

WASTE & RECYCLING NEWS

Alcoa invests \$10M in Electronic Recyclers International

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Aluminum giant Alcoa has taken an ownership equity stake in Electronic Recyclers International, investing \$10 million in the Fresno-based company, the companies said today.

Alcoa's chief sustainability officer, Kevin Anton, will take a seat on ERI's board of directors.

The alliance between the two companies began about a year ago when Alcoa built its can recycling iPhone app on 1-800-Recycling's programming backbone. The recycling database and website is part of the ERI family of companies co-founded by John Shegerian, CEO.

"We started to get to know John Shegerian and the company, and talks progressed to a myriad of things and ultimately ended up with us deciding to take an equity investment," Anton said.

The \$10 million investment means that ERI will be able to expand to serve most of the U.S. population, Shegerian said, and even abroad. This year, the company's Fresno-based electronics shredder and CRT glass cleaning operation will be joined by new shredding and glass facilities in Indiana and Massachusetts. The company currently has operations in seven states, with plans to expand as more states adopt electronics recycling legislation. Not all states have shredding capabilities, however -- manual dismantling occurs at all locations, and then material that has to be shredded is sent on to shredding locations.

"Electronics recycling has to be done within 250 or 500 miles of the market you're serving," Shegerian said. "The goal is to have 10 or 11 facilities across the U.S. so we can serve the whole population."

Along with the U.S. expansion, ERI also is in talks to have new facilities open up in South America, India, Europe and the United Arab Emirates. These facilities would serve the markets in those regions, Shegerian said.

"We don't want to say we're handling the e-waste from these markets and then ship it off their shores," Shegerian said. Both Alcoa and ERI are signatories to support the Basel Action Network's eStewards certification standard, which regulates exports of non-working electronics.

Shegerian said he didn't want to take on an investor that would contribute money only to his company's growth. After solidifying a successful strategic alliance with LS-Nikko to mine copper

from waste electronics, Shegerian said he wanted a partner for the business's expansion, not just an investor.

"I wanted a strategic partnership, to grow the company into a leading brand and an international brand," he said. "What got us to where we are today will not get us to where we want to be tomorrow."

For Alcoa, the investment is about continuing the company's tradition of sustainability, Anton said.

"If you look at the consumer electronics space, aluminum is playing an ever larger role in it. Simplest case in point -- go into an Apple store," Anton said. "We're seeing shorter and shorter lifecycles for consumer electronics, which means responsible care is needed at the end of their life. From an Alcoa perspective, where we value sustainability so highly, we don't think it's right to sell products into a market place and then not be part of the end-of-life solution. This is a great opportunity for us to participate and help build out the infrastructure for responsible recycling of consumer electronics in this country."

Aluminum usage has been increasing in consumer devices as electronics become smaller. Anton said Alcoa expects to see an increased usage of 30% in the laptop computer market by 2013. He said the metal lends design flexibility to electronics manufacturers, for both aesthetic and technical reasons.

"First of all, who doesn't like the look? The product looks cool. There are lots of things we can do with color. It's dent resistant, so it protects the package. The thermal efficiency--the more aluminum in a consumer electronic, the easier it is to deal with the heat of the electronics. You'll see smaller fans or no fans at all, and that's all facilitated by the aluminum in the design. It's a natural fit," Anton said.

Alcoa will approach electronics recycling in the same fashion it has taken toward aluminum cans; currently the company is promoting a goal to capture and recycle 75% of the aluminum cans used in North America yearly.

"Alcoa has a great reputation and a great platform to talk about sustainability, and this will become one of the legs of our sustainability message. It will be no different than our aluminum can. We helped create the aluminum beverage can, and then we created the infrastructure to recycle it. 50 years later we continue to invest in the recycling of the can," Anton said.

There hasn't been a benchmark set for electronics recycling -- yet.

"We haven't talked about it for ERI but that's a pretty logical extension," Anton said. "We have to think through the goal, make sure it's a stretch goal, an aspirational goal, and actionable. It's unconscionable today that people throw away what they throw away."

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