



California Integrated Waste
Management Board

August 2009

Staff Report

2008 Compliance Report for the Recycled-Content Newsprint Program

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Preface

Although newsprint consumption has declined several percent per year recently¹ with increased publishing costs and with more people turning to electronic news sources, the U.S. is still the world's largest newsprint consumer and used some 7 million metric tons in 2008.² California accounts for approximately one-seventh of this consumption, and despite significant recycling efforts, paper still comprises a significant amount (approximately 21 percent by weight) of the waste disposed in California landfills.³

This is the context in which California's Recycled-Content Newsprint Program (established in 1991) currently operates to support the development and growth of markets for old newspapers and to reduce the amount of paper disposed in landfills and other detrimental environmental impacts.

The program's statute ([Public Resources Code](#) sections 42750-42791) defines recycled-content newsprint as newsprint containing a minimum of 40 percent postconsumer wastepaper fiber, and, since January 1, 2000, mandates that at least 50 percent of newsprint used by each of California's commercial printers and publishers be recycled-content newsprint. (The statute exempts newsprint purchased before 1990 from this usage requirement, so newsprint purchases reportedly made under long-term contracts entered into before 1990 are considered exempt.)

California printers and publishers (newsprint consumers) are required to annually certify to the California Integrated Waste Management Board their total usage of recycled-content and other newsprint. Newsprint manufacturers that produce recycled-content newsprint used by California printers and publishers must annually certify how much postconsumer waste paper and de-inked pulp they received or produced and how much recycled-content newsprint they supplied to California's newsprint consumers.

The Recycled-Content Newsprint Program regulations (California Code of Regulations [Title 14](#) (14 CCR), sections 17950 – 17974) detail the program requirements. The program's website (at www.ciwmb.ca.gov/BuyRecycled/Newsprint/) provides links to these regulations and other program information.

This report summarizes the results of the 2008 certifications and the program's ongoing impact.

Acknowledgements

The Board would like to acknowledge the efforts of the California Newspaper Publishers Association and the Printing Industries Association of California to ensure their constituents are aware of the Recycled-Content Newsprint Program and the required certification.

We also thank the newsprint manufacturers, publishers and printers for submitting their certifications, and, when requested, providing supporting documentation to help us ensure an accurate and complete report.

Executive Summary

The 2008 recycled-content newsprint certifications showed the continuing downward trend in total newsprint production and usage, generally reflecting the continuing shift from print to electronic publishing.

The six reporting manufacturers supplied a total of 449,514 metric tons of recycled-content newsprint during 2008 for use in California, down more than 50 percent from the prior year.

Total newsprint usage also fell in 2008, to 1,008,054 metric tons, of which 951,318 tons were reported to be purchased post-1990 and thus subject to the 50 percent recycled-content newsprint usage requirement. Of the 127 consumers (printers and publishers) who reported newsprint usage, 96 (76 percent) were in compliance with the 50 percent requirement, and in total, consumers reported using 541,571 metric tons of recycled-content newsprint (or 57 percent of the newsprint purchased post-1990).

Of the 31 consumers (24 percent) who did not meet the 50 percent requirement, 24 claimed an exemption based on price, 14 for timely availability, and 6 for quality—a similar pattern to 2007. Support for the exemption requests was largely qualitative but included increased prices for recycled-content newsprint, reduction in the amount of recycled-content newsprint manufactured and available in various grades, and customers' quality specifications.

Despite the decline in newsprint usage, this program continues to support California's waste reduction efforts. Per the recycled-content newsprint consumption reported in 2008, estimated resource savings and pollution reduction (compared to producing and using the same tonnage of virgin newsprint) included the following:*

- 2.9 million trees, or enough to build more than 28,000 wood-framed 2,000-square-foot homes.
- 955,000 cubic yards of landfill space, enough to fill a football field 48 stories high.
- 1.7 billion gallons of water, equivalent to a year's drinking water for more than 9 million people.
- 144 million kilowatt-hours of electricity, enough to power more than 15,000 U.S. homes for a year.
- 406,000 barrels of oil, enough to drive an average car more than 10,200 times around the Earth.
- 7.2 tons of air pollutants, equivalent to the annual savings of taking 1,200 cars off the road.

