





## American Forest & Paper Association

July 17, 2012

Ms. Carol Mortensen, Director  
California Department of Resources Recycling and Recovery  
P.O. Box 4025, MS-25A  
Sacramento, CA 95812-4025

### Re: Comments on *California's New Goal: 75 % Recycling*

Dear Director Mortensen:

The American Forest & Paper Association (AF&PA) appreciates the opportunity to comment on CalRecycle's first draft report on *California's New Goal: 75 percent Recycling*, dated May 9, 2012. AF&PA encourages efforts by state and local governments to promote recycling that complement our industry's aggressive goals and record of success in increasing the amount of paper recovered for recycling and diverting recyclable paper from landfills.

AF&PA is the national trade association of the forest products industry, representing pulp, paper, packaging and wood products manufacturers, and forest landowners. Our companies make products essential for everyday life from renewable and recyclable resources that sustain the environment. The forest products industry accounts for approximately 5 percent of the total U.S. manufacturing GDP. Industry companies produce about \$190 billion in products annually and employ nearly 900,000 people. The industry meets a payroll of approximately \$50 billion and is among the top 10 manufacturing sector employers in 47 states. In California, our industry employs more than 54,000 individuals and operates 489 manufacturing facilities. The estimated state and local taxes paid by the forest products industry totals \$318 million annually.

Paper recycling is one of the nation's great environmental success stories and AF&PA is a leader in promoting paper recovery and recycling. Paper recycling reuses a renewable resource that sequesters carbon and helps reduce greenhouse gas emissions. In 2011, a record-high 66.8 percent of the paper consumed in the U.S. was recovered for recycling. Overall, paper and paperboard recovery increased 81 percent since 1990. In addition, in 2011 the amount of paper that was recovered for recycling saved 174 million cubic yards of landfill space.

In keeping with the forest products industry's legacy as a leader in sustainability, in 2011 AF&PA announced a new initiative called *Better Practices, Better Planet 2020: Continuing AF&PA's Commitment to Sustainability*. This comprehensive set of quantifiable sustainability goals is the most extensive to date for a major U.S. manufacturing industry. As part of *Better Practices, Better Planet 2020*, the industry has set a goal to further increase paper recovery for recycling to exceed 70 percent by 2020 and will be working with communities, businesses, and schools to reach this goal.

One example of the industry's commitment to increasing paper recovery for recycling is a project currently underway in California that focuses on increasing paper-based packaging recovery. AF&PA is sponsoring research to identify and assess existing barriers to municipal recovery of paper-based packaging in the state and propose ideas to address those barriers. Depending on the assessment, AF&PA may select and conduct community-based pilot project(s) to test whether the recommended actions mitigate barriers and result in recovering more paper-based packaging.

California's ambitious 75 percent recovery goal will be achievable only through constructive partnerships between businesses, CalRecycle, local governments, the public, and environmental groups. We are concerned, however, about many of the policy approaches suggested in the first draft report. We would like to offer our comments and provide input on several of the major proposals. Many of the concepts are new, and our industry may provide additional feedback as we examine how these proposals would affect our operations.

#### **Policy Concept #1: Increase Recycling Infrastructure**

AF&PA supports CalRecycle's goal of increasing recovery and supports improvements to the recycling infrastructure that are necessary to maintain adequate recycling capacity. In addition to the siting and certification regulations cited in the report, other regulatory action by the state, including creating a new regulatory scheme that adds a new regulatory burden on the marketplace could hinder growth of the recycling industry. To increase recycling infrastructure, California must not create a regulatory environment that inhibits expanded recycling manufacturing capacity that is economically viable. This will require a critical examination of a broad category of regulations impacting the industry, from air and water regulation to green chemistry.

We also have concerns about proposals to create financial incentives for recycling businesses. We believe that CalRecycle's efforts will be most effective in facilitating a regulatory environment where recycling businesses can succeed, rather than overseeing a process where the state subsidizes unviable businesses. Efficient markets for recovered paper have driven industry growth and recovery rates in the state, and California should not disrupt those markets with financial incentives.

