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July 2, 2012

Via E-mail

Ms. Carol Mortensen  
Director  
CalRecycle  
1001 Eye Street  
Sacramento, CA 95814

**Re: Proposed report: California's New Goal - 75 Percent Recycling**

Dear Director Mortensen:

The Association of Home Appliance Manufacturers (AHAM) respectfully submits the following comments to the CalRecycle on its proposed report: California's New Goal – 75 Percent Recycling.

AHAM represents manufacturers of major, portable and floor care home appliances, and suppliers to the industry. AHAM's membership includes over 160 companies throughout the world. In the U.S., AHAM members employ tens of thousands of people and produce more than 95% of the household appliances shipped for sale. The factory shipment value of these products is more than \$30 billion annually, including the over millions of home appliances impacted by this legislation that were shipped to California in 2011 alone. The home appliance industry, through its products and innovation, is essential to U.S. consumer lifestyle, health, safety and convenience. Through its technology, employees and productivity, the industry contributes significantly to U.S. jobs and economic security. Home appliances also are a success story in terms of energy efficiency and environmental protection. New appliances often represent the most effective choice a consumer can make to reduce home energy use and costs.

As currently proposed, CalRecycle would seek the broad, framework authority from statute to designate products for extended producer responsibility (EPR) programs, as outlined in the proposal's Policy Concept #4. The framework authority would target those products recycled at less than 75 percent of their representation in the solid waste stream, requiring that manufacturers manage and finance an EPR program within one year of a products' designation by CalRecycle.

AHAM cites serious concerns with this approach related to home appliances. For starters, providing CalRecycle with such broad powers on this very complex subject gives no assurance that the stakeholders will be brought into the decision-making and operating process effectively. Additionally, we recognize that CalRecycle's aim is to ensure more consumer products get recycled. However, a seemingly simple goal can raise several issues that require thoughtful and deliberate consideration, a fact of which we would hope CalRecycle remained mindful.

Along the same line, CalRecycle's approach runs a risk of significantly reducing the effectiveness of a free-market supported system that has directed the vast majority of major appliances through recycling processes for over a decade. For example, major appliances have been managed through market-driven end-of-life systems for decades, achieving a higher than 90 percent recycling rate in the US for the last 10 years alone. Of course, product handling is not without some costs, including regulated refrigerant handling in every jurisdiction in the United States. However, the metal found in appliances gives them end-of-life value, which is what has allowed the existing free-market diversion operations to thrive on its own for so long.

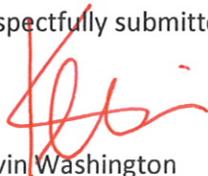
In 2011, CalRecycle staff presented findings in the "Extended Producer Responsibility Evaluation of Greenhouse Gas Emissions Associated with Products," session during the agency's November 2011 monthly meeting. At the time, staff explained that, among the main reasons products were selected for EPR study was because significant quantities were discarded in the California waste stream. AHAM would argue that because the content of our products helps ensure they are substantially directed through diversion and recycling streams, home appliances actually help contribute to environmental protection objectives by doing so. Thus, AHAM members traditionally oppose government-mandated recycling programs because they often threaten to disturb the performance of already successful, market-drive systems.

We also have a concern that this legislation provides a "one size fits all" approach that we find lacking. The proposal, while citing it would put forward "product-specific regulations," establishes this broad power within CalRecycle, but does not offer compelling assurance that manufacturers will get to significantly help to inform potential regulations. It is more appropriate to address specific products individually in an open and transparent process that fully allows considerations of all issues, including the product type, its budget impacts to the California government, and the consumer impacts. As stated earlier, a "one size fits all" framework will not work and if done legislatively, could lead to the agency trying to "force" a product into a framework that was never envisioned for this product.

Furthermore, the maturity of the market-driven system means there are many entities involved in successfully recycling major appliances including retailers, transporters, scrap dealers, scrap metal processors/shredders, and copper, aluminum and steel mills. End-of-life management issues for home appliances require the cooperation of these stakeholders to address all the product handling concerns. AHAM observes that the CalRecycle proposal gives no such consideration to the role of these stakeholders for our products.

For the foregoing reasons, AHAM expresses its opposition to this provision as written, and urges CalRecycle to weigh seriously the potential impact of making such a policy decision. As much as we raise concerns about the bill today, please know that AHAM stands very ready to work with you so that the needs of manufacturers, as well as the people and environment of California, can be mutually and positively sustained.

Respectfully submitted,



Kevin Washington  
Director, Government Affairs