* See Appendix.

Report and Analysis

Newsprint Manufacturing

Manufacturer Certification Process

The Recycled-Content Newsprint Program regulations ([14 CCR 17962](#)) require manufacturers who produce newsprint used in California to certify to the Board by March 1 of each year:

- The metric tons of postconsumer paper and/or de-inked pulp received or produced at each of the manufacturer's mills.
- The metric tons of recycled-content newsprint, by grade, produced at each of the manufacturer's mills and supplied for use in California.

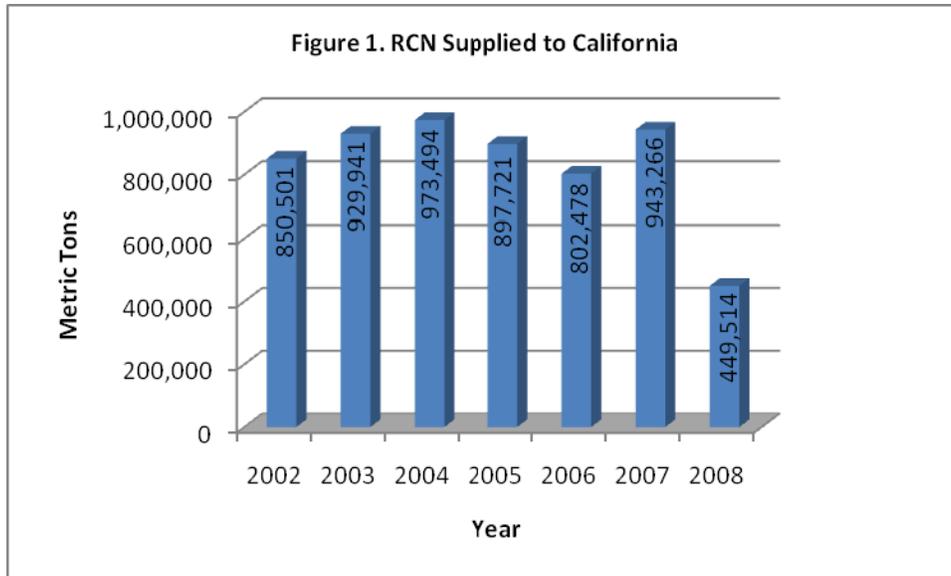
Numerous newsprint manufacturers have merged in recent years, resulting in a decrease in the number of entities that provide recycled-content newsprint for use in California. When this program first received manufacturer certifications in 1992, 46 manufacturers reported to the Board but by 1998, the number had dwindled to 13 and by 2007 only seven. In 2008, six manufacturers reported to the Board that they supplied recycled-content newsprint in California.

Recycled Newsprint Reported

The six manufacturers submitting certifications indicated that in 2008 they received or produced, in total, 1,135,095 metric tons of postconsumer paper and de-inked paper pulp. This is a 30 percent decrease from the amount reported in 2007 (1,626,320 metric tons) which probably reflects (at least for the first several months of 2008) the increasing price of recovered paper⁴ and its reduced domestic availability due to high overseas demand.

The manufacturers reported total recycled-content newsprint supplied to California of 449,514 metric tons in 2008 (see Figure 1), a decline of more than 50 percent from the amount reported in 2007 (943,266 metric tons). This recycled-content newsprint was comprised primarily of 27.7 pound basis weight newsprint (over 334,000 metric tons) with 30.0 pound and 26.4 pound having the next highest volumes (at approximately 53,000 and 46,000 metric tons, respectively). This appears to reflect a growing trend among newspapers to trim costs by using lighter newsprints which yield more printable pages per ton at a lower price per page.² The manufacturers also reported producing a variety of both lighter and heavier weights in small quantities.

As usual, the recycled-content newsprint reported as supplied by manufacturers (449,514 metric tons) was less than the usage reported by California printers and publishers (541,571 metric tons) though by a smaller margin than in some recent years. Some of the difference is consumer use of recycled-content newsprint inventories on hand, an amount which reportedly grew in 2008 (at least for daily newspapers) by almost 3 percent over the prior year.⁵ The rest of the difference is likely due to not receiving supply data from all current recycled-content newsprint manufacturers, such as those based overseas.



