



May 13, 2013

The Honorable Tim Moffitt
North Carolina House of Representatives
16 W. Jones Street, Room 2119
Raleigh, NC 27601-1096

Dear Representative Moffitt:

On behalf of the Glass Packaging Institute (GPI), this letter is to provide our opposition to House Bill 949 in its current form.

GPI is the North American trade association for glass container manufacturers, glass recyclers, and suppliers of materials, equipment and transport to the industry. The glass container industry has a strong presence in North Carolina. Collectively, the industry operates glass container manufacturing plants in Wilson, Henderson, and Winston-Salem - producing several million containers a day and employing nearly a thousand residents. The industry also has glass recycling facilities in Winston-Salem, Wilson, Raleigh, and Durham - employing hundreds of additional residents and processing tens of thousands of tons of recycled glass annually.

Our industry has supported several recycling initiatives and partnerships in North Carolina to date, including the bar and restaurant recycling program. GPI and its member companies are currently engaged in legislative efforts around the United States that focus on a variety of recycling collection programs, many of which are similar to House Bill 949. One characteristic successful programs share is a clear provision and structure that enables the separation of the recyclable materials collected. Our industry has found that these provisions greatly increase the amount of recyclable material that can be reused in manufacturing processes.

GPI member companies have a stated goal to utilize as much recycled material as possible in our manufacturing process. When glass container manufacturers increase the amount of recycled glass they use as part of the overall batch mix, we can reduce furnace temperatures resulting in reduced energy use and lower greenhouse gas emissions. Using recycled glass in the manufacturing process results in conservation of energy, saves raw materials and reduces air emissions (including NOx, SOx, PM and greenhouse gases such as CO2).

Specifically, one ton of carbon dioxide is reduced for every six tons of recycled container glass used in the manufacturing process. Energy use at glass plants also drops about 2-3% for every 10% of recycled glass used in the manufacturing process. Further, the glass container manufacturing industry is committed to “Reduce / Reuse” in all aspects of plant operations; e.g., water, cardboard, lubricants, electricity, as these are competitiveness factors that allow our operations in the United States to be more on par with glass container manufacturing operations around the world.

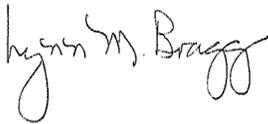
It should be known that the GPI has had many conversations with the organizations behind House Bill 949 and, as introduced, the legislation does not reflect any glass manufacturer industry concerns or input. To that end, we will share with you and the legislators who represent our plants in the state the following concerns:

- The current version does not provide a role for manufacturers with operations and employees in North Carolina in the Producer Responsibility Organization (PRO) or guidelines to the overall structure of the program. Container manufacturers are the end users of recyclable materials and constitute an essential constituency that should be represented on any PRO.
- The current version does not allow for manufacturer participation in setting the imposed fees on products produced by the glass container industry and other packaging manufacturers. Rather, the PRO, comprised of brand and other product owners, would independently set the fee structure.
- The current version equates to a potential penalty for the North Carolina glass container manufacturing industry. In practice, the proposed fee structure would “reward for a producer's use of materials that have higher post-consumer material value and lower relative processing costs.” This provision is of considerable concern to the glass container industry. As we explain in the following bullet point, markets for all recyclables adjust according to market demand and private industry transactions.
- Under current U.S. law, the antitrust exemption in the bill could be illegal. An antitrust exemption is included in the bill for the brand owners, who, as referenced above, would be responsible for setting program costs and associated fee structures. This provision is not only set up for future legal challenges, but would also make any fee structure design and implementation much less transparent. Further, markets for all recyclable materials, including recycled glass, are subject to independent markets and private industry transactions. Setting rewards based on market prices at any given point may unfairly distort the value of recyclables and have a negative impact on manufacturing industries in the state.

- The current version poses a significant threat to the glass container industry's access to recycled material. The North Carolina glass container industry purchases and utilizes recycled glass daily in its operations. When establishing recycling rates, North Carolina should consider and incorporate plans that support a market for manufacturers who purchase recycled materials. For example, regarding recycled glass, much of what is considered "recycled" in a particular county or state often ends up in landfills – counted merely because it is picked up at the curb. There is an enormous difference between what is collected vs. what is actually recycled into a new manufactured product. Mandated and high recovery goals will serve to focus on increase on what is collected, often with little or no consideration as to its final disposition.

GPI and member companies look forward to working with other stakeholders on all issues related to recycling.

Sincerely,



Lynn M. Bragg
President

Cc: The Honorable Chuck McGrady
The Honorable Roger West
The Honorable Marilyn Avila
The Honorable Pricey Harrison
The Honorable Nathan Ramsey
The Honorable Jason Saine
The Honorable Tom Murry, *Chairman, House Committee on Commerce and Job Development*