



California Integrated Waste
Management Board

September 2008

Staff Report
To The Board

**2007 Compliance Report for the Recycled-Content
Newsprint Program**

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Introduction

In 1991, the California Legislature established the Recycled-Content Newsprint Program (Public Resources Code sections 42750-42791) to promote the growth and development of markets for old newspapers. This program mandates that at least 50 percent of newsprint used by each of California's printers and publishers be recycled-content newsprint (RCN). Statute defined RCN as containing a minimum of 40 percent postconsumer old newspaper fiber.

California printers and publishers (consumers) annually certify to the California Integrated Waste Management Board (CIWMB) the total amount of RCN and non-RCN that their businesses use. Newsprint manufacturers that produce RCN used by California printers and publishers must also annually certify how much de-inked pulp they received or produced and how much RCN they distributed to California's newsprint printers and publishers. Both consumer and manufacturer certifications are due to the CIWMB by March 1st each year.

The 2007 RCN certifications submitted by the consumers provide the following statistics:

- All of California's 132 regulated consumers certified to the CIWMB.
- 56 percent of the reported newsprint used in California was RCN.
- 79 percent of the consumers were in compliance.
- 21 percent of the consumers requested exemptions.
- Total regulated newsprint used increased by 44 percent from 2006 to 2007.
- Total RCN usage increased by 17 percent from 2006 to 2007.

This single low-cost program is clearly a value-added program to the environmental efforts of California. In 2007, estimated resource savings included the following¹:

- 5 million trees
- 1.7 million barrels of oil
- 266 gigawatt/hours of electricity
- 160 million gallons of water
- 555,000 tons of waste diverted from landfill
- 4.4 million cubic feet of public landfill space