Newsprint Consumption

Consumer Certification Process

The Recycled-Content Newsprint Program regulations ([14 CCR 17958](#)) require all consumers (printers and publishers) to meet the recycled-content newsprint use requirements and to certify their newsprint usage by March 1 of each year.

To facilitate this, in late 2008, staff mailed forms and information about the certification process to all known newsprint consumers in California. Of the 143 known consumers contacted, nine were found to be inactive (e.g., out of business or merged with another firm).

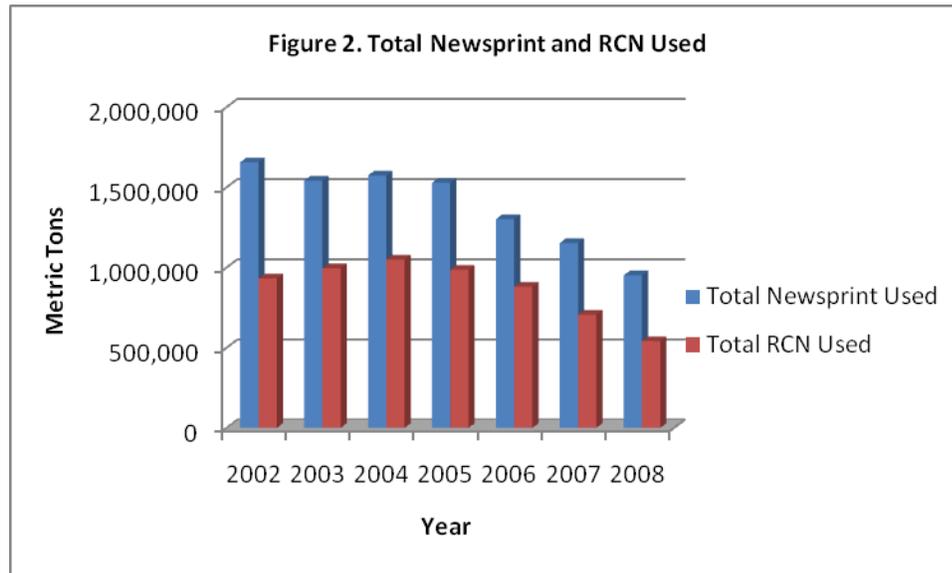
Of the 134 active consumers, 96 (72 percent) submitted their certifications by the due date. Of the remaining 38, 36 certified within another 45 days, but two did not submit their certifications until early June. (These last two certifiers were each assessed a \$500 penalty for filing more than 45 days late.)* Of the active consumers, 127 reported newsprint usage and seven were publishers who reported no printing activity for the year.

Recycled-Content and Other Newsprint Usage

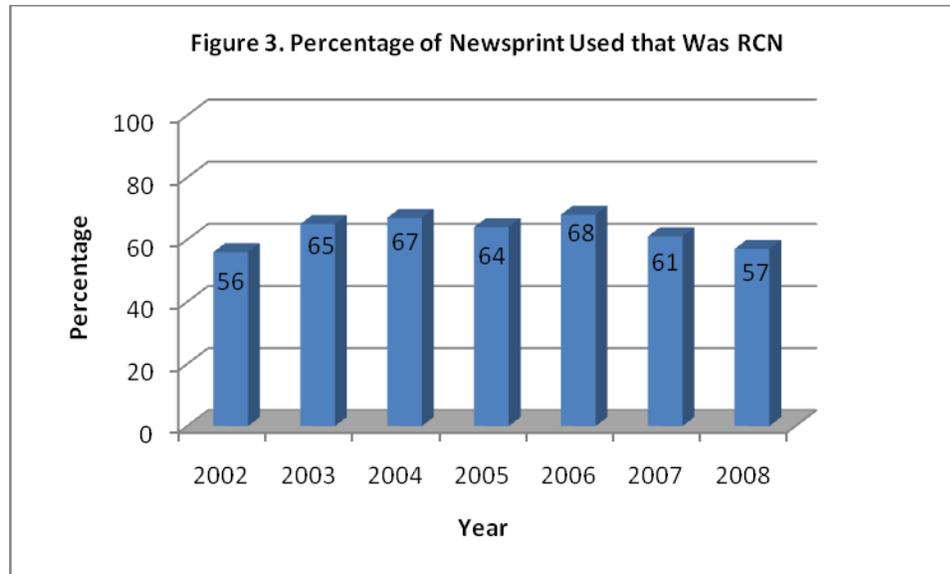
In 2008, consumers reported total newsprint usage of 1,008,054 metric tons, of which 951,318 metric tons (94 percent) was reported to have been purchased since 1990 and thus subject to the 50 percent recycled-content newsprint usage requirement. (Unless otherwise noted, total newsprint usage from here forward refers only to the post-1990 paper consumption subject to the recycled use requirement.)

