

3. Market Considerations in Product Stewardship

The strategy that started the Product Stewardship process, which Consumers Glass introduced in 1990, had six key elements:

- ❑ Public Reporting through Glass Works/Recy-Verre
- ❑ Recycled Content of Glass Containers
- ❑ Supply Chain Management
- ❑ Market Development
- ❑ Stakeholder Communications
- ❑ Public Education through the Annual Conservation Video Contest
(Subsequently it added the Internet as a vehicle to reach a broader audience than the newsletter.)



The first issue of Glass Works was November 1990.

Each of these elements had a programme to meet specific, relevant objectives and targets. Interested parties in the supply chain were interviewed initially and surveyed periodically to assess the success of the process and to determine how best to improve the glass supply chain and the curbside multi-material recycling systems in Canada.

One of the primary considerations under market development was the realization that, while Consumers Glass needed a consistent source of quality material to feed into its raw material batch mix, municipalities would be hard pressed to see themselves as suppliers. However, in the glass supply chain that's in practice what they are.

A distinction was made between municipalities as a source of recycled container glass, which had to be processed into cullet, and its more traditional suppliers of recycled container glass and other key batch materials (soda ash, silica sand and limestone).

Container Glass Virgin Materials:

Silica Sand	60%
Soda Ash	20%
Limestone	15%
Alumina-Silicate	4%
Salt Cake	0.9%
Minor Ingredients	0.1%

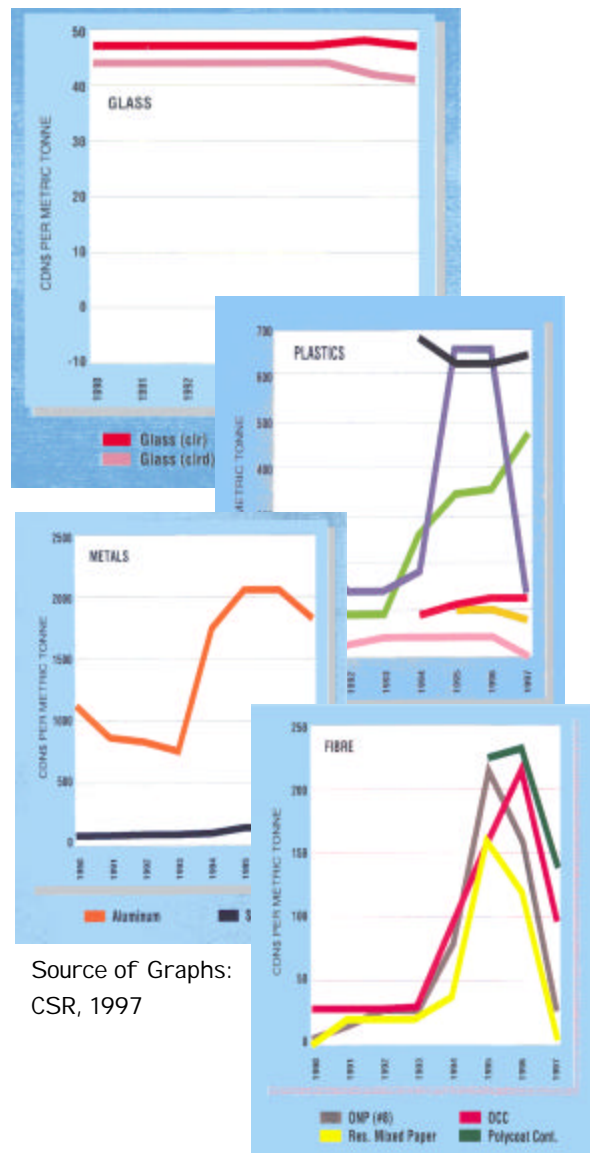


Cullet was considered raw material and the latter virgin material. A distinction was also made between municipalities providing post-use, post-consumer recycled container glass, existing industrial glass processors and virgin material suppliers. The latter were financially responsible for materials that failed to meet the quality specifications required by the furnaces, and the consequences of poor quality such as furnace shutdown.

A decision was made to support the initial development of curbside multi-material recycling by providing municipalities with a steady market and a form of market subsidy. Consumers Glass opted to flat line the price offered for municipal recycled glass. The market subsidy was to provide municipalities with a consistent price regardless of commodity price fluctuations.

Why? Recyclables are commodities that rise and fall at the apparent whim of the international marketplace. Predicting the future of commodities is something that is about as accurate as crystal ball gazing or weather forecasts, although the experts generally get the seasons right. Municipal budgets are not designed to respond to the fluctuations of commodity markets. What Consumers Glass offered was boringly consistent but well suited to municipal budgets. Other markets did not take this approach. The price they offered was whatever the commodity fetched.

In some of the surrounding markets such as New York State that can mean zero or even a negative price, which means that the municipality ends up with a bill to pay, not a receivable. In 1995, the Chicago Board of Trade initiated a Recycling Partnership, a means to post bids for buying and selling, but unfortunately it didn't last. Recycler's World, RCBC, the Clean Nova Scotia Federation and OCETA in Ontario offer waste exchanges that fulfill a similar function.



Source of Graphs: CSR, 1997