¹ See Appendix

Report and Analysis

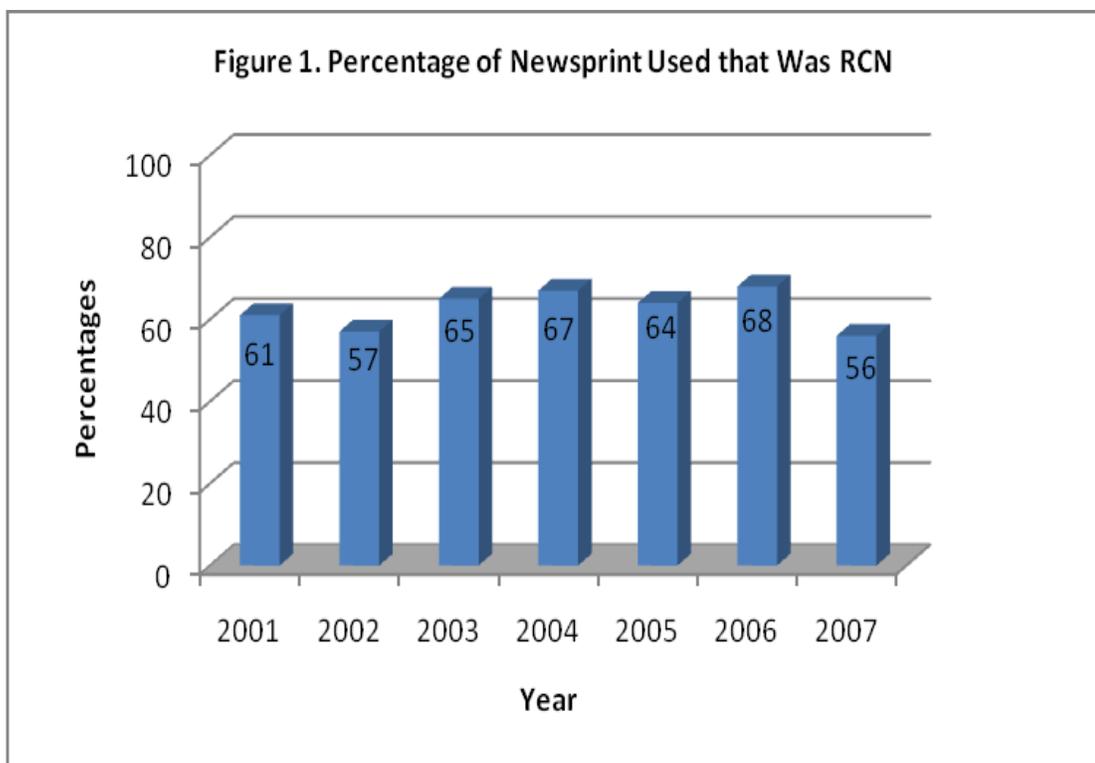
Consumer Certification Results

In late 2007, staff mailed RCN certification packets to all known newsprint consumers in California. Of the 139 certification packages mailed, 132 certifications were completed and returned. The resulting difference was due to mergers and the ability of the parent company to submit one consolidated report.

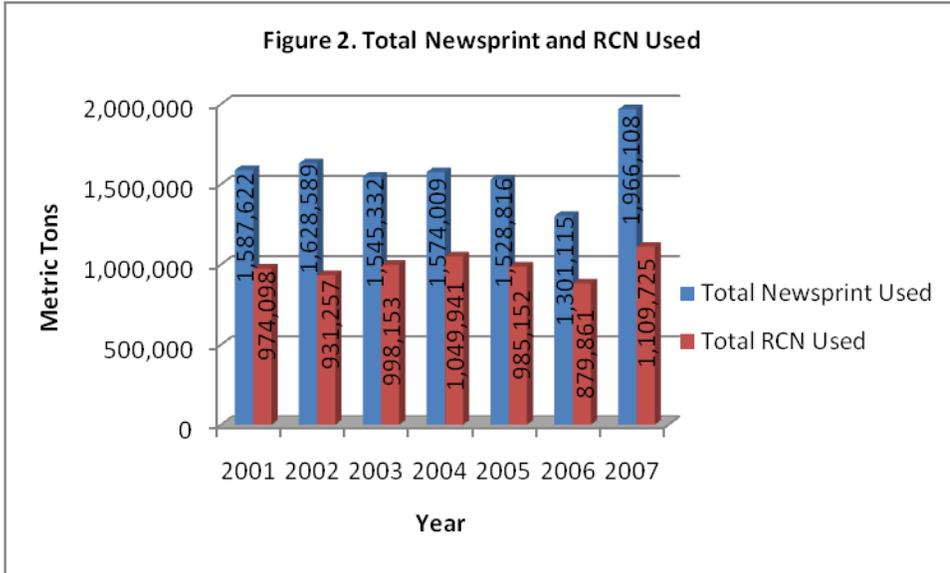
Ninety-nine percent of the 132 consumers submitted their certifications by the end of the due date's grace period.

RCN and Non-RCN Usage

In 2007, 56 percent of the newsprint used by consumers was RCN (see Figure 1). Although this is still above the minimum requirement of 50 percent, it is a reduction in the percentage of RCN as opposed to the total RCN used from the previous year. This drop is not a result of California's printers and publishers not being environmentally responsible, but a result of supply and demand. Overseas markets have recently come online for RCN, which has resulted in a substantial cost increase.