* See [14 CCR 17974](#) for details on program penalties.

Of the 951,318 metric tons, 541,571 metric tons (57 percent) was reported to be recycled-content newsprint (see Figure 2). Although this usage is above the 50 percent minimum requirement, it is the lowest tonnage reported in the program's history and is a reduction in the percentage of recycled-content newsprint usage reported in recent prior years (see Figure 3)*. This decline is probably attributable to reduced availability during 2008 and related price increases from some suppliers, as well as the general decline in newsprint use.



* The 2007 total newsprint and recycled-content newsprint usage figures have been corrected. The data published in the *2007 Compliance Report for the Recycled-Content Newsprint Program* inadvertently overstated usage due to missing decimal points.



The newsprint reported as “non-recycled-content newsprint” includes both virgin newsprint and newsprint with recycled content of less than 40 percent (e.g., 15 percent or 25 percent). The amount of such other recycled content newsprint manufactured and used may have increased in 2008, but it has not been tracked as the Recycled-Content Newsprint Program certification form does not require this level of detail.

As for the accuracy of the newsprint consumption data, the purchasing and usage documentation provided by 46 consumers (representing approximately 30 percent of the reported recycled-content newsprint usage) generally confirmed the tonnages reported. In a few instances, however, consumers had inadvertently over- or under-counted their usage due to an apparent misunderstanding of what constitutes recycled-content newsprint for this program (i.e., newsprint with at least 40 percent postconsumer waste fiber content). For example, some consumers included newsprint with lower amounts of recycled content (e.g., 15 percent or 25 percent) when such amounts should be included as “non-recycled-content newsprint.” Other firms undercounted their usage by posting the weight of the postconsumer content fiber (i.e., a percentage of the tonnage) instead of the total recycled-content newsprint tonnage. The known errors were all corrected before the data was compiled for this report.

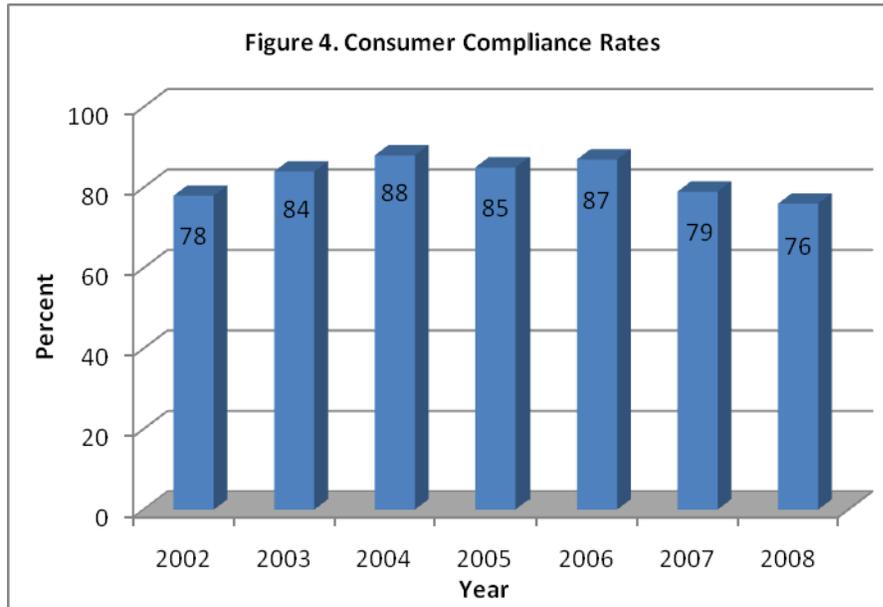
Consumer Compliance and Exemptions

If a consumer cannot attain the mandated 50 percent recycled-content usage, it may request an exemption for one or more of the following reasons:

