

October 11, 2013

Ms. Teri Wion
Department of Resources, Recycling and Recovery
1001 I Street, P.O. Box 4025
Sacramento, CA 95812

RE: Comments on State Procurement Technical Paper (August 20, 2013 Draft)

Dear Ms. Wion:

The American Forest & Paper Association (AF&PA) appreciates the opportunity to comment on CalRecycle's State Procurement Technical Paper.

The technical paper suggests that significant GHG emissions reductions can be achieved by increasing State agency purchases of post-consumer recovered content (PCRC) products. And it suggests that increasing mandates for purchasing paper products with high PCRC content will help achieve the State's AB 341 75% recovery goal.

In response to the Technical Paper, AF&PA:

- Supports CalRecycle's goal to increase the recovery of recyclable materials.
- Opposes content mandates for paper products, which create distortions in the free-market flow of recovered paper to its highest value end use.
- Has serious concerns about data relating to the potential GHG emission reduction estimates resulting from changes in paper procurement.

AF&PA believes paper procurement policies intended to improve the environmental impact of products through increased recycled content may, in fact, have just the opposite effect. Rather than creating new demand, the use of recovered fiber will likely shift from one product type to another, disrupting the market-based utilization of recovered fiber and needlessly reducing the competitiveness of many paper manufacturers and their products.

AF&PA's Specific Comments on the Technical Paper

The source and methodology used throughout the Technical Paper to determine GHG emissions associated with Printing and Writing papers procurement is not transparent.

The case study in Appendix 2 does not identify the source, assumptions, or methodologies used to estimate the differences in GHG emissions among the baseline and two scenarios.

Estimating GHG Impacts by Increasing PCRC Product Purchases

Using overly simplistic calculators or models comparing the environmental impacts of recycled and virgin fiber papers could lead to inappropriate and incorrect conclusions. The lifecycle impacts of increasing recovered fiber content in specific paper products are highly dependent on individual mill production and logistical circumstances. Estimates for GHG emissions using the Environmental Paper Network's Paper Calculator, as the Technical Paper appears to do, are based on a theoretical model using broad industry-wide assumptions and allocations, not actual mill data. Such tools do not accurately reflect real-world procurement options and should not be used as the analytical basis for policy making.

The GHG reductions in Scenarios 1 and 2 of Appendix 2 grossly overstate the potential changes associated with copy paper procurement. The potential GHG reductions cited in Scenario 1 and 2 are attributed to copy paper purchases, yet copy paper represents a small percentage of overall paper procurement. Table 5 indicates that top purchases of copy paper totaled \$4.6 million, or 15.6% of the total \$29 million spent on printing paper (Appendix 2), and total spending on copy paper in 2012 was \$5.5 million (Appendix 1).

GHG emissions associated with copy paper produced in North America are identified in The Lifecycle Assessment Report of Printing and Writing Paper Products (LCA) (National Council for Air and Stream Improvement Inc. - June 2010). According to that report, which complies with the ISO 14044 requirements and was peer reviewed by an external review panel, the GHG emissions for one ton of copy paper equal 1,797kgCO_{2e} per ton of copy paper produced. Copy paper in the report is characterized as follows- One ream (500 sheets) of 20# basis, with 4% recycled content and a recovery rate of 71.5%.

Using the SABRC procurement data for 2011, the GHG emissions for the 22,160 tons of paper purchased equals 39,821 MTCO_{2e}. We believe the LCA study is the most representative indicator of GHG emissions associated with printing papers and the State Procurement Technical Report overstates GHG impacts. The State Procurement Technical Paper GHG estimates for the baseline paper exceed that of the LCA by 32%.

Increasing PCRC Content Mandates are Unlikely to Increase Paper Recovery

AF&PA agrees that paper recovery is an important element in improving the environmental performance of paper use as greenhouse gas emissions from paper in landfills are key contributors to the product's carbon footprint. While recycled paper has clear environmental benefits, the assumption that more recycled content in paper products is always better is flawed; economics and the science of sustainability shows the answer is not that simple.

Increasing the minimum recycled content of office papers would not likely increase the paper recovery rate. Instead, utilization of recovered fiber would shift within the paper supply base, with negative consequences in printing paper and paperboard sectors of the industry.

Since 1996 recovered fiber's share of total fiber consumption in U.S. paper and paperboard manufacturing has remained essentially unchanged, yet the paper recovery rate has steadily grown. This is made possible largely because of increasing export demand for recovered fiber, which accounted for 41% of recovered fiber supply in 2012. Global demand for recovered paper will be a much more influential factor in driving recovery rate increases than increasing the recycled content in office papers, which represents only 4% of total U.S. paper and paperboard production.

The jobs impact of increased demand for recycled content fiber in paper cannot be made in isolation, but should be considered in the context of the existing paper supply chain.

Procurement mandates that would increase the minimum recycled content of copy paper to 100% would put current paper industry competitiveness and jobs at risk:

- Replacing virgin pulp produced on-site with purchased deinked recovered fiber would raise raw material costs for the printing papers sector, which is already under intense financial pressure.
- Significantly increasing recycled content of printing-writing papers would require paper machine and process modifications at integrated paper mills (91% of U.S. capacity) whose operational efficiencies depend on maximum utilization of on-site pulp.
- Increased competition for recycled fiber suitable for office papers would put intense pressure on availability and increase the cost of recovered fiber grades for both printing and paperboard industry sectors.
- The shift of recovered fiber to printing-writing papers would result in less recovered fiber for paperboard and tissue sectors, requiring those products to use more virgin fiber, where it is not needed.

Requiring Product Manufacturers to Provide Environmental Information on Products
The Technical Paper is vague about what information would be required of product manufacturers and what benefit this might create for California consumers in making purchasing decisions.

Conclusion

Paper recovery and recycling is a great paper industry success story. With market forces and voluntary goals in place, the paper recovery rate has nearly doubled from 33.5% in 1990 to 65% in 2012 - with recovered volume from municipal waste streams exceeding that of plastics, glass and metal combined.

Directing recovered fiber to specific products through mandates or minimum recycled content procurement requirements as mechanisms to increase recovery will be counterproductive for the following reasons:

1. The greatest environmental benefit of recycling comes from diverting paper away from landfills. The assumption that more recycled content in certain products is better for the environment is not substantiated, as the best environmental use of recovered fiber depends on many variables.
2. Because all the paper recovered for recycling in the U.S. is being used in manufacturing here or abroad, increasing the minimum recycled content in office copy paper will result in reduced availability of recovered fiber for use in other products and increase virgin fiber use where it is not needed.
3. Recovered paper can be utilized more economically and efficiently in products other than office papers, particularly in light of the increasing trend of single stream collection.
4. Increasing the recycled content in office paper will result in increased competition for that fiber, needlessly raising raw material costs in multiple paper product segments and shifting recovered fiber to less efficient uses. Adapting mill operations to manufacture office papers with higher recycled content will raise costs and make mills that are already facing strong headwinds less competitive.
5. Using overly simplistic calculators or broad industry-wide assumptions as the basis for estimating GHG emissions in manufacturing paper products with varying levels of recycled content leads to inappropriate conclusions, as environmental benefits depend on individual facility and product circumstances. Such calculators should not be used in policymaking.

The best opportunity to reduce GHG emissions related to utilizing recycled paper is for the paper industry and CalRecycle to work together to increase the overall recovery rate, allowing market forces to determine the best and most economical use of the paper that is recovered.

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

Regards,

Cathy Foley
Group Vice President

CC: Ms. Caroll Mortensen
Mr. Howard Levensen