



February 9, 2012

U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, DC 20460-0001

Docket ID No. EPA-HQ-RCRA-2011-0912

Glass Packaging Institute (GPI) - Comments on the Final Report of the Dialogue on Sustainable Financing of Recycling of Packaging at the Municipal Level

About the Glass Packaging Institute (GPI)

The Glass Packaging Institute (GPI) is pleased to respond to the EPA's request for comments on the Final Report of the Dialogue on Sustainable Financing of Recycling of Packaging at the Municipal Level, originally submitted by the Keystone Center to the U.S. EPA on September 19th, 2011.

GPI is the North American trade association for the glass container manufacturers, glass recyclers, and suppliers of materials, equipment and transport to the industry. GPI member companies operate the vast majority of the 48 glass container plants located in 22 states, and also represent dozens of glass recycling facilities.

Our membership manufactures over 28 billion food and beverage containers annually, all of which are 100% and endlessly recyclable, suitable for use in the manufacture of a new glass container. To support its manufacturing activities, the glass container industry provides approximately 18,000 high paid salaried and hourly jobs in its glass container plants, warehouses and sales forces ... along with thousands more in our supplier companies across the U.S.

As an "Energy Intensive, Trade Exposed" industry, GPI's members are focused on preserving U.S. jobs by improving global competitiveness, reducing foreign energy dependency and supporting improved materials management models, many of which currently face serious economic and performance challenges. At the same time, GPI members recognize the importance of supporting sustainability initiatives including conserving energy, saving raw materials, reducing air emissions (including NOx, SOx, PM and greenhouse gases such as CO₂) and being fully committed to "Reduce / Reuse" in all aspects of plant operations e.g. water, cardboard, lubricants, electricity, etc.

Based on the forgoing, it should come as no surprise that GPI member companies are strongly impacted by the outputs of the municipal solid waste and recycling streams. A top priority for GPI is to divert and recycle glass containers currently in the MSW stream, and to ensure that as many containers as possible are re-utilized in the production of new packaging. When glass plants can increase the levels of recycled glass as part of the overall batch mix, they can reduce furnace temperatures, resulting in reduced energy use and lower greenhouse gas emissions.

GPI has established a 50% recycled content goal for the manufacture of new glass containers. Success in achieving that goal is largely dependent on the strength of the recovery systems that generate recycled materials used by the industry. Accordingly, GPI members are vigorously engaged at the local, state and federal levels to improve



collection systems, improve the usability of quality of recyclables for manufacturers and better link collection systems with end markets.

The Dialogue Process

The Keystone Report discusses the process leading up to the issuance of the Report. GPI notes that it did not participate in the dialogue process or in the preparation of the Report. Also absent from the initial dialogue were materials processors and handlers, waste hauling and recycling companies, and other end markets (manufacturers) that purchase recycled materials for use in new products. GPI recommends that future efforts include these key stakeholders in order to ensure that the impact on the entire supply chain is fully considered in future dialogues.

Each of these stakeholders has a unique perspective to provide on financing systems for municipalities. In this regard, the GPI notes that the glass container industry welcomed the opportunity to participate with other stakeholders in a dialogue convened by the EPA in Kansas City, Missouri in August of 2011. At that meeting, many of the packaging industry stakeholders expressed the desire to obtain more recycled materials in their manufacturing processes, and to better understand recycling rates and the final disposition of collected recyclables.

In Kansas City, the GPI recommended increasing partnership efforts with stakeholders to improve glass recycling/recovery rates, better supporting improved local, state, and national data collection/analysis, along with supporting effective legislative initiatives at federal and state levels. The GPI's presentation can be viewed by clicking on the link below.

<http://www.epa.gov/wastes/conservesmm/sfmr/aug2011-meeting-summary.pdf>
See Presentation by Lynn M. Bragg, President, Glass Packaging Institute, to the "U.S. EPA Multi-Stakeholder Meeting on Increasing Recycling of Packaging Materials" made in Kansas City, Missouri on August 11, 2011.

Extended Producer Responsibility (EPR)

The Keystone Report focuses extensively on "Extended Producer Responsibility" (EPR) for the recovery of packaging. While EPR definitions vary among states, and organization-to-organization, packaging and brand owners are typically charged with funding these systems. The GPI notes that there is industry discussion continuing on this, to the extent any EPR system to be successful packaging manufacturers and their supply chains included in the discussions in order to find workable solutions.