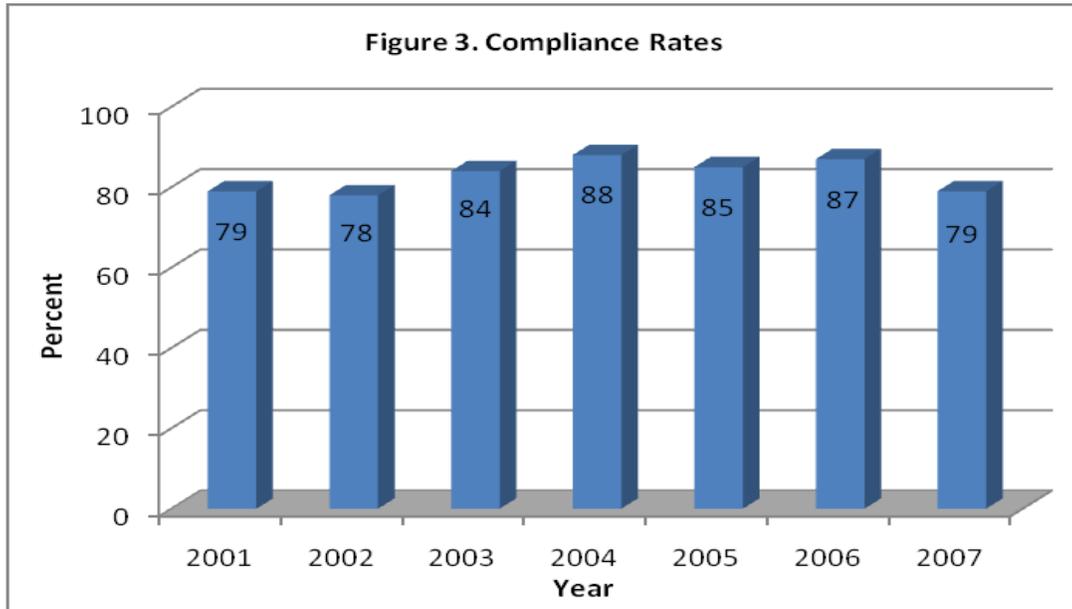


In 2007, newsprint consumers increased the overall amount of regulated newsprint they used which ended a two-year reduction. California's newsprint consumers reported using 1,966,108 metric tons of regulated newsprint (Figure 2), of which 1,109,725 metric tons was RCN. In 2006, consumers used 1,301,115 metric tons of regulated newsprint, including 879,861 metric tons of RCN. The resulting increase in newsprint for 2007 was unexpected given widespread reports that more and more newsprint readers are signing up for on-line subscriptions and receiving their news by alternative means.



Compliance Rates

The RCN Program mandates that at least 50 percent of the newsprint used by each of California's consumers be RCN. For the year 2007, 79 percent (104) of the consumers complied with this mandate (Figure 3). The remaining 21 percent (28) of the consumers requested exemptions from meeting this mandate.