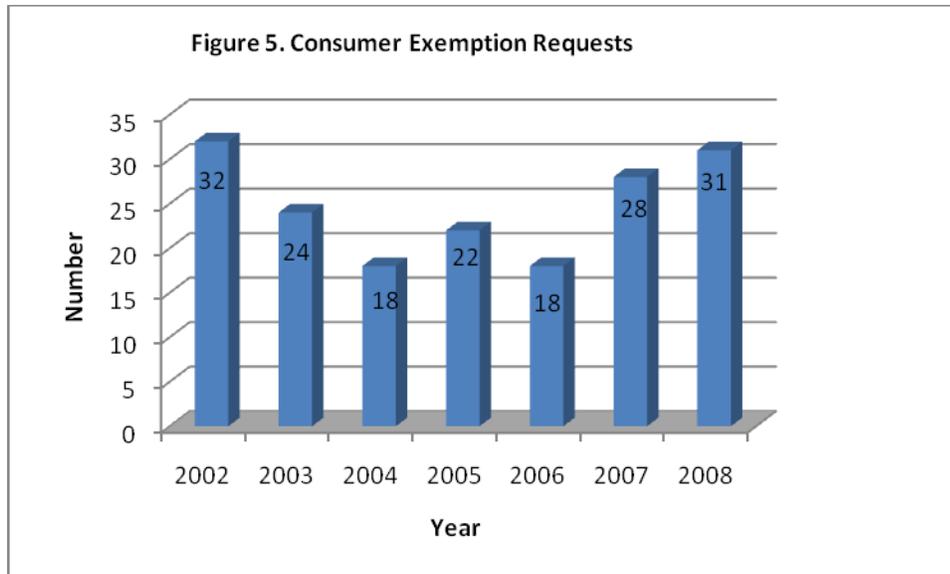
1. Recycled-content newsprint was not available at a comparable price (“price”).
2. The recycled-content newsprint did not meet the quality standards that are annually established by the Board (“quality”).
3. Recycled-content newsprint was not available in a reasonable time (“availability”).

If claiming an exemption, the consumer must also document its good faith effort to obtain recycled-content newsprint by providing a listing of all newsprint suppliers with whom the consumer had purchase discussions, or producers that offered to sell it recycled-content newsprint, within the preceding 12 months.

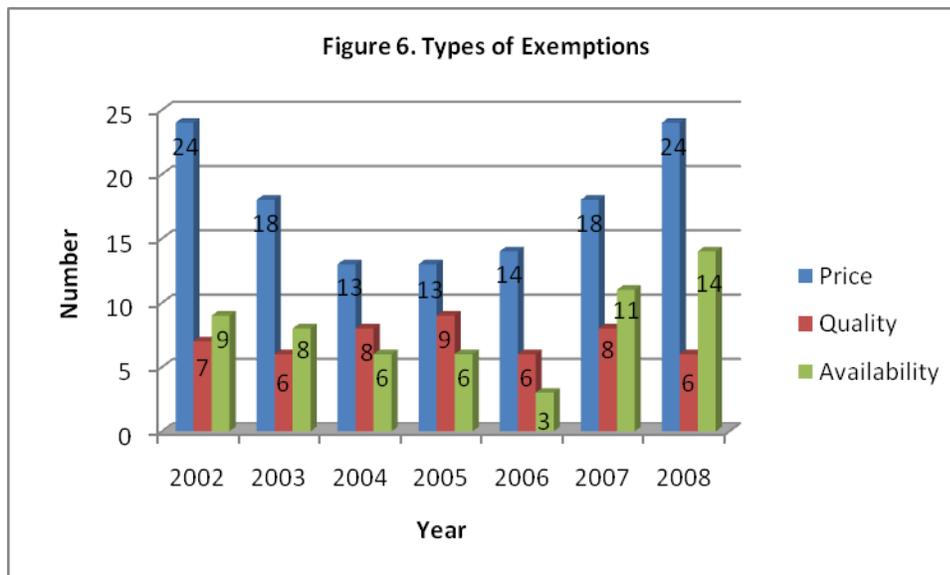
For the year 2008, 76 percent (96) of the 127 consumers who used newsprint met the 50 percent recycled-content newsprint mandate (Figure 4), the lowest rate since 1996.



