

The Economic Feasibility of Recycling

A Case Study of Plastic Wastes

T. Randall Curlee

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To my family

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Contents

List of Figures	ix
List of Tables	xi
Acknowledgments	xiii
1 Introduction and Overview	1
Introduction	1
Overview of Subsequent Chapters	3
2 Technological Issues	12
Introduction	12
An Overview of Technological Issues	13
Plastic Types	16
Separation	17
Primary Recycling	19
Secondary Recycling	20
Tertiary Recycling	24
Quaternary Recycling	27
Disposal	32
Environmental Impacts	33
Conclusions	38
3 Economic and Institutional Issues	43
Introduction	43
The Private Sector	44
The Public Sector	53
International Comparisons	65
Conclusions	66
4 Plastic Waste Projections	70
Introduction	70
Historical and Projected U.S. Resin Production and Use	71
Projections of Manufacturing Nuisance Plastics	76
Postconsumer Plastic Wastes	77
Conclusions	87
5 The Cost of Recycling Versus Disposal	92
Introduction	92
Disposal	93
Secondary Recycling	94
Tertiary Recycling	104
Quaternary Recycling	105

Conclusions	113
6 Incentives and Barriers to Recycling in Selected Sectors	116
Introduction	116
The Electrical and Electronics Sector	117
PET Bottles	122
Plastics in Automobile Shredder Residue	125
Conclusions	132
7 Conclusions	135
Introduction	135
Is the Recycling of Plastic Wastes Realistic from a Technical Perspective?	135
What Are the Environmental Implications of Plastics Recycling?	137
How Much Plastic Waste Will Be Produced in the Coming Decade?	140
Will the Private Sector Adopt Plastics Recycling in the Absence of Government Assistance?	141
Is there a Need for the Public Sector to Promote Plastics Recycling?	143
How Can Government Promote Plastics Recycling?	145
Is Plastics Recycling an Economically Viable Alternative to Disposal?	147
Appendix A Glossary of Characteristics and Uses of Selected Plastic Resins	149
Thermoplastic Resins	149
Thermosetting Resins	151
Polyurethane Foams	152
Appendix B Plastic Waste Projections: Methodology and Detailed Results	153
Introduction	153
Historical and Projected U.S. Resin Production and Use	153
Projections of Manufacturing Nuisance Plastics	155
Postconsumer Plastic Wastes	156
Appendix C Detailed Information on U.S. Automobile Shredder Operations	172
Bibliography	187
Index	199
About the Author	205

Figures

2.1	Flow Diagram of Plastic Waste Disposal or Recycling	14
2.2	Molecular Structures of Thermoplastics and Thermosets	17
2.3	The Impact of Secondary Recycling on Plastic Waste Production: Cases A and B	35
3.1	The Private Sector's Decision to Recycle or Dispose of Plastic Wastes	45
4.1	Total U.S. Resin Production	72
4.2a	Resin Usage by Product Type	73
4.2b	Resin Usage by Product Type	74
4.3	Polyurethane Foams in Selected Markets	75
4.4	Manufacturing Nuisance Waste Estimates (Percentage by Manufacturing Process)	78
4.5	Manufacturing Nuisance Waste Estimates (Percentage by Plastic Type)	79
4.6	1984 Postconsumer Waste Estimates	82
4.7	1984 Postconsumer Waste Estimates (Percentage by Product Category)	82
4.8	1984 Postconsumer Waste Estimates (Percentage by Plastic Type)	83
4.9	1990 Postconsumer Waste Projections	84
4.10	1990 Postconsumer Waste Projections (Percentage by Product Category)	84
4.11	1990 Postconsumer Waste Projections (Percentage by Plastic Type)	85
4.12	1995 Postconsumer Waste Projections	86
4.13	1995 Postconsumer Waste Projections (Percentage by Product Category)	86
4.14	1995 Postconsumer Waste Projections (Percentage by Plastic Type)	88
4.15	Total Plastic Waste: 1984, 1990, 1995	89

Tables

2.1	Btu Values of Different Fuel Types	28
3.1	Potential Recycling Incentives and Barriers – Manufacturers as Producers of Manufacturing Plastics Wastes	50
3.2	Potential Recycling Incentives and Barriers – Manufacturers as Producers of Products Containing Plastics	52
3.3	Potential Recycling Incentives and Barriers – Consumers	53
3.4	Potential Legal and Regulatory Impediments to Recycling	59
3.5	Potential Measures to Promote Recycling by Non- Consumer Producers of Plastic Wastes	61
3.6	Potential Measures to Promote Recycling by Consumers of Plastic Goods	63
4.1	Percentage of Throughput That Becomes a Nuisance Plastic at Various Stages of Production	77
4.2	Estimates and Projections of Manufacturing Nuisance Plastics Disaggregated by Stage of Production	78
4.3	Estimated Life Spans of Selected Products	80
5.1	Cost of Landfill by Type and Size of Operation	95
5.2	Cost of Landfill by Population Size	95
5.3	Cost of Incineration without Heat Recovery	96
5.4	Goodyear's Polyester Bottle Recycling Operation	97
5.5	An Alternative PET Recycling Operation	99
5.6	The Mitsubishi "Reverzer" (fenceposts)	100
5.7	The Mitsubishi "Reverzer" (cable reels)	101
5.8	The Secondary Recycling of Auto Shredder Residue	102
5.9	Municipal Waste Pyrolysis	106
5.10	Additional Estimates for Municipal Waste Pyrolysis	108
5.11	U.S.S. Chemicals Plastic Waste Pyrolysis Process (Cost Information as Reported in <i>Chemical Engineering</i> , 1982)	108
5.12	U.S.S. Chemicals Plastic Waste Pyrolysis Process (Cost Information as Reported in Machacek, 1983)	109
5.13	Incineration of Municipal Waste with Heat Recovery	110
5.14	Additional Estimates of the Cost of Incinerating Municipal Waste with Heat Recovery	112
5.15	Industronic's Pet Incineration Process	114

