

## **Testimony in Opposition to House Bill 36 Environment – Packaging, Containers, and Paper Products – Producer Responsibility February 9, 2021**

The American Forest & Paper Association (AF&PA) appreciates the opportunity to share information on House Bill 36 on behalf of our members and their employees who are essential and critical infrastructure workers under Maryland and federal guidance. AF&PA serves to advance a sustainable U.S. pulp, paper, packaging, tissue and wood products manufacturing industry through fact-based public policy and marketplace advocacy.

<b>MD State and Local Taxes</b>	\$1.8 Billion	<b>MD Products:</b> Packaging, sales displays, corrugated boxes
<b>Maryland Payroll</b>	\$374 Million	
<b>Maryland Employees</b>	6,000 people	

AF&PA must respectfully oppose HB 36 which would require producers to create or participate in a product stewardship organization in order to sell or distribute products for use in Maryland. The paper industry has a demonstrated, measurable record of success in making paper and paper-based packaging more circular and sustainable through market-based approaches.

### Key Points

- Paper recovery is an environmental success story, recycling **about fifty million tons of recovered paper each year** for the last 20 years. The industry has met or exceeded a 63 percent recovery rate since 2009.
- Robust investment in manufacturing capacity for use of recovered paper is an essential pillar of the industry's success. Redirecting necessary funds to a program unproven in Maryland could topple decades of work.
- US EPA data confirms the superior record and environmental success story of paper recycling from municipal collection programs. **More paper by weight is recovered for recycling from municipal solid waste streams than plastic, glass, steel, and aluminum combined.**
- EPR shifts financial responsibility for recycling without offering corresponding resources to improve collection or processing, often **resulting in increased costs with no improvement in program performance.**
- Responsibility for materials recovery must be shared across the entire supply chain, including consumers.

## Full Testimony on HB 36

The American Forest & Paper Association (AF&PA) appreciates the opportunity to testify on behalf of our members and their employees who are essential and critical infrastructure workers under Maryland and federal guidance.

House Bill 36 seeks require producers to create or participate in an approved producer stewardship organization in order to sell or distribute products for use in Maryland. The paper industry has a demonstrated, measurable record of success in making paper and paper-based packaging more circular and sustainable through market-based approaches and must therefore respectfully oppose HB 36.

### **Introduction**

AF&PA serves to advance a sustainable U.S. pulp, paper, packaging, tissue 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 four percent of the total U.S. manufacturing GDP, manufactures nearly \$300 billion in products annually and employs approximately 950,000 men and women. The industry meets a payroll of approximately \$55 billion annually and is among the top 10 manufacturing sector employers in 45 states.

The forest products industry in Maryland employs almost 6,000 individuals with an annual payroll of over \$374 million and produced almost \$1.8 billion in products. The estimated annual state and local taxes paid by the Maryland forest products industry totals \$32 million.

### **Paper Recycling Works**

The paper recycling rate has grown over the decades, and remains consistently high, meeting or exceeding 63 percent since 2009.<sup>1</sup> In 2019, 66.2 percent of paper consumed in the United States was recovered for recycling. Technological innovations in product design and recycling processes are continuously allowing our industry to access and recycle more paper-based products. According to the 2019 Maryland Solid Waste Management and Diversion Report, “compostables and paper materials constituted the largest portion of materials recycled.”<sup>2</sup>

US EPA data confirms the superior record and environmental success story of paper recycling from municipal collection programs.<sup>3</sup> According to the U.S. EPA, in 2018 (the most recent EPA data available) paper and paper-based packaging had a far higher recycling rate from municipal solid waste (MSW) streams than other major recyclable commodities: Paper (68.2%); Steel (33.1%); Glass (25.0%); Aluminum (17.2%); and Plastics (8.5%).<sup>4</sup> Put another way, more paper by weight is

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<sup>1</sup><https://www.paperrecycles.org/media/news/2020/05/12/u.s.-paper-industry-achieves-consistently-high-recycling-rate>

<sup>2</sup> <https://mde.maryland.gov/programs/LAND/AnalyticsReports/MSWMDR-%202019.pdf>

<sup>3</sup> [Advancing Sustainable Materials Management: 2018 Fact Sheet. EPA, November 2020.](#)

<sup>4</sup> <https://www.epa.gov/facts-and-figures-about-materials-waste-and-recycling/plastics-material-specific-data>

recovered for recycling from municipal solid waste streams than plastic, glass, steel and aluminum combined.<sup>5</sup> EPA statistics also show that in 2018, 46 million tons of paper and paperboard were recycled from municipal solid waste, compared to 3 million tons of plastics. By contrast, that year 27 million tons of plastics in municipal solid waste were sent to landfills. That's 76 percent of all plastic waste.<sup>6</sup>

### **Increasing Collection Rates Means Little without Strong End Markets**

The bill requires funding to be given to local governments to pay for their collection of readily recyclable materials, but this is a cost-shifting mechanism common in other EPR programs that does not create added value or end markets for recyclable materials. Robust investment in end market use for recovered paper is an essential pillar of the industry's success.