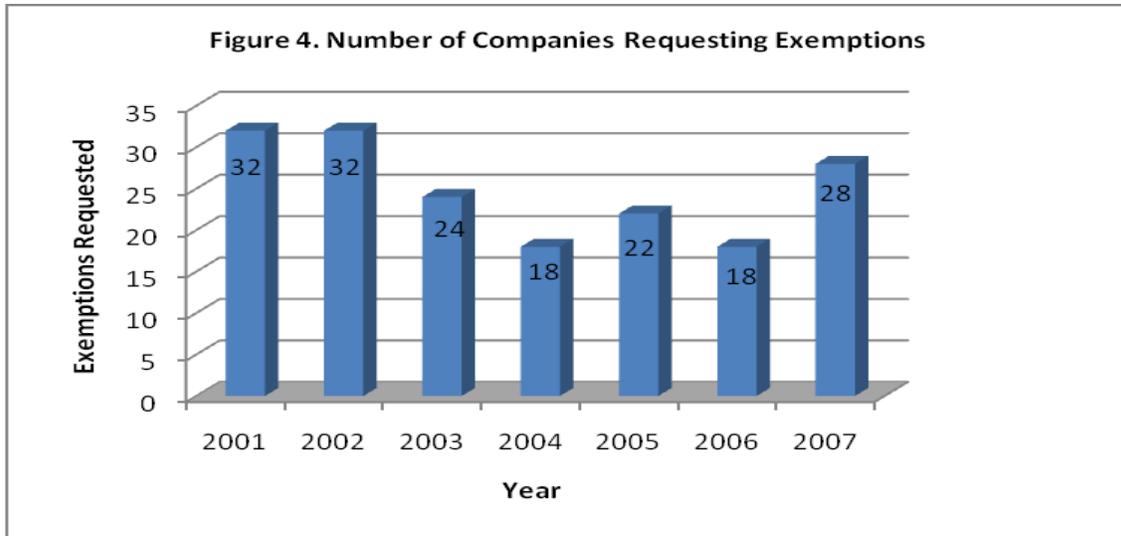


Exemption Requests Made by Printers and Publishers

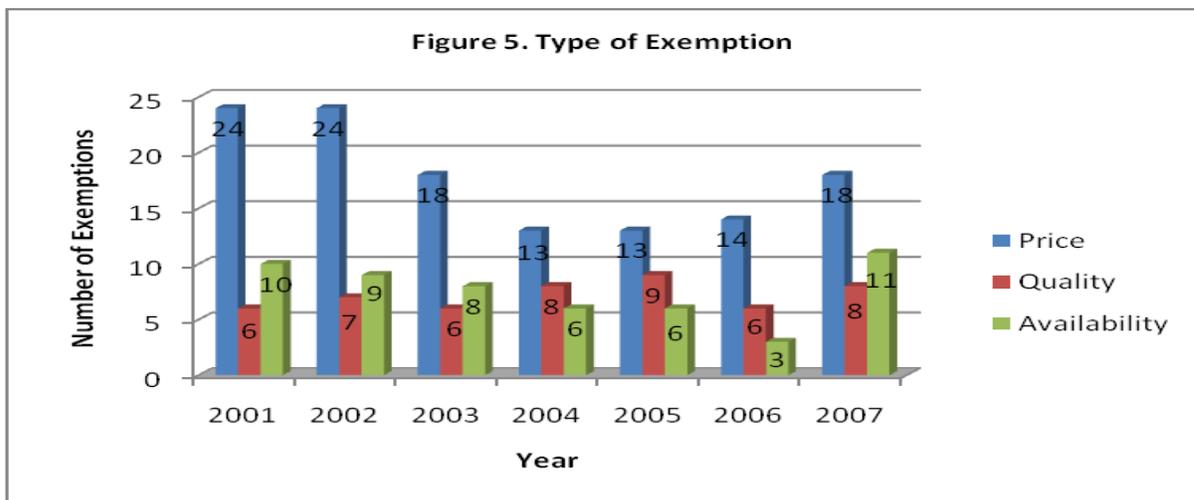
When a newsprint consumer cannot obtain and use enough RCN to attain its 50 percent use requirement, the business may request an exemption from the law to avoid being “out of compliance.” Exemptions are allowed only in the following three situations:

1. The RCN was not available at a comparable price.
2. The RCN did not meet the quality standards that are annually established by the CIWMB.
3. The RCN was not available in a reasonable time.

In 2007, 21 percent (28 of 132) newsprint consumers reported that they did not meet their minimum-use requirement based upon one or more exemptions allowed. This is ten additional newsprint consumers requesting an exemption over 2006 (see Figure 4).



Newsprint consumers are allowed to ask for more than one exemption request per certification cycle. In 2007, the majority of exemption requests (18) claim that RCN was not available at a comparable price, while eight claimed quality, and 11 consumers claimed the availability exemption (see Figure 5). Because consumers can request multiple exemptions, collectively the CIWMB received a total of 37 exemptions from the 28 requestors.



Good Faith Certification

Newsprint consumers who claim an exemption are required to document a “good faith effort” on their certifications. A good faith effort means listing all newsprint suppliers with whom the consumer had purchase discussions, or producers that offered to sell RCN within the preceding 12 months. If a good faith effort has not been made and documented, any newsprint consumer not complying with the statutory requirement may be subject to civil penalties of up to \$1,000.

In 2007, all companies that sought an exemption documented their good faith effort on their certifications. Staff assisted newsprint consumers with their good faith efforts by providing a list of newsprint suppliers at the beginning of the certification year and addressed inquiries via telephone or e-mail communications.

