

recycling today

Closing Loops

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Electronic Recyclers International (ERI), based in Fresno, Calif., has been the recipient of investments from Pittsburgh-based Alcoa and Seoul, South Korea-based LS-Nikko Copper. The aluminum producer and copper smelting company see a benefit to investing in the electronics recycling company because it will provide them with an "urban mining" resource, according to ERI. In turn, ERI can look to LS-Nikko and Alcoa as reliable homes for the secondary commodities recovered from its electronic scrap recycling facilities, which process some 140 million pounds of obsolete electronics each year.

John Shegerian, CEO and chairman of ERI, says he believes urban mining will transform the way in which commodities such as aluminum, copper, gold and silver are mined because it is cheaper and less energy intensive. For instance, recycling requires 95 percent less energy than extracting aluminum from ore.

When LS-Nikko announced its stake in ERI in December of 2009, Dr. S.W. Kang, president and CEO of LS-Nikko, said, "Proper waste management is not just a business option any more, but one of the compulsory requirements of mankind. Everyone should try to reduce waste, and all waste should be managed safely and with the right environmental processes in place." He added, "With this in mind, I think we have to consider the recycling business as a public utility rather than a commercial profit center."

LS-Nikko increased its minority ownership of ERI in November 2010. At that time, ERI's Shegerian said, "Growing and building upon our existing partnership makes sense for the environment and offers even more opportunities for commodity recovery because electronic waste remains the fastest growing solid waste stream in the world today."

Through its 10 percent stake in ERI, Alcoa says it will bring its expertise in recycling to the challenge of electronic scrap.

Alcoa is a world-leading producer of primary and fabricated aluminum and the world's largest miner of bauxite and refiner of alumina.

Alcoa says sustainability is an integral part of its operating practices and the product design and engineering it provides to customers. Alcoa has been a member of the Dow Jones Sustainability Index

for nine consecutive years and claims that approximately 75 percent of all of the aluminum produced since 1888 is still in active use today.

At the time of the announcement in March, Alcoa Vice President and Chief Sustainability Officer Kevin Anton, who also is a director of ERI, said that by investing in the electronics recycler, Alcoa could become more familiar with the dismantling side of the business, which would help the company to design its product to improve and enhance recyclability.

"This partnership between our two companies enhances Alcoa's ability to deliver on its commitment to sustainability by increasing the recycling of consumer electronics and driving sustainable practices," he said.

Shegerian talks with Recycling Today Editorial Director and Associate Publisher Brian Taylor about the potential benefits regarding its newest partnership.

Recycling Today (RT): How is this investment beneficial to Alcoa?

John Shegerian (JS): I think there are a bunch of reasons. Their 123-year-old brand, they created the can recycling business and literally recycle billions of cans per year in their 32-country international operating area. I think when they ran into this industry, electronics recycling, they realized: Wait a second, we've seen this movie already and we know the ending; this could be good. They knew they could add value financially, that's the obvious one. But the not-so-obvious one is the human resources from the recycling side, the sales side, the logistics side, the sustainability side. They are a \$26 billion company; we're at \$65 million. We're small to them, but they understand how to nurture a company.

Since aluminum is infinitely recyclable, and they know that the electronic scrap recycling industry is growing, it would also be a source of consistent feedstock back to them. It is very marketable for them to go to the OEMs and their client and constituency base. They know their constituency base is really very interested in that sustainability solution—closing the sustainability loop.

It becomes a cradle-to-cradle loop. That's a marketable commodity—it's not just keeping things out of the landfill, but creating that value chain.

When I met Kevin and the CEO of Alcoa (Klaus Kleinfeld), they knew and they still know that investing in ERI is a way to keep their eyes on the future; [they are] investing in the growing trend of urban mining. That's what this whole investment is really about.

RT: How does ERI benefit from bringing Alcoa on board as a shareholder?

JS: Of course we need money to grow; all small companies need growth financing. But then Alcoa can also provide reverse logistics knowledge, human resources and mentorship on how to grow and where to grow—the geographic issues. Really it's invaluable; that's a skill set you can only end up getting by being around as long as they have and attracting the talent that they have.

RT: Why are computer makers planning to use more aluminum by 2013?

JS: It's what Alcoa sees and senses, and I think it's the OEMs in general that want to make their products cleaner, and that includes using fewer hazardous materials and using more recycled material that is easy to recycle again. That's closing that sustainability stakeholder loop. People want to be part of that. OEMs want to send that message to their client base: "Hey, this made out of 50 or 60 percent recycled material." That moves the needle for some people.

RT: So copper and aluminum are in place, is steel or plastics next?

JS: There is the potential for strategic investments in those two categories.

The next announcement, possibly in the second half of 2011, may be more along the lines of international investments. We now have eight locations in seven states, but I think the real next step is to become an international brand and open up in other countries.

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