#### **Policy Concept #4: Establish Extended Producer Responsibility**

AF&PA shares CalRecycle's goals of increasing recovery rates and reducing the amount of recyclable products going to landfills. However, we have serious concerns regarding the implementation of any specific product stewardship program or extended producer responsibility (EPR) framework, such as those suggested in the draft report. In particular, we are very concerned that this approach will dismantle the existing effective infrastructure for collection and recycling of paper and paper-based packaging materials.

We believe there is a better way to accomplish those goals. AF&PA supports voluntary paper and paper-based packaging recovery efforts and seeks to improve upon the existing recovery and recycling programs throughout California and the U.S.

Government imposed fees can unnecessarily increase costs for consumers and create distortions in the free flow of recoverable commodities. Obligating the manufacturer to assume all costs associated with managing waste from its products or requiring the

manufacturer to take back all of its products and packaging introduced into the commerce stream is detrimental because it will increase costs and create market distortions. The practicality is also questionable because the current paper recovery rate is already so high that the marginal costs of additional recovery through this system will be cost prohibitive.

We urge you to consider both establishing new and promoting participation in existing community recycling programs as an alternative to the EPR framework. We encourage CalRecycle to partner with our industry on education and outreach efforts, including the annual AF&PA Recycling Awards program that recognizes outstanding business, community, and school recycling efforts.

#### **Policy Concept #6: Increase Procurement/Demand**

AF&PA supports open-market access for all of our industry's products. We have concerns with state-directed purchase preferences, such as those proposed in the draft report, which advantage one kind of product over another based on content. As with other manufacturing sectors, the paper industry designs products to meet certain functional and aesthetic specifications. Raw materials are chosen to meet those specifications based on quality, availability, and price. Recovered fiber is used as a raw material based on meeting quality and performance characteristics of the final product. The choice of fiber—whether virgin or recovered fiber—must strike a balance among quality, cost, functionality, and production performance for each grade and each facility.

The draft report proposes procurement preferences for “post-consumer” recycled content and establishes minimum content guidelines for state-purchased products. Procurement mandates attempt to increase demand for recycled content in products, but in reality have the effect of making markets for recovered fiber less efficient and increase the cost of production for new paper products. Recovered fiber markets in California are mature and efficient which has made demand in the state for recycled paper strong. There is no need to impose non-market means such as procurement mandates to attempt to increase recovery of paper that is already being recovered at a very high rate and that will result in distorting the marketplace that already efficiently allocates recovered paper to its highest and best use.

We also have serious concerns with the “post-consumer” qualifier as it is a distinction without a difference and only serves to draw attention away from the important fact that materials from every step in the paper production process are being reused instead of being placed in a landfill. All of the material that our industry counts as recycled is post-industrial, but all of it may not be post-consumer—printer waste and converter scrap for instance. If we did not use these materials, they would have the potential to be landfilled. We are particularly concerned that such a limited concept of “recycled” needlessly excludes a key segment of the recovered paper marketplace. This will result in creating a disincentive to collect more paper from some sources and making the manufacturing of our products more difficult and expensive – from recovery to transportation to manufacturing -- without creating any environmental benefit. A broader concept of recycled content will help generate demand for all material diverted from landfills, and bring us closer to achieving the state's 75 percent recycling goal.

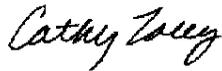
#### **Next Steps**

We urge CalRecycle in the next draft of this report to take a narrower approach, and focus on identifying obstacles to increasing recovery and proposing policies with a proven record of

success in overcoming those obstacles. We encourage CalRecycle to engage stakeholders in collaborative efforts rather than punitive regulatory approaches.

Please do not hesitate to contact me if you have questions or our legislative advocate in California, Kathy Lynch at (916) 443-0202 or [lynch@lynchlobby.com](mailto:lynch@lynchlobby.com). Thank you for your consideration.

Regards,



Cathy Foley  
Group Vice President

cc: Ms. Teri Wion, Senior Integrated Waste Management Specialist, CalRecycle  
Mr. Howard Levenson, Deputy Director, CalRecycle  
Mr. Mark Leary, Chief Deputy Director, CalRecycle