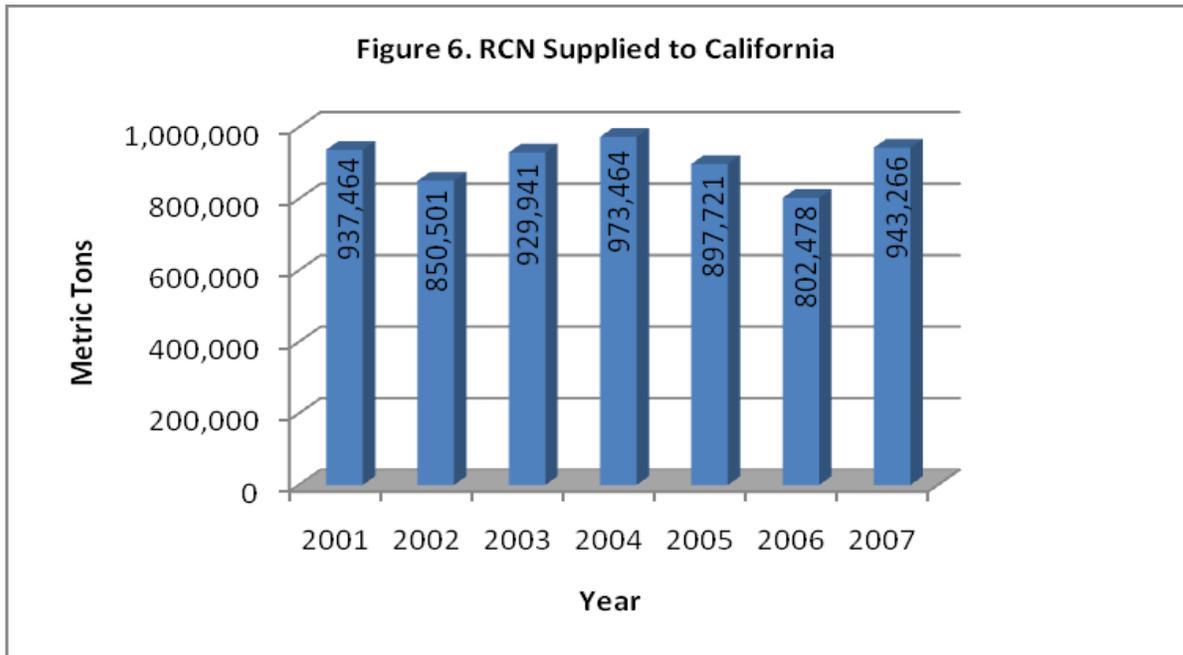
Manufacturer Certification Results

California State law requires manufacturers who supply newsprint in California to certify to the CIWMB by March 1st of each year. The certification is to include:

- 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 RCN, 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 regulated newsprint for this program. In 1992, when this program first received manufacturer certifications, 46 manufacturers reported. In 1998, the number dwindled to 13. In 2007, the number has decreased to only seven manufacturers reporting to the CIWMB that they supplied California with regulated newsprint.

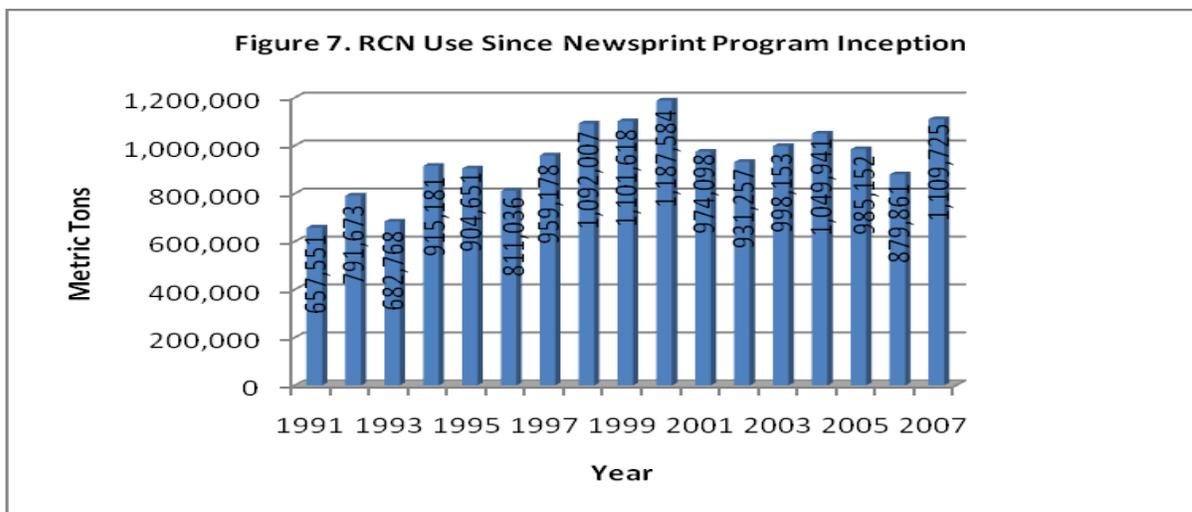
The amount of RCN reportedly supplied to California increased from 2002 to 2004, which resulted in a pinnacle year. Then it decreased sharply from 2004 to 2006. In 2007, the amount of RCN reportedly supplied into California increased by 17.5 percent, nearly hitting the 2004 high-shipment mark. The seven manufacturers that submitted certifications indicated they received or produced 1,626,320 metric tons of de-inked paper pulp. The manufacturers also reported that they supplied 943,266 metric tons of RCN to California newsprint consumers in 2007 (Figure 6).



