

July 12, 2013

Teri Wion  
California Department of Resources Recycling and Recovery  
P.O. Box 4025, MS-13A  
Sacramento, CA 95812-4025

**RE: Comments on Draft Waste Management Sector Plan**

Dear Ms. Wion:

The American Forest & Paper Association (AF&PA) appreciates the opportunity to comment on CalRecycle's Waste Management Sector Plan.

The purpose of the plan is to provide guidance and recommendations for achieving California's GHG and waste reduction goals. In response to the plan, AF&PA:

- Supports CalRecycle's goal to increase the recovery of recyclable materials.
- Supports the plan's recommendation to increase funding for recycling education, in particular educational efforts designed for residents and businesses to help them collect cleaner recyclable materials.
- Supports improvements to the recycling infrastructure that are necessary to maintain adequate recycling capacity. However, 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.
- Opposes export controls, which disrupt the free flow of recovered paper and may be contrary to CalRecycle's goal of reducing GHG emissions. AF&PA strongly urges CalRecycle to remove any language regarding export controls from the plan.
- Supports open-market access for all of our industry's products. We oppose policies like state procurement mandates which advantage one kind of product over another based on content.
- Has serious concerns regarding the implementation of a product stewardship program or extended producer responsibility (EPR) scheme. In particular, we are very concerned that this approach is untested and will dismantle the current

effective infrastructure that has proven to successfully collect and recycle paper and paper-based packaging materials.

We urge CalRecycle to consider promoting participation in community curbside and drop-off recycling programs with a proven record of success rather than including policy prescriptions that would interfere with the existing voluntary recovery infrastructure for paper and paper-based packaging or disrupt the free flow of recyclable materials through an EPR scheme for paper and paper-based packaging.

### **About the Forest Products Industry**

The forest products industry believes market forces should guide paper and paper-based packaging recycling and recovery systems, which reduce waste in landfills. Our industry's proven record of success in paper recovery for recycling is due in large part to the voluntary, market-driven product recovery system that we and so many others have fostered, and we will continue supporting education programs and initiatives that help drive awareness to increase recovery. Our industry's sustainability commitments are among the strongest of any industry and are based on economic, environmental and social needs.

AF&PA serves to advance a sustainable U.S. pulp, paper, packaging, and wood products manufacturing industry through fact-based public policy and marketplace advocacy. AF&PA member companies make products essential for everyday life from renewable and recyclable resources and are committed to continuous improvement through the industry's sustainability initiative - [Better Practices, Better Planet 2020](#). The forest products industry accounts for approximately 4.5 percent of the total U.S. manufacturing GDP, manufactures approximately \$200 billion in products annually, and employs nearly 900,000 men and women. The industry meets a payroll of approximately \$50 billion annually and is among the top 10 manufacturing sector employers in 47 states.

In California, our industry operates 548 facilities and employs more than 51,000 individuals with an annual payroll more than \$2.8 billion. The estimated state and local taxes paid by the forest products industry totals \$480 million annually.

### **AF&PA's Specific Comments on the Waste Management Sector Plan**

#### **Recycling Infrastructure**

AF&PA supports increasing the recovery of recyclable materials, which is why our industry has voluntarily spent considerable resources – and working with our partners in the states – building the infrastructure to recover and recycle paper and paper-based packaging. According to research conducted in 2010 by R. W. Beck on behalf of AF&PA, 93 percent of Californians had access to community curbside paper and paper-based packaging recycling; 63 percent had access to community drop-off paper and paper-based packaging recycling.

The proven success of the current collection and recycling infrastructure has enabled the nation to achieve a sustained high paper recovery rate. More than 60 percent of the paper consumed in U.S. has been recovered for recycling during each of the past four years. In 2012, 65.1 percent of the paper consumed in the U.S. was recovered for recycling – more than 51 million tons.

In fact, the amount of paper recovered for recycling has increased by more than 75 percent since 1990, the year the industry established its first recovery goal. That's great news for the environment and for the paper industry. Recovering paper for recycling reduces GHG emissions, helps extend the useful life of paper and paper-based packaging products and is an integral part of the industry's sustainable practices.

According to the most recent data available from the U.S. Environmental Protection Agency (EPA) report, Municipal Solid Waste in the United States: 2011 Facts and Figures, the paper and paper-based packaging industry's record of success sets the standard for recovering our products from the solid waste management stream.