The remaining 24 percent of newsprint consumers (31 of 127) reported that they did not meet the minimum-use requirement and claimed one or more of the allowed exemptions. This was an increase of three consumers when compared to 2007 (see Figure 5).



In 2008 (as in prior years), the majority of exemption requests claimed that recycled-content newsprint was not available at a comparable price (24), while six consumers claimed quality, and 14 claimed the availability exemption (see Figure 6), for a grand total of 44 claims (i.e., reasons for exemptions) from the 31 consumers. All the consumers requesting exemptions also provided their listing of suppliers to show their “good faith efforts.”



From the desk review of the consumer certifications and the additional supporting documentation provided by almost half of the consumers with exemption claims, it did not appear that many consumers kept detailed records (as required by [14 CCR Section 17972](#)) to support their

exemption claims. However, the consumers generally provided further explanation of their reasons for the claims, such as the following.

Price. The most common support for claiming recycled-content newsprint was not available at a comparable price was a notice, early in 2008, of a new price surcharge from one of the apparently widely-used recycled-content newsprint suppliers. Other reasons given were the control of price negotiations and purchases by a purchasing group, pre-existing agreements with specific suppliers, or large printing customers (e.g., newspapers) with their own supply arrangements.

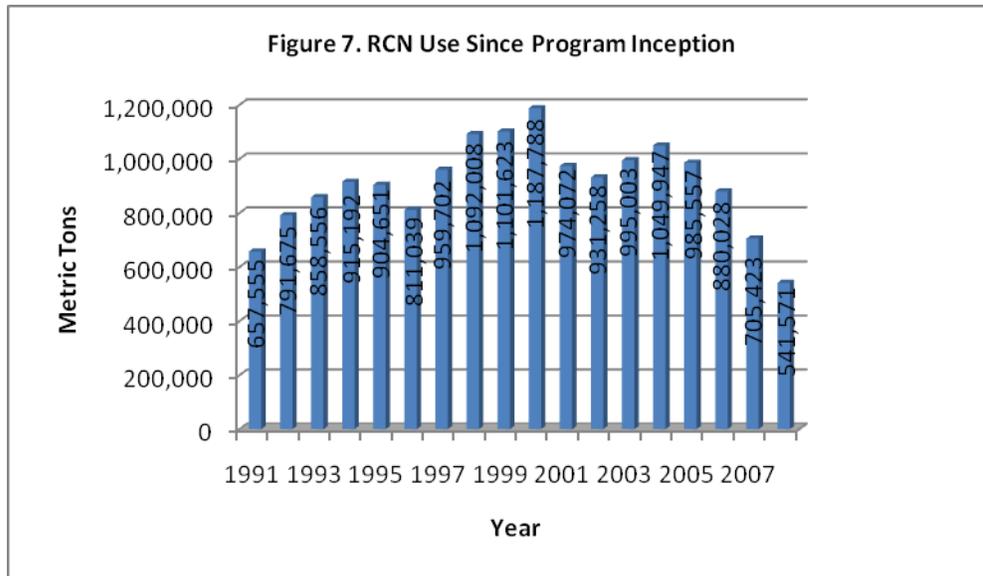
During 2008, newsprint prices in general increased due to rising input costs and to reduced manufacturing capacity based on shrinking domestic demand.² In addition, recycled-content newsprint prices increased relative to virgin newsprint due to the lower availability of postconsumer wastepaper fiber, which was in high demand overseas for much of the year. Anecdotally, some consumers reported that prices for recycled-content newsprint had risen from a couple of dollars per ton less than non-recycled-content newsprint at the start of the year, to \$20 - \$25 (or more) per ton higher than non-recycled-content newsprint by the end of the year.

