

**REMARKS BY TOM DUNNE
ACTING ASSISTANT ADMINISTRATOR
EPA OFFICE OF SOLID WASTE AND EMERGENCY RESPONSE
2004 BYPRODUCTS BENEFICIAL REUSE SUMMIT
KANSAS CITY, MISSOURI
NOVEMBER 8, 2004**

I want to thank Jim Gulliford and his staff here in Region 7 for hosting this conference, and for inviting me to speak. They deserve a special round of applause for having the foresight and good sense to schedule this conference six days after one of the most hotly contested Presidential elections in American history.

Presidential elections have a way of freeing up minds and loosening lips. In the weeks before an election, people in politics – from whichever party – are worried about saying something stupid or controversial that can get blown up in the press and hurt their candidate. Nobody pushes the policy envelope, and nobody dreams big dreams, at least out loud.

Before Presidential elections, people in politics are focused like lasers on the past. What has gone right, and what has gone wrong, in the previous four years? Who gets the credit, and who gets the blame?

Presidential elections are mostly about yesterday, and the one held last Tuesday was no exception.

But the day after the election, almost like magic, the focus shifts to the future. The winners look at national policy through fresh eyes, and begin planning the new initiatives that some day will be their legacy.

In this sense, the first few weeks after a Presidential election is a good time to float new, controversial, or sketchy policy ideas without regret or recrimination. You don't have to worry about stepping on yesterday's top priorities. You can engage in a kind of national brain-storming session, when lots of ideas are put in play. Ideas are never more visionary and speech is never more free than in that brief window of time following a Presidential election.

This conference is taking place within that window of time. So I'd like to take advantage of it to talk about the future of waste management in this country. My ideas are not necessarily new, and I take fully responsibility if they sound only half-baked. But after three years of working in the EPA office responsible for the safe management of wastes, I am convinced that this country must make a sharp and profound change in national policy.

Today we still spend the lion's share of our time, budget, and energy on waste disposal, while resource recycling, reuse, and the more efficient use of input materials are second-tier issues. They're important to all of us at this conference, but where do they stand in the big picture of the government agencies, corporations, and universities we work for?

That has to change. Materials management is now the tail on the dog of waste disposal. In the future, it must be the dog itself.

The fundamental change I'm suggesting is not EPA's concern alone. The same change will have to take place in state agencies, corporations, schools, towns, and even families. EPA has to play a leadership role with the voice of thoughtful authority many Americans expect of us. Congress certainly thinks EPA should lead, although Congress is not quite so sure what leadership means in this case. So the question is: What would this kind of change mean to EPA, and how would the Agency have to evolve in response?

First, a little history.

When RCRA was enacted in 1976, it was remarkably prescient. It was intended to ensure the "safe disposal of discarded materials," to be sure. But it also encouraged "the recovery of energy and other resources from discarded materials."

Since then, EPA has paid most of its attention to the first of those purposes, and we've done a pretty good job of it. A set of protective standards and regulations governing the safe disposal of wastes is largely in place. For many materials, we keep track of them, and manage their health and environmental risks, from "cradle to grave."

Don't get me wrong: there's still more to do. We're still grappling with problems

like tire piles and barrel burning in rural areas. New streams of waste sometimes emerge, like the recent explosion in discarded consumer electronics. New scientific advances – like bioengineering and nanotechnology – will bring with them new waste disposal challenges. We'll continue to worry for many years about the long-term stewardship and institutional controls related to disposal facilities. In short, EPA is not walking away from its regulatory obligations under RCRA.

But here's the point: EPA's days of proposing and writing and finalizing command-and-control waste disposal regulations are just about over. That job's mostly done. So where do we go from here?

In a word, we go back to the future. We rediscover the wisdom of the authors of RCRA a generation ago. We move on to RCRA's second major emphasis: "recovery of energy and other resources from discarded materials."

Those words were written 30 years ago, and they carry even more weight today. Today, for example, we're more attuned to the idea of economic and environmental sustainability. Does it make long-term economic sense to use raw materials just once, and then throw them away? Does it make long-term economic sense to fill up today's landfills at today's rates, when sites for new landfills may be very difficult to find in the future?

But issues of long-term sustainability aside, another powerful agent driving us toward comprehensive materials management and reuse is the global price of raw materials. Over the past year, the value of the raw materials used to manufacture virtually all products has shot through the roof. Crude oil has received the most publicity, because its 70 percent rise in price affects most people most quickly. But the international prices of cement, steel, paper, and most metals have gone up comparably.

Those price increases are being driven by sharply higher demand from China and, to a lesser extent, India and the rest of Asia. There's no guarantee that those prices will not drop if Asian economies cool, or if more sources of supply are developed. In fact, over the past few weeks, that's exactly what's happened.

But a lot of smart people believe that for many raw materials, crude oil being the best example, future demand will strain the limits of global supply. We're entering a new era where raw material prices may well fluctuate as they have in the past, but they'll be fluctuating within much higher ranges. Even worse, given political unrest in many of the world's oil-producing regions, oil prices could move considerably higher.

This kind of structural shift upward in raw material prices could change the way all of us do business. If the value of recycled materials plateau at today's unusually high levels, then manufacturers around the world would pay a premium to reduce their reliance on input materials, particularly energy. For manufacturers everywhere, materials management would become a much higher priority than waste management.

