



June 10, 2016

California Air Resources Board
1001 I Street
Sacramento, CA 95814

The Glass Packaging Institute (GPI) is pleased to provide comments **and to emphasize the importance of the current “high-risk” classification for the glass container manufacturing industry (NAICS 327213) in the state’s Cap and Trade Program.** Our response and request follow the CARB hosted May 18th *Cap and Trade Program Public Workshop on Emissions Leakage Studies.*

California’s glass container manufacturing industry has a well-established record as an Energy-Intensive-Trade-Exposed Industry (EITE). California glass container plants in particular compete with lesser-regulated glass plants across the country, in addition to international glass container production facilities.

As highlighted in the May 16, 2016 [Final Report to CARB on Employment and Output Leakage under California’s Cap-and-Trade Program](#), “*an increase in California energy prices relative to prices in nearby regions will raise production costs in energy-intensive industries located in California and likely result in short-term (one year) losses in output, employment, and value added for those industries.*”

[The Report \(p. 16\)](#) clearly states that no EITE industry participant is impacted more by leakage than glass container manufacturing, who are anticipated to lose significantly in terms of output (17.10%) and jobs (13.31%). These losses will only be exacerbated by future increases in the cost of energy.

California and the broader US glass container industry have been competing with a consistent and significant increase of imported bottles and jars for food and beverages over the past several years. **According to data collected by the US International Trade Commission 2.1 billion additional containers were imported into the US in 2015, than in 2008.**

On average, imports of glass containers have increased 3-5% annually since 2008. Many of these imports are wine bottles, heading in through the West Coast ports, competing directly with wine bottle manufacturing in California and similar plants in nearby states.

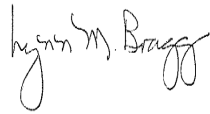
Sustaining and working to increase our already high levels of recycled glass use at our plants is the primary method of energy saving technology. For our industry, cullet usage represents additional “energy savings” at our plants. Due to the substitution of recycled glass for raw materials, the container glass manufacturers in California have been able to reduce their carbonate-based CO₂ emissions to approximately 25% of the total CO₂ emissions.

The high-risk classification, and continuing maximum industry assistance is critical to the future of California’s glass container manufacturing operations. It provides needed assistance and protects California glass plants from competitive advantages that similar plants in other countries and states currently enjoy.

Any adjustment to the allotment of industry assistance by the Air Resources Board should account for the high levels of leakage the glass container industry experiences and ensure maximum levels of assistance are provided.

Thank you for your thoughtful consideration of our comments.

Sincerely,

A handwritten signature in black ink that reads "Lynn M. Bragg". The signature is written in a cursive style with a large, looped initial "L".

Lynn M. Bragg
President