GPI and its member companies are active in the ongoing dialogue concerning EPR. In considering such systems, there appears to be wide consensus that the following factors should be considered in the development of any EPR system:

- How the recyclables/materials are to be collected
- Which recyclables are included and how the quality of the recyclables are maintained
- What existing collection/recycling programs would be disrupted
- The final disposition all of recyclables/materials collected within the system.
- Funding structure of the system and its impact on the marketplace

The Keystone Report sets forth a definition of recycling within its discussion of EPR:

"[Recycling] means more than collection. It means processing collected material and using it to make new products, which are then purchased and used again. Financing systems that only address collection, or that incentivize quantities collected without regard for whether the material is used to make new products or packaging, are unlikely to improve "real" recycling." (Keystone Report, pg. 24).

GPI agrees that in order for any EPR system to be successful, it must focus on more than just the collection of recyclables. The end market and final disposition of materials collected must be considered when evaluating the strength of a financing mechanism and the effectiveness of recycling programs in general.

To that end, GPI and its member companies are engaged in an effort to better understand existing recycling data and are examining options, including legislative avenues, to improve the data with respect to the end markets for the materials collected. Simply put, it is not adequate for the manufacturing industries, which purchase recyclables to work from recycling rates that do not consider where the recyclables end. At present, GPI member companies are making purchasing, supply and other significant decisions, without the benefit of comprehensive information on a critical material (post-consumer recycled glass), to glass container manufacturing operations. We note that this effort is consistent with the recommendations of the stakeholder group.

The Keystone Report references at pages 18 and 20 discussions that were held among the stakeholder group on the European experience with EPR. The Keystone Report states at page 20 that the dialogue participants found EPR to be a "most promising strategy" for remedying the current financing challenges for recycling based in part on their European experience. Unfortunately, the GPI did not find that the Keystone Report elaborated on those experiences or on the successes or failures of the European systems. These experiences and the learnings from the European EPR systems are important to understand and ought to be explored further in on-going industry dialogues.

Recovery Incentive Programs as a Component of EPR

Consumers are a key stakeholder in any container recovery program and an EPR system, which seeks to meet the definition of recycling highlighted in the Keystone Report, must focus on ensuring a high level of recovery and quality of material through consumer engagement. Accordingly, the Report notes the high recycling and recovery rates of the states that have incentivized consumer participation in recycling programs through beverage container refund systems. *(Keystone Report, pg. 52)*

The country's glass container manufacturing plants depend heavily on recycled glass for use in their manufacturing processes. GPI estimates nearly 80% of all post-consumer recycled glass used by our plants originates from these refund states. Shipping recycled glass from these programs across state lines is a common practice, and the continued success of these programs remains vital to glass container manufacturing and to the tens of thousands of Americans our industry employs.

Also important is the low estimated administrative costs to the states that have these programs in place. States that have these programs also have successful, curbside

collections programs, and both have been shown to work together. States that have consumer deposit/refund systems are often also found to have high levels of curbside recovery for non-deposit materials.

Highlighting the success of these programs to packaging manufacturers the Keystone Report notes, *“Deposits encourage markets for recycled materials by virtue of the fact that they result in the collection of large volumes of clean materials, creating ample supply of raw materials for use in recycled-content products. For example, glass beverage container recycling is much improved with deposit return systems, reducing costs and raising marketable values throughout the system. The glass is clean and often separated by color for much better recovery.”* (Keystone Report, pg. 52)

As the Keystone Report indicates, there are virtually no sorting or contamination issues with respect to these programs and roughly 98% of the glass collected goes back into a manufactured product. Further, given the very high recovery rate of all beverage containers subject to such refund programs, MSW collection costs could be reduced and the value of commodities in the recyclables stream increased

The glass container industry has been and remains an active stakeholder at the state level, to ensure the continued success of existing beverage container refund programs while also demonstrating a willingness to engage in meaningful stakeholder dialogues to ensure such systems are continually modernized and remain effective.