As I said earlier, none of these ideas is new. They sound a lot like pollution prevention, a fruitful idea that's been floating around for a quarter century. But within the past few years these ideas have begun to take hold in some surprisingly energetic ways. The European Union, for example, is developing a strategy to prevent and recycle waste, while recognizing the importance of life cycle analysis within a comprehensive materials management system. Japan is going even further, passing an ambitious law to move towards a recycling-based society. In this country, some state governments are taking innovative steps to encourage materials management. The state of Washington, for example, has started to track materials and wastes as part of a long-term strategy to eliminate wastes and the use of toxic substances entirely.

EPA has embraced the notion of recycling and reuse as well, as you can see from our involvement in conferences like this. A few years ago, we initiated our Resource Conservation Challenge, which has done a lot of exceptional work. Our Coal Combustion Products Partnership, for example, is a powerful argument for the kind of strategic policy shift I'm talking about today.

Substituting just 12.6 million tons of fly ash for portland cement would save 350 million cubic feet of landfill space, reduce greenhouse gas emissions by 11 million tons, and

conserve crude oil valued at over 140 million dollars. When that analysis was done, by the way, the price of oil was 40 dollars a barrel. Now it's about 50 dollars a barrel.

In other words, the energy saved from reusing 12 million tons of fly ash is now worth about 175 million dollars. And that's just a fraction of the fly ash we generate every year.

The bottom line? Any project that cuts energy costs, or provides an alternative source of energy, has shot up in value over the past six months. The return on investment in those projects is looking very, very good.

Despite our enthusiasm for RCC projects, materials management is still the tail of the dog at EPA. We have about four times as many employees working on traditional RCRA regulatory programs as there are working on all reuse projects

That ratio has to change. In the future, we'll need a handful of people working on regulations, and many more working on reuse projects. That kind of change won't be easy.

In my view, EPA's approach to reuse has to be strategic, systematic, and comprehensive. We have to become a different kind of agency doing different kinds of things than we do today. Our organizational structure has to change, and some job descriptions have to change.

Beyond that, we have to think differently. We've grown very comfortable in our command-and-control regulatory shoes. Changing styles is going to hurt.

As our RCC projects demonstrate, and attendance at this conference reenforces, reuse projects – even across whole industries and large classes of waste – are almost always collaborative efforts. Everyone involved in a project has to have a voice, and their voices have to be heard.

In its role as collaborator, a future EPA Office of Waste and Materials Management would have new kinds of responsibilities requiring a different mix of employee skills. For example, this new office could develop a detailed understanding of the specific constituents of our nation's waste stream, including amounts, chemical makeup, health and environmental risks, and reuse potential. It could help encourage markets for those waste

streams by introducing generators of waste to potential users. If there were unnecessary regulatory barriers to those markets, it could work to remove them. It could help assess the health and environmental safety of the products resulting from reuse. It could coordinate with other EPA offices, like Toxic Substances, Enforcement, and Research and Development, that would no doubt have a substantial role to play in a national materials management policy.

It also could coordinate with other organizations, public and private, that would be involved as well. Given the scope of the job I'm describing, EPA simply wouldn't have the capacity to go it alone. Cross-agency collaboration, as well as public/private collaboration, would be crucial.

For the last few minutes I've been describing a new kind of EPA, or at least a new kind of waste office. An office that would be more of a collaborator, and less of a commander. More of a facilitator, and less of a regulator. More involved in defining the bigger picture, and less involved in the details of individual projects. More willing to assist with projects that may be initiated by state governments, or by industries themselves.

The future I'm describing would entail a new role for state governments, too. States share with EPA much the same kind of regulatory history. Changing bureaucratic structures and mentality will be equally difficult for states, but equally necessary.

Waste generators will also have to embrace the realities of this new paradigm. Like government, business has spent most of its money and energy figuring out how to comply with waste disposal rules. Some enlightened businesses are looking ahead, designing facilities and processes to manage material flows and improve efficiencies. I'm looking forward to Jay Richardson's description of Ford Motor Company's activities in this area.

But it's safe to say that most companies still see waste disposal as a cost of doing business. That kind of thinking has to change across the board, not just at specialized conferences like this. American businesses need to rethink waste disposal costs, and rethink opportunities for reuse and efficiency improvements, in light of likely long-term

raw material price increases. If reuse processes or products pose uncertain health or environmental risks, they have to work with and trust third parties. In a brave new world where reuse is the norm and disposal the exception, EPA cannot be involved in every project or monitor every product and process. There will be a large role for universities, independent testing agencies, and other interested third parties. Waste generators and reusers have to be prepared to work collaboratively with those third parties, and have their work scrutinized by them.

I realize that confidential business information and competitive advantage are always top priorities. But in the future those issues will need to be balanced with transparency and trust. In the eyes of the public, transparency is the path to legitimacy. In my long career, if I have learned anything, I have learned this: if you want regulation to go down, then transparency has to go up.

As I look around this room today, I am heartened that so many energetic people have chosen to attend this, the third in a series of beneficial reuse conferences. I want to send a special “thank you” to Paul Ruesch, Susan Mooney, and Mary Setnicar from Region 5 for their leadership in pushing the idea of reuse summits. If the last two summits are any indication, over the next two days you’re going to answer a lot of questions about reuse, and inspire a lot of people to look for reuse opportunities at home – whether in particular states or in particular businesses.

This conference also gives me hope that I will live to see the day when conferences of waste disposal experts are small, highly technical affairs, and materials management conferences like this are some of the biggest in the country. Conferences where hundreds of people set up booths to explain processes, sell products, or look for partners. Conferences where thousands of people come to learn. Conferences where every sector of the American economy, and every substantial waste stream, are topics of discussion.

When that day comes, I’ll know we’ve turned the corner back to the future. When that day comes, I’ll know we’ve finally begun to fulfill the promise of the other half of

RCRA.

Thank you very much.