In 2007, the RCN used by California printers and publishers (1,109,725 metric tons) was nearly 200,000 metric tons more than the amount shipped (943,266 metric tons). Staff has calculated that the difference represents 85 percent of all paper used was shipped into California that same year. The 166,459 metric ton difference is most likely RCN material used that was supplied during the previous year.

Program Benefits To Date

Since the inception of this program in 1991, approximately 16 million tons of RCN have been used by the newsprint consumers (See Figure 7).



Over the last 17 years, this small, inexpensive, and effective program has brought tremendous environmental benefits to California. Cumulatively, this program has saved an estimated²:

- 77 million trees
- 25 million barrels of oil
- 3.8 million megawatts of electricity
- 2.1 billion gallons of water from paper making process
- 16 million tons of waste from being landfilled.

Voluntary Efforts by Industry Trade Associations

The CIWMB would again like to acknowledge the efforts of the Printing Industries Association of California and the California Newspaper Publishers Association for ensuring their constituents are aware of the mandated RCN Program. If it were not for the education efforts of the various printing trade associations, many California newsprint printers and publishers would have been unaware of the program requirements and possibly subject to fines. The results of the program and the higher than required compliance rate can, in part, be attributed to their continued participation and support.

Conclusion

Although the year 2007 saw lower RCN percentage than in previous years, which can be directly attributed to overseas demands for waste paper, California's newsprint consumers and their suppliers are still aware of and responsive to their environmental responsibilities as required by this program. Their efforts to abide by the law and meet the RCN use requirements are a testimonial to their respect for the environment and the people of California.

Not only is the RCN program helping to create and strengthen markets for postconsumer newsprint, it is creating more jobs. It was estimated by the University of Oregon that for every 15,000 tons of old newspaper recycled annually, 30 jobs are created to collect the paper, 40 jobs are created to process the paper, and 75 jobs are required to manufacture the newsprint. Further, using RCN reduces the amount of energy consumption during the manufacturing process, which

² See Appendix 1

decreases GHG emissions. Making one ton of recycled paper uses only about 60 percent of the energy needed to make a ton of virgin paper³. The U.S. Environmental Protection Agency found that making paper from recycled materials results in 74 percent less air pollution and 35 percent less water pollution. This means that every ton of recycled paper used keeps almost 60 pounds of pollutants out of the atmosphere that would have been produced if the paper had been manufactured from virgin resources.

At a time of heightened interest in reducing energy consumption, which consequently reduces air pollution and greenhouse gas emission, recycling produces a double bonus. First, use of recycled materials in manufacturing instead of virgin materials reduces the consumption of energy. Second, at the disposal end, this energy savings outweighs any energy recovery achievable at the best state-of-the-art incinerator⁴ and further provides lower carbon emissions.

Air pollution, water pollution, toxic waste, global climate change, and deforestation are some of the most pressing human and environmental health hazards that threaten California. Reducing waste and using recycled materials in the manufacturing of newsprint reduces pollution, saves energy, conserves resources and thereby protects California's environment.

³ See Appendix I

⁴ See Appendix I

Appendix I

The data for the estimated resources savings has been obtained from the following sources:

Conservatree (www.Conservatree.com/learn/EnviroIssues/TreeStats.shtml)

University of Oregon (<http://darkwing.uoregon.edu/~recycle/main.htm>)

Empire State Newsprint Project (<http://www.besicorp.com/empire/pdfs/ArtX/chapter3.pdf>)

American Council for an Energy Efficient Economy (www.aceee.org/pubs/ie962.htm)

Recycling Advocates (<http://www.recyclingadvocates.org/newsletter/july2005.htm>)