The most successful and robust beverage container recycling programs not only provide environmental and energy related benefits, but may also contribute to increased employment in the greater recycling industry. A recently issued report by the Container Recycling Institute (CRI) found that, depending on system parameters, these programs create 11-38 times more jobs than a curbside recycling system for beverage containers. (Morawski and Morris, *Returning to Work: Understanding the Domestic Jobs Impacts from Different Methods of Recycling Beverage Containers*, December, 2011)

The CRI report finds that, ton for ton, beverage container refund programs create at least five times more jobs in container collection, sorting and transport than in garbage collecting, hauling and landfilling. Most importantly, the CRI Report concluded that the principal reason beverage container refund programs create more jobs is that they recover more of the “target” material. On average, states with these programs recover three times more beverage containers, than states without these programs (76% vs. 24%.)

The Keystone report states correctly that consumer refund programs could be a part of a “broader system of extended producer responsibility...” (Keystone Report, pg. 56). In fact, GPI has concluded that a consumer incentive component is key to the success of any EPR program that is appropriately focused on the quality of material management through the system. GPI takes issue with the assertion in the report that such consumer refund systems “stand alone...currently...” (Keystone Report, pg. 56). In fact, most of the consumer refund programs in the United States and Canada now utilize extended producer responsibility concepts. For instance, California utilizes a “processing fee” for brand owners, distributors and packaging manufacturers in its CRV program as a underpinning for the financing of its redemption and recycling program. Such funding is a relatively modest but significant component of the overall redemption program financing scheme.

The Keystone Report also comments favorably on the concept of a national beverage container refund program. (Keystone Report, pg. 54). The GPI finds that the report makes a number of cogent observations about how such a program might be constructed. As it has done at the state level, the GPI would welcome the opportunity to engage with other stakeholders in a dialogue about the advantages and drawbacks of such a national program.

Group Project Recommendations

Participants in the stakeholder group recommended a series of projects to further examine issues surrounding sustainable financing for municipalities. While this participant group has disbanded, we'd like to offer our comments on a few of the suggested projects in recognition that other stakeholder groups in the U.S. are currently evaluating similar issues and may look to this report as a resource document from time to time.

Project 5 - Material Sorting

"The EPA dialogue participants believe that improvements to the material sorting system would help optimize recycling performance. The group recommends that a specific project be undertaken to address material sorting, including: An assessment of the current sortation infrastructure and its performance." (Keystone Report, pg. 100)

An assessment or project that would work to identify improvements to sorting systems would be helpful to all sectors of the recycling supply chain. The glass container industry would like to work other stakeholders to ensure that recyclables collected and sorted have the opportunity to be reused in the manufacturing process.

Project 6 - Aftermarkets: Exchange Resource for Recovered Packaging Materials.

Participants supportive of this project believe that there is *"a need for a better system to link recovered materials back to uses in packaging and other products."* The group recommends a project to *"investigate development of an online, reliable and continuously managed database of recovered and/or processed materials for recycling into packaging or other uses."* (Keystone Report, pg. 100)

A primary goal of the project would be to *"improve access to materials, facilitating increased recycled content in packaging which in turn should drive market demand and incremental value for recovered materials"*.

The glass container industry sees real value in undertaking such a project. This proposed database, if successful, would provide and substantiate more realistic recycling numbers, with respect to manufacturing and at the same time, provide the public at large a better understanding of their recycling efforts.

Project 7 – Recycling Rate by Material Type

This project would examine the importance of understanding recycling rate by material type, along with the data utilized to support recycling rates. GPI agrees that reassessing recycling rates for materials, and the recommendation of a project by participants as part

of revaluating current data used is important:

Specifically – *“The EPA dialogue participants believe that the development of consistent, transparent, and broadly supported data on material recycling rates for specific commodities would provide critical information for improving recycling system performance. The group recommends a project that will:*

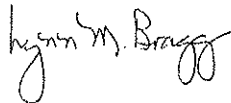
- *Provide a national survey to identify potential sources of data*
- *Assess data quality*
- *Recommend a process for an improved materials recycling rate measurement system. (Keystone Report, pg. 101)*

To better understand the recycling data, as the project suggest, our industry would consider sharing our glass recycling data (on an industry-wide basis), so that information could be used to substantiate glass “recycling” rates. This will enable recycling rates to more accurately reflect what recyclables are being used again in a manufactured product, vs. those collected recyclables that are eventually discarded.

GPI appreciates the opportunity to provide these comments to the Report. We look forward to working with the agency and all recycling stakeholders in a cooperative fashion with respect to financing proposals for municipalities and recycling systems.

For additional information, please contact the GPI at 703/684-6359, or lbragg@gpi.org

Sincerely,



Lynn M. Bragg
President