

Making reverse logistics systems right for cans

Existing reverse logistics systems for recycling offer key insights into how the canmaking industry should push for a fairer deal, says Antonio Teixeira

“ Sustainability is definitely on the agenda in all human activities at the moment. And particularly in the case of packaging where post-consumer recovery – known as reverse logistics – is considered paramount.

This issue has been addressed in various ways throughout Europe since 1991, when Germany enacted its first Green Dot regulations. Subsequently other countries, under the guidance of the European Community, started to adopt similar policies.

At the beginning of this year, the Brazilian government issued its own federal law on recycling, setting ambitious targets for coming years.

It gave the entrepreneurial sector – the entire production chain, including packaging manufacturers, fillers, retailers and importers – one year to the end of 2011 to propose its own collective agreement.

Of course, the right thing to do for the canmakers in Brazil was to learn from the experience of European countries.

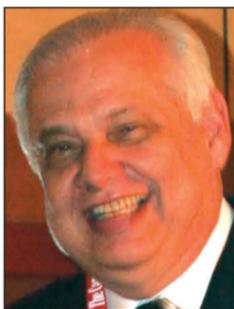
As a member and now, with great honour, president of the International Packaging Association (IPA), a worldwide association through which independent canmakers exchange information, I was appointed by the Brazilian canmakers to address the issue.

Thanks to IPA's European members, in November 2010 and May 2011 I was warmly welcomed by more than 20 European organisations that operated selection centres, recycling centres, energy recovery plants along with sector associations and also some government agencies.

I first visited Germany and Belgium because they have consistently achieved the highest recycling rates for metal cans.

We learned a lot from what we saw and from what we were told. This valuable knowledge will be very useful for implementing the Brazilian system. However, we also found procedures that, in our opinion, have an impact on metal packaging.

For example, in Germany where all post-consumer packaging is placed in the same ‘yellow bag’, I could see that metal cans are paying part of the reverse logistic costs of other packaging types.



Antonio Teixeira is chief executive of São Paulo-based three-piece canmaker Brasilata, and president of the International Packaging Association

Time and again I observed the bags being unloaded from trucks and emptied into a system that separated each type of packaging in turn, starting with metals and ending with flexible plastics, paper, cartons and so on. Most of the revenue, and in some cases the only revenue, comes from the sale of steel and aluminium.

The total cost of the operation is apportioned by weight – a cost of around 700 euros per tonne, paid for by the fillers. Therefore metals – especially steel – are further penalized for having higher specific weight than the other materials.

In Belgium the situation is less harmful to metals since the direct cost of the separation operation, as well as the sale proceeds, are more appropriately apportioned among the different materials – approximately 40 euros per tonne for steel, 140 for aluminium, 200 for PET bottles and 275 for cartons. However, it is reasonable to assume that the metals are penalised with the apportionment of indirect costs of the entire system.

As for the Swedish and Swiss systems, steel and aluminium are separated at the source, thereby avoiding any cross-subsidy between different materials.

Used metal cans have value and that value must be converted into an exclusive benefit for its competitiveness, and this must be done by the industry. No-one else will.

I do not know if it will be possible to repair the damage already done in some European countries, but canmakers in countries that are now deploying reverse logistics systems have an opportunity to avoid it.