6.1	The Composition of Nonferrous and Nonmetallic Shredder Residue by Weight	130
6.2	U.S. Shredder Capacity by Population Size and Cost of Landfill	132
B.1	Definition of Variables	155
B.2	Summary of Regression Results: Production Indexes	156
B.3	Historical and Projected Values for Selected Production Indexes	157
B.4	Summary of Regression Results: Resin Production and Use	158
B.5	Historical and Projected Production and Use of Plastics	159
B.6	Summary of Regression Results: The Use of Polyurethane in Selected Product Categories	160
B.7	Historical and Projected Use of Polyurethane in Selected Product Categories	161
B.8	Manufacturing Nuisance Plastics Disaggregated by Resin Type	162
B.9	Estimated Postconsumer Plastic Wastes: 1984	166
B.10	Projected Postconsumer Plastic Wastes: 1990	168
B.11	Projected Postconsumer Plastic Wastes: 1995	170
C.1	U.S. Shredder Operations (Arranged by Population)	173
C.2	U.S. Shredder Operations (Arranged by Capacity)	180

Introduction and Overview

INTRODUCTION

A significant amount of work has been done in recent years to address the problems, as well as opportunities, posed by the production and accumulation of plastic wastes. However, the vast majority of work has focused on technological questions and has largely neglected the economic and institutional incentives and barriers that may have a pronounced impact on the degree to which recycling technologies are ultimately adopted in the marketplace. This book addresses the problems and opportunities associated with plastics recycling from an economic perspective, and reviews numerous economic and institutional factors that have not heretofore been studied—factors that may largely determine whether future plastic wastes will be disposed of or recycled.

The increased interest in plastics recycling has arguably resulted from three important trends. First, the production and use of plastic resins in the United States has more than quadrupled during the past two decades. Plastics now compose approximately six percent of the typical municipal waste stream and projections indicate that this percentage will increase during the coming decade. Virtually every market segment now uses plastics in some form as technological innovations result in new plastic resins and composites with widely varying physical and chemical properties. Furthermore, it is generally agreed that most markets will increase their usage of plastic resins in coming years as the properties and cost competitiveness of more conventionally used materials are surpassed by those of existing and forthcoming plastics.

Second, while the relative price of plastic resins and materials has decreased in relation to the prices of metals and paper products during recent years, resin prices have increased dramatically in absolute terms.¹ The price

of plastics rose sharply following the drastic petroleum price increases of 1973-74 and 1978-79. (Petroleum and natural gas are, of course, the primary raw materials used in the production of plastic resins.) The value of the plastics entering the waste stream has therefore been perceived to have risen in accordance with increases in the prices of virgin resins. Further, as the prices of oil and other traditional energy sources have escalated, the energy content in plastic wastes, which is roughly equivalent to that of coal on a per pound basis, has become increasingly valuable.

Third, growing concern about the quality of the environment has led to more restrictive disposal regulations. While there is disagreement about the extent to which plastics pose environmental problems in waste disposal, there is agreement that waste disposal is, in general, becoming more expensive. From an economic perspective, these escalating disposal costs make plastic waste recycling more viable. And to the extent that plastic wastes may be harmful to the environment, the public has an incentive to reduce the volume of plastics entering the disposal stream.

In response to these trends, numerous studies and research and development projects have been undertaken to address the technological problems posed by the recycling of plastic wastes. A flurry of activity occurred in the early 1970s to develop technologies that could separate plastics from other types of waste and recycle that waste to produce new plastic products, retrieve basic chemicals from the waste, or retrieve the heat content of the waste. Technologies have been developed that utilize plastic wastes to produce products as diverse as fenceposts and fuel oil. In many cases these technological efforts have been successful and several recycle technologies are now being tested or are fully operational. Many claim to be economically viable. Moreover, work continues on new processes that may increase the quality and reduce the cost of products derived from plastic wastes.

However, at this time the technologies that are available to recycle plastics have met little success in penetrating their potential markets, especially in the United States. The quantity of plastic waste that is currently recycled is minuscule when compared with the total quantity of plastic waste currently being produced. Further, with the exception of a few isolated market segments, there is little current movement toward the adoption of practices to recycle plastics on a large scale. There is an increasing recognition that plastics recycling is an extremely complicated issue, not only from a technological perspective but also from economic and institutional perspectives.

