicles. And yes, manufacturing plants that make billions of consumer products.

Consumer product companies have a special responsibility to make sure that we, as consumers, can assume our responsibility – by paying the true cost products have on our environment. That is only fair.

So where am I going with this? I began with climate change because it is the biggest threat facing humanity, and PSI's work is directly tied to climate change.

The US is one of only a small handful of countries that will not abide by the Paris Accords. It is also one of the few countries that belongs to the Organization for Economic Cooperation and Development that does not have an EPR system for packaging.

Packaging EPR systems have been in place all across Europe for up to 30 years, in Canada, in Israel, Chile, China, Russia, and a growing number of other countries. But not in the US.

If you support efforts to address climate change, you should support EPR, which is one of the prime efforts globally to reduce resource consumption.

It's time we see both climate change and EPR as having the same root cause – a small group of those who benefit and a large group (the public) who pay the cost.

This concept is not new. In 1833, British economist William Forster Lloyd coined the term "the tragedy of the commons," which was later made more widely known by American ecologist Garrett Hardin. The concept was simple: the unregulated grazing of common land destroyed the grazing area for all cattle owners.

Now it is much bigger than that, and we've found it very difficult to restrict our impulse to take resources that enrich ourselves while impoverishing the commons owned by all of us.

This attitude raises many questions.

The vast majority of US citizens support recycling. So why is our recycling rate for packaging only 52%, while British Columbia is at 72% and the 28 EU member states average 66%?

Hundreds of multi-national companies support the concept of the Circular Economy. Why are most of these same companies in the US not willing to take responsibility for collecting the products they put on the market and turning them back into that circular economy?

These and other questions are what we are here to explore together over the next two days.

We are here to listen to each other, to agree, to disagree – and to argue, respectfully. My role is that of friendly provocateur. I don't want to make enemies, but I do want you to feel a bit uneasy. I want to provide some dissonance, cause you to think, and respond. I want to point to the things that need to change, to the good we can do together, to the ways to save money, save resources, and create jobs. Because this conference is all about hope.

But in the time I have worked on EPR, I keep coming back to core questions:

- Shouldn't companies take responsibility and return their products back into new products?
- Shouldn't companies take responsibility and safely dispose of their products if they are harmful to the environment?
- Shouldn't companies take responsibility for eliminating impacts all along their product lifecycle?

We, as individuals, are taught to take responsibility for our actions. Why do we demand less of corporations?

Every stakeholder – government, recyclers, and consumers – must share in that responsibility. But manufacturers are the key to successful programs.

I am pleased there are many corporate executives here today...from the Thermostat Recycling Corporation, Mattress Recycling Council, American Coatings Association, Philips, the Recycling Partnership, Unilever Canada, and others.

We certainly need to engage in dialogue, and none of us, including PSI, can afford to cling to long-held positions in the face of new information. We all need to be open to change. Engaging in discussion like we will have over the next two days is the only way we will make progress toward a sustainable society.

This conference has been designed to have those conversations. We have an amazing array of speakers that I know you will find insightful and challenging.

Listen, I know that many in the U.S. hate the term EPR, without even knowing what it is. They spread fake news, use false data, and make things up. Those with this attitude often refuse to enter into a conversation because they are afraid they might be forced into something they don't want. So they refuse to learn about new systems and new possibilities.

Some of these people who especially need to be part of the conversation are not here with us today. For example, there is no one here to represent the US electronics industry. Walter Alcorn of the Consumer

Technology Association ignored multiple invitations from both me and our President, Jen Holliday. Mr. Alcorn has publicly criticized government attempts at finding solutions, saying that the states are treating the industry like a piñata, beating them up until money spills out. He claims EPR does not work and blames government for the patchwork of e-scrap laws that actually resulted from the U.S. industry's own inability to agree among themselves.

This is the same rhetoric we hear from those who deny climate change.

We know that there are problems with many of the electronics laws in the country. This is why we reached out to Mr. Alcorn to find a model solution. We would be delighted to have him here. It would be a first step to solving the problems of electronic waste together.

I know we can figure out a model e-scrap solution so that it works for all stakeholders. We can show that the electronics industry can continue to profit as they also take responsibility for their post-consumer products. I know that this can work because we made it work with the paint industry.

Yes, I know paint and electronics are not the same industries. But the paint industry never shied away from its responsibility and has always engaged in discussions. The paint industry found common ground with government officials because they were committed to finding a solution. It wasn't easy. But we made it happen. And we can do so with other industries too.

Based on PSI's mediated model agreement with the paint industry, the PaintCare program has collected about 22 million gallons of paint since 2010, saved governments over \$69 million in paint transportation and processing costs, created 1,750 voluntary retail collection sites, which has increased consumer recycling convenience, and generated over 200 recycling jobs. And that is only one product in a limited number of states in the beginning of the program.

EPR has grown in the US and worldwide because it is a superior system. Here's why: It is far better to assign specific responsibility to specific stakeholders rather than hope that stakeholders will voluntarily figure it out on their own.

We know how to design good EPR laws that produce real benefits. We just need to build them together. And when there are challenges, as there always are with any policy, it does not mean that EPR is failing. People run stop signs and cause accidents. Does that mean that the law requiring stop signs is a failure? Of course not.

We know that neither industry nor government can find the solution on its own. In fact, it takes many different stakeholders working toward a common goal, addressing a common problem, agreeing on common barriers that need to be overcome, and developing solutions that all key stakeholders agree are best.

But if progress is blocked at the federal and state levels, citizens will demand action at the local level. And that is just what we are seeing now – a patchwork of local laws – on plastic bags, polystyrene, and other products. I don't think this is what we really want. But if it becomes the only avenue left for governments to manage their own affairs, PSI will be there to support them.

There is great energy in the room today. So let's turn it into positive action. Let's save resources and turn them into more recycling jobs. Let's save governments and taxpayers money. And let's fuel industry profits. And as we would like the President to say: Let's make America green again!