The tables below reflect data drawn from that EPA report and compare recovery rates for several key industries. The data show that paper and paper-based packaging has the highest recovery rate among major commodities, and that the growth in the recovery rate for paper and paper-based packaging is considerably higher than growth rates for other major commodities:

#### **Recovery of Products from the Municipal Solid Waste Stream**

<b>Product</b>	<b>Recovery Rate</b>
Paper and paperboard	65.6%
Steel	33.0%
Glass	27.6%
Aluminum	20.7%
Plastics	8.3%

Source: U.S. EPA (2013)

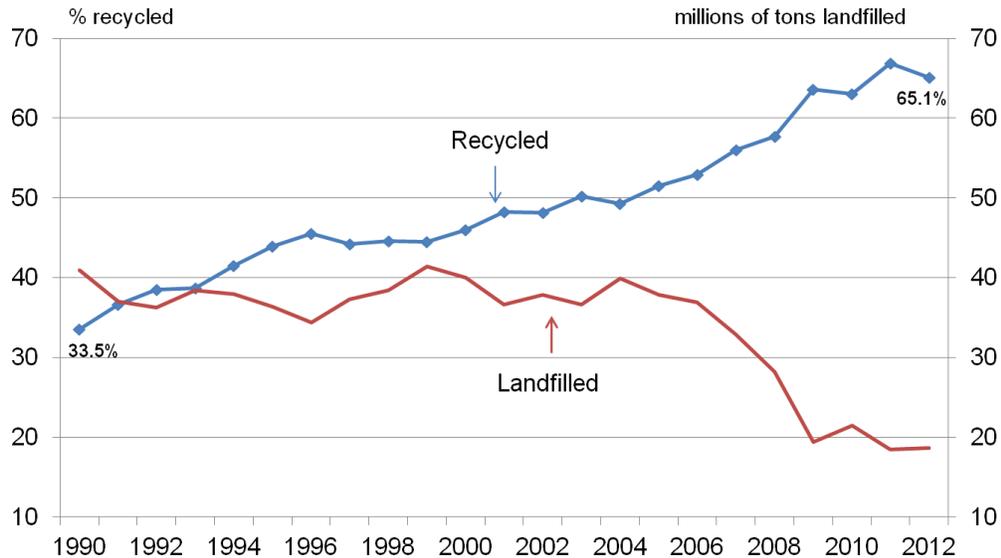
#### **Growth in Recovery of Products from the Municipal Solid Waste Stream**

<b>Product</b>	<b>2010 Recovery Rate</b>	<b>2011 Recovery Rate</b>	<b>Change</b>
Paper and paperboard	62.5%	65.6%	+ 5.0%
Steel	33.8%	33.0%	- 2.4%
Glass	27.1%	27.6%	+ 1.8%
Aluminum	19.9%	20.7%	+ 4.0%
Plastics	8.2%	8.3%	+ 1.2%

Source: U.S. EPA (2013)

As a result of these large strides in recycling, paper going to landfills is estimated to have declined by approximately 50 percent since 1990, the year when the paper industry first began benchmarking its recovery goals:

### Paper Recovered for Recycling vs. Disposed of in Landfills (1990-2012)



Source: American Forest & Paper Association

We are progressing very well as an industry, and we are confident that we will meet our voluntary industry fiber recovery goal to exceed 70 percent by 2020. In doing so, the industry will be approaching the practical maximum recovery rate and each incremental increase will take larger financial investments to achieve.

#### Recycling Education

AF&PA supports CalRecycle's recommendation to increase funding for recycling education, in particular educational efforts designed for residents and businesses to help them collect cleaner recyclable materials. AF&PA promotes increased paper recovery through education, and has developed and provided standards-based paper recycling classroom materials and take-home activities to students in grades 1-5. We also share effective practices and provide tools and resources to start or improve paper recycling programs in communities, schools and the workplace. More information on AF&PA's educational efforts is available at [www.paperrecycles.org](http://www.paperrecycles.org).

#### Improved Quality of Recyclable Materials

AF&PA also supports CalRecycle's desire to increase the quality of recyclable materials processed by MRFs and made available to AF&PA member companies.

Beyond increased education for residents and businesses, what actions does CalRecycle envision taking to achieve higher quality recovered paper?

### Financial Incentives to Increase the Amount of Recyclables Collected

The plan identifies “financial incentives” as a strategy to increase the amount of recyclables collected. Recovery markets are dynamic, efficient and not served by policies that interfere with the free flow of recyclable paper.