The primary purpose of this book is to identify and study the numerous economic and institutional incentives and barriers that impact on the decision to recycle or dispose of plastic wastes. These incentives and barriers are addressed from the perspective of individuals and firms that must make a decision to either recycle or dispose of plastic wastes and from the perspective of the general public that must through legislation and regulations encourage

recycling, discourage recycling, or be neutral on the issue. An overview of the purposes, scopes, and limitations of the analyses presented in subsequent chapters that address these and other issues is the topic of the following section.

OVERVIEW OF SUBSEQUENT CHAPTERS

Chapter 2. While it is not the purpose of this book to present a detailed or definitive discussion of the various technological issues that are relevant to plastics recycling, it is imperative that a minimal understanding of the technological issues be obtained in order to understand the intricacies of the economic and institutional issues that may impact on the decision to recycle. Chapter 2 contains a relatively nontechnical discussion of these technological issues. There are three focuses of the discussion: a) the various types of plastics and how the characteristics of different resins impact on their recyclability; b) the different types or groups of technologies that can be used to dispose of or recycle plastic wastes and some specific examples of technologies within each technology group; and c) the environmental impacts of disposing or recycling plastics by using the various available technologies.

One of the major, if not the major, technological problem to be faced in recycling plastic wastes is the diversity of the physical and chemical characteristics of the numerous resins that are called “plastic”. There are two main types of plastics—thermoplastics, which can be repeatedly reformed by softening or melting under heat and pressure, and thermosets, which cannot be remelted once their interlinking molecular bonds are formed. Obviously, the characteristics of thermosetting resins make those resins much more difficult to recycle than thermoplastic resins. Further, within each major group of plastic resins, the physical and chemical characteristics of the different resins vary widely. (These specific characteristics are addressed in more detail in Chapter 2 and in Appendix A, which summarizes the characteristics and typical uses of some of the major thermoplastic and thermoset plastic resins.) While one thermoplastic may melt at, for example, 150°F, another thermoplastic may have a melting temperature in excess of 500°F. Moreover, it is difficult to predict how the physical characteristics of a mixture of different resins will vary from the characteristics of the resins when used individually. Therefore, in no sense can plastic resins be thought of as being uniform. Different resins vary in characteristics and properties as much as, for example, steel differs from aluminum. These heterogeneous characteristics of resins severely limit the types of recycling that are technically feasible and greatly complicate the discussion of the economic feasibility of plastics recycling.

The recycling of plastic wastes is further complicated in that a plastic resin in one waste stream is not identical to the same resin in another waste

stream. As will become clearer in Chapter 2, a major technical constraint to the recycling of plastic wastes is the form in which that waste enters the waste stream. While significant technical progress has been made toward separating plastics from other wastes, it is generally recognized that once a plastic enters the municipal waste stream, it is technically very difficult and not economically viable to separate that plastic from other municipal wastes. Therefore, a major key to recycling plastic waste, at least in a relatively uncontaminated form, is our ability to collect and process that waste before it enters the municipal waste stream. Obviously this ability depends on the product in which the waste resin appears and how that product is typically disposed of. The collection possibilities and therefore the recycling potential for a thermoplastic waste in, for example, the form of a returnable soft drink bottle are vastly different from the possibilities for the same resin when it appears in the form of consumer product packaging, which is extremely difficult to divert from the municipal waste stream.

Another technical complication that distinguishes the issue of plastics recycling from other widely recycled materials—such as steel, aluminum, and copper—is the various ways plastics can be recycled. Unlike metal recyclers that take metal scrap in a contaminated form and basically reduce the contamination to a level acceptable for the intended use, plastics recyclers have several alternatives. Recycling technologies are usually discussed in one of four major categories. Primary recycling is the processing of waste into a product with characteristics similar to those of the original product. The plastics industry has historically recycled much of the waste that occurs during resin production, fabrication, conversion, and product assembly in a primary sense. However, the primary recycling of plastic wastes does not allow for any significant waste contamination and therefore is not applicable for more contaminated manufacturing wastes (sometimes referred to as manufacturing nuisance plastics) and virtually all types of postconsumer plastic wastes. For the most part, this book is not concerned with the primary recycling of clean manufacturing waste, but rather focuses on those manufacturing and post-consumer plastic wastes that have historically been disposed of by landfill or incineration.

Secondary recycling is the processing of plastics waste into products with characteristics that are inferior to those of the original product. As is discussed in some detail in Chapter 2, there are numerous technologies that are available to recycle thermoplastic wastes into products such as drainage pipes and construction materials similar to wood products. The use of these technologies is predominantly limited by the percentage of the total waste that is composed of thermoplastics. This technological constraint reemphasizes the importance of collecting plastic wastes independently of other municipal wastes or having the capability to economically separate plastics from other waste materials. There is also some discussion in the general literature of recycling thermo-