Between 2019 and 2023, U.S. packaging and pulp producers committed to investing more than \$4.1 billion in new manufacturing capacity specifically designed to use over 7 million additional tons of recovered paper per year.<sup>7</sup> However, any EPR fees paid by producers would reduce the capital available to support further investment in manufacturing capacity using recovered fiber.

### **Mandated Performance Goals Should Be Achievable for Products**

HB 36 sets mandated performance goals without justification for the numbers or consideration of individual products or the work already underway. Recovered fiber markets are complex, efficient, and dynamic and are not served by regulations or prescriptive approaches to specify the use of recycled fibers or dictate what type of recovered fiber is used in products.

Market forces and voluntary efforts have achieved strong gains in paper recycling and are expected to continue to do so in the future. Putting pressure on producers to arbitrarily change content in certain paper products interrupts the market-based utilization of recovered fiber, prevents recovered fiber from flowing to its highest value end-use, is counterproductive both economically and environmentally, and is inconsistent with the precepts of sustainability.

Eventually, the practical ceiling for paper and paper-based packaging recovery for recycling will be achieved. Some things just cannot be recycled – many tissue products, printed paper used for library books or archived documents and paper used in construction applications such as wallboard. To impose an EPR scheme in hopes of marginal gains could be cost prohibitive and at the detriment of the success the industry has achieved.

### **Paper's Recycling Rate Leaves Little Room for Improvement by EPR**

Paper recycling is already at a high level and approaching the maximum levels that are practically achievable. The recycling rate for containerboard (corrugated cardboard) in 2018, for example, was 96.4 percent. The three-year average recycling rate for the material that would be most impacted

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<sup>5</sup> [Advancing Sustainable Materials Management: 2018 Fact Sheet. EPA. November 2020.](#)

<sup>6</sup> [Advancing Sustainable Materials Management: 2018 Fact Sheet. EPA. November 2020](#)

<sup>7</sup> Publicly announced capacity expansions and additions tracked by The Recycling Partnership, June 2020

by EPR, old corrugated containers (OCC), is already 92.3 percent.<sup>8</sup> EPR is unlikely to improve the recovery rate.

More broadly, for the past 20 years, the paper industry has recycled about fifty million tons of recovered paper each year; over one billion tons in total.<sup>9</sup> More than twice as much paper is recycled than is sent to landfills, and every ton of paper recovered for recycling saves 3.3 cubic yards of landfill space.<sup>10</sup>

Recycling programs in the U.S. are operated by local governments, which have more freedom to tailor recycling programs to the needs of local communities. The record of highly centralized, command-and-control EPR programs in Canada and Europe offers no real proof of advantages over the market-based approaches and locally-operated programs prevalent in the U.S. A recent research paper performed by York University in Ontario concluded there is no evidence to indicate that the steward-operated EPR program in Canada will result in cost containment or increased recycling performance.<sup>11</sup>

### **Successful Materials Recovery is Supported by the Entire Supply Chain, Including Consumers**

Future legislation drafted to regulate the production and use of paper and packaging should be based on sound policy to the benefit of the environment and best practices for doing business in the state. Maryland can also increase consumer education to drive increased participation across the entire supply chain.

We support promoting increased participation in community recycling programs and other best practices in addition to focusing on hard-to-recycle materials where there may not yet be a well-developed collection infrastructure or good recovery results. For example, 11 counties<sup>12</sup> will potentially see increases in their recovery rate by implementing dual stream programs rather than single stream recycling. Single stream recycling programs have a detrimental impact on paper recovery as contamination from other materials in the stream is a major concern for most recovered fiber processors, lowering the value of collected paper products.

### **Conclusion**

We encourage the Committee to avoid measures that might penalize paper and paper-based packaging. We look forward to continuing our work with the state of Maryland. Please feel free to contact Abigail Sztein, Director, Government Affairs at [Abigail\\_sztein@afandpa.org](mailto:Abigail_sztein@afandpa.org) for further information.

Thank you

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<sup>8</sup><https://www.paperrecycles.org/media/news/2020/05/12/u.s.-paper-industry-achieves-consistently-high-recycling-rate>

<sup>9</sup> <https://www.paperrecycles.org/statistics/paper-paperboard-recovery>

<sup>10</sup> <https://www.paperrecycles.org/about/paper-recycling-a-true-environmental-success-story>

<sup>11</sup> Review of Recycle BC Program Performance, Dr. Calvin Lakhan, York University

<sup>12</sup> Anne Arundel, Baltimore City, Baltimore County, Cecil, Charles, Frederick, Harford, Howard, Prince George's, St. Mary's and Somerset use single-stream collection programs. Page 42, County Residential Recyclables by Commodity, <https://mde.maryland.gov/programs/LAND/AnalyticsReports/MSWMDR-%202019.pdf>