What “financial incentives” will CalRecycle consider, and what affect are they likely to have on the free flow of recyclable paper and the proven success of the existing recovery system?

### California Owns its Waste

The draft Waste Management Sector Plan cites “California’s precarious reliance on export markets” and recommends restricting exports of recyclable materials under the concept that “California owns its waste”. AF&PA opposes export controls, which disrupt the free flow of recovered paper, and strongly urges CalRecycle to remove any language regarding export controls from the plan.

Recovered paper trades on world markets, where market forces help it find its highest-value end use. U.S. recovered paper is in high demand in Asia and other regions of the world where wood supplies are more limited than in the U.S. This strong demand from export markets increases incentives to recover more paper in California. Continuing to support free, global market-based recovered fiber markets will help, not hurt, California achieve its 75 percent recovery goal.

All productive uses of recovered fiber need to be encouraged. Restricting exports of recovered paper from California would create unintended consequences. It would lower the market price for scrap paper, thereby reducing incentives to collect it. It would leave large amounts of municipal single-stream mixed paper in California and would hurt California municipalities and business across the paper recovery and manufacturing supply chain. And, it would be especially detrimental to CalRecycle’s goal of reducing GHG emissions both domestically and globally.

The U.S. Census Bureau reports that in 2012, exports of recovered fiber from ports in California were shipped to 33 countries in Africa, Asia, Europe, the Middle East, North America, South America and Oceania. Any action to restrict exports of recovered fiber from California would have implications far wider than simply trade with China. And, any move by California in this area would likely spur retaliatory action by foreign trading partners against exports of U.S. finished paper and wood products.

Finally, export controls have been ruled to violate international trade regulations. In July 2011, the WTO ruled against China's imposition of export controls on rare earth and other minerals as unfairly favoring domestic producers while distorting global prices.

### Manufacturing Capacity for Producing Recycled Paper Products

The draft “Recycling, Reuse, and Remanufacturing” technical paper (6/18/13) cites a “[n]eed to develop markets for recycled, reused, and remanufactured materials (such as paper),” and claims that “markets for recycled and remanufactured commodities are neither well developed nor stable and are not adequate.” AF&PA supports open-market access for all of our industry’s products. We oppose policies 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.

In terms of market demand for recovered paper, all indications are that worldwide recovered paper demand will continue to grow in the future and that world prices will rise over the long-term. This will provide strong incentives to recover as much paper as possible. A report published in March 2013 by RISI, an information and research provider that specializes in the forest products industry, projects that global demand for recovered paper will increase 18 percent between 2012 and 2018 – more than 50 percent faster than world paper and paperboard consumption.

The draft technical paper goes on to propose streamlining of permitting and siting of recycling and remanufacturing facilities and creating financial incentives for the development of 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. A critical examination of regulations impacting California’s recycling industry is a necessary first step. However, we 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 distort those markets with financial incentives.

### Producer Responsibility

The draft Waste Management Sector Plans says that CalRecycle might “encourage producer responsibility for recycling”. AF&PA shares the plan’s goals to increase recovery rates and reduce the amount of recyclable products going to landfills. However, we have serious concerns regarding the implementation of a product stewardship program or extended producer responsibility (EPR) scheme. In particular, we are very concerned that this approach is untested and will dismantle the current

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effective infrastructure that has proven to successfully collect and recycle paper and paper-based packaging materials.

We believe there is a better way to accomplish those goals. AF&PA strongly supports voluntary paper and paper-based packaging recovery efforts and seeks to improve upon the existing recovery and recycling programs in California and the United States. AF&PA's sustainability initiatives have a proven track record of delivering measureable increases in paper recovery.

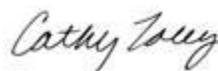
Government imposed fees, like those in EPR schemes, unnecessarily increase costs for consumers and, in our view, will create distortions in the free flow of recoverable commodities. Obligating the manufacturer to assume all costs associated with managing waste from its products or requiring the manufacturer 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, since the current paper recovery rate is already so high that the marginal costs of additional recovery through an EPR system will be cost prohibitive.

### **Summary**

AF&PA urges CalRecycle to consider promoting participation in community curbside and drop-off recycling programs with a proven record of success rather than including policy prescriptions that would interfere with the existing voluntary recovery infrastructure for paper and paper-based packaging or disrupt the free flow of recyclable materials through an EPR scheme for paper and paper-based packaging.

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