Let's talk trash

The draft National Solid Waste Policy (PNRS) exemplifies the difficulty Brazil has in getting anything done. First, there's the talk, talk, talk problem: Successive Congresses had been discussing this for 21 years before it was presented late in 2010 and published this year for actual public discussion. Then there's the problem of counter-productive taxation; for instance, when waste is transported from one state to another for recycling state value-added tax is charged. And the problem of conflicting state rules for dumpsites and landfills. And the informal employment of up to a million collectors. And unfunded mandates like the requirements that cities close dumpsites and carry out selective collection, which most municipalities simply cannot afford. And the fact that the new policy will hit consumers' wallets hard.

Obviously, waste has to be disposed of, and Brazil hasn't been doing a very good job. Data from the Brazilian Association of Waste (Abetre) show that in 2010, only 4% of 61 million metric tons of solid waste was recycled — so last year alone almost 59 million tons piled up across the country, on top of what was dumped in previous years.

And we're literally throwing money away. Victor Bicca, president of Business Committed to Recycling (Cempre), thinks that just by recycling plastic containers, aluminum, and cardboard, Brazil could have economic gains of R$8 billion a year, and today we recycle less than R$3 billion.

The PNRS also overregulates recycling activities, increasing their cost. One of the biggest problems with the PNRS is "reverse logistics" — the requirement that waste materials be returned to those who generated the products so they can be reused or turned into other products. That means it's impossible for companies making different products to share responsibilities in ways that would reduce costs. A supermarket chain may deal with 50,000 different products, made by different companies but often resulting in similar waste products that could be more efficiently handled in a decentralized way. The reverse logistics costs will be huge — and they'll have to be passed on to consumers, who are hard-pressed to keep up with inflation as it is.

The National Solid Waste Policy should rely less on compulsory and arbitrary regulation and better align economic incentives so that states, municipalities, producers, consumers can figure out how best to reduce waste and recycle materials.

Some industries are already leading the way. The lubricating oil industry Play Clean program is very efficient: gas stations collect the packaging, which is sent to be pressed, baled, and forwarded to plants that recycle polyethylene. Last year Sindicom, the National Union of Fuel and Lubricant Distributors, collected 23 million packages; it expects to collect 40 million this year; and by 2015, it expects to be recycling 60% of the packaging used by its members.

Our cover article not only sets out the problems the PNRS could cause; it also offers plenty of suggestions for how at least some of them might be solved. But first everybody — Congress, the administration, states, municipalities, producers, consumers — has to admit honestly that there are problems to carrying out the PNRS as it is, and everybody has to be willing to share responsibility for helping to solve them. Second, the PNRS should rely less on compulsory and arbitrary regulation and better align economic incentives so that states, municipalities, producers, consumers can figure out how best to reduce waste and recycle materials within their budgets. Heavy top-down regulation is usually the reason that it's often hard to get things done in Brazil. At the end of the day, the best of intentions become dead letters.