Quality. The typical reason behind this exemption is that customers' specifications cannot be met with the supply of recycled-content newsprint available. Some printers also noted their customers' unwillingness to use recycled-content newsprint (due to real or perceived quality concerns), and reiterated their firms' need to meet their customers' paper requests or risk losing business in a highly competitive environment.

Availability. The claim that recycled-content newsprint was not available in a reasonable time was often made in conjunction with the price claim. For example, when an existing recycled-content newsprint supplier does not have the necessary paper grade available, a consumer may not have time to seek out other sources and still meet the printing schedule. Sometimes, too, consumers noted that the type or grade of paper required for particular customers' jobs was simply not available in recycled-content newsprint, precluding the consumers from meeting California's usage mandate when these jobs comprised the bulk of their newsprint usage.

Program Benefits

Since the inception of this program in 1991, approximately 16.3 million tons of recycled-content newsprint have been used by California's newsprint consumers (see Figure 7).



This cumulative (1991-2008) recycled-content newsprint usage has resulted in the following estimated resource savings and pollution reduction compared to the resource requirements of producing virgin newsprint:*

- 86.4 million trees, or enough to build 847,000 wood-framed 2,000-square-foot homes.
- 28.8 million cubic yards of landfill space, enough to fill a football field three miles high.
- 50.4 billion gallons of water, equivalent to a year's drinking water for 276 million people.
- 4.3 billion kilowatt-hours of electricity, enough to power more than 479,000 U.S. homes for a year.
- 12.2 million barrels of oil, enough to drive an average car more than 7.7 million miles.
- 432 million pounds of air pollutants, equivalent to the annual savings of taking more than 36,000 cars off the road.

* See Appendix.

Conclusion

Overall, the 2008 recycled-content newsprint manufacturer and consumer certifications reported a continuing downward trend in newsprint production and usage, generally reflecting the lowered availability and higher prices for recovered paper fiber during much of 2008, and the ongoing shift from print to electronic publishing. Yet most consumers who used newsprint still met the 50 percent recycled-content newsprint usage requirement, and those who did not explained the reasons for their non-compliance.

Typically, and as probably true historically, consumers' decisions to use recycled-content newsprint appear to be largely driven by company policy, price, existing supplier relationships, and customer specifications. While publishers typically have control over their paper purchases, printers' options are primarily customer-driven, and in either case, if existing suppliers do not or no longer provide recycled-content newsprint, the consumer may not immediately seek it elsewhere.

Despite the reductions in the manufacture and use of recycled-content newsprint, however, the program continues to result in resource savings, which are particularly significant as the State attempts to address climate change, as well as continue managing landfill space.

Source References

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2. “Newsprint: Has North America’s pricing cycle reached its peak?” *Pulp & Paper*, December 2008, p. 11, <<http://search.ebscohost.com/login.aspx?direct=true&db=f5h&AN=36294052&site=ehost-live.11>> (June 10, 2009).
3. Cascadia Consulting Group, Inc., *Executive Summary: Statewide Waste Characterization Study*, California Integrated Waste Management Board, December 2004, p. 4.
4. “2008_Transacted Paper Stock Prices_low grades.xls,” office compilation of data from weekly *The Yellow Sheet: Official Board Markets*, (June 22, 2009).
5. “Dailies slash newsprint use,” *Pulp & Paper*, December 2008, p. 6, <<http://web.ebscohost.com/ehost/pdf?vid=4&hid=9&sid=c5059883-cfc6-452e-a998-6d4a4d6ca8ea%40SRCSM2>> (June 10, 2009).

Appendix

The information for calculating the estimated resource savings was obtained from the following sources:

Empire State Newsprint Project – 3.0 Project Benefits, State of New York, December 2001, <www.besicorp.com/empire/pdfs/ArtX/chapter3.pdf> (June 10, 2009).

“Energy Bill and Analysis Tools” <www.smud.org/en/residential/saving-energy/Pages/energy-bill-analysis.aspx> (June 23, 2009).

“Federal Recycling Tax Incentive Approved by Senate,” *Recycling Advocates Newsletter*, July 2005, <www.recyclingadvocates.org/newsletter/july2005.htm> (June 10, 2009).

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“Still not convinced to recycle more...?” <www.drf.umd.edu/Recycling/documents/stillnotconvinced.pdf> (June 30, 2009).