

STATUS OF GROWING EXTENDED PRODUCER RESPONSIBILITY TREND



Issue Background

Extended Producer Responsibility (EPR) laws require manufacturers, distributors or brand owners to assume end-of-life management of their products. EPR programs have typically been established for products and materials that are difficult to recycle such as paint, carpet, batteries and electronics. Since 2008, 34 state governments have implemented 85 EPR laws covering these and other product categories.

Recent disruptions in the global markets for recovered material and the resultant stress placed on municipal recycling programs, along with heightened concern over the growing problem of plastic marine waste, has resulted in Congress and several state legislatures actively debating legislation that would create an EPR framework for packaging. Such laws could impose fees and restrictions on all types of packaging, including paper-based, in order to address the lack of markets for plastic and other materials. Most of these proposals would also place fees on printed paper.

How EPR for Packaging Would Work

Legislation would be adopted at the federal or state level authorizing the creation of a Producer Responsibility Organization (PRO) or Packaging Stewardship Organization (PSO), and setting out the broad parameters of the EPR program. The PRO or PSO would be a nonprofit organization vested with the authority to set and collect per ton fees on packaging materials and printed paper, and disburse said fees to state and local recycling programs for infrastructure improvements and public education. The PRO would determine fees based on a needs assessment of the local or regional recycling system.

Why International Paper Opposes EPR

The market-driven system for the recovery and recycling of paper and paper-based packaging is a monumental success. In 2019, 92% of corrugated packaging and 66.2% of all paper products were recycled. Contrast this to a 9% recycling rate for plastic based on U.S. Environmental Protection Agency data. Annually, eight million metric tons of plastic waste enters the world's oceans in addition to the estimated 150 million metric tons that currently circulate in the earth's marine environment.

Legislative proposals that would subject paper-based products to EPR programs for packaging are an attempt to force our industry to pay for the problems of others. They ignore the nationwide, market-driven system that has been developed over many decades to recover and reuse our products. They risk disrupting the free flow of materials that has resulted in our very high recycling rates, and they ignore the fact that most recovered paper is never handled by a government run recycling system.

However, International Paper is working closely with a coalition of commodity producers, customers and stakeholders to find opportunities for successful EPR programs. The ideal program would recognize the renewability of paper products, exclude mixed paper because it is different from packaging, and ensure that we will not be required to subsidize the commodities who have failed to invest sufficiently in their infrastructure.

What IP Supports

- We support investment in programs and technologies that bring more clean residential and commercial material into the system. This includes dual stream collection, clean Materials Recovery Facilities, and expanded access for commercial and multi-family dwellings.
- We support market-based investments in recycling infrastructure and education.

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Paper-Based Products Are the Quintessential Circular Economy

The forest products industry was one of the original circular manufacturing systems, relying on the use of renewable resources (trees), designing waste out of our processes (burning biomass residuals to produce steam and electricity), and the recycling of fiber to make new products. However, there is more that we can do to advance the circular, low-carbon economy by designing all products to be 100% reusable, recyclable or compostable. We are working with customers, suppliers, and each other to build circular processes into the work we do every day.

Federal Activity

Democrats in the U.S. House and Senate have introduced the Break Free From Plastic Pollution Act, which targets the plastics crisis by creating a comprehensive nation-wide EPR program. The bill requires all commodities, including paper and paper-based packaging, to pay into the program. While the momentum of federal EPR legislation slowed due to the COVID-19 crisis in 2020, activity will pick up in 2021.

State Activity

International Paper, both directly and working through state and national trade associations, has vigorously fought EPR for packaging programs in several states. While legislative activity was cut short throughout the country due to COVID-19, we expect these issues to be carried over to the next legislative sessions. Recent state activity includes:

- **California:** The direction of legislative discussions in Sacramento has recently shifted from a multi-material strategy to a plastics-only focus. Due to limited time and resources, the Legislature may consider strict new recycling, reuse and compostability requirements for plastic products, and look to expand them to other materials in the future.
- **Colorado:** In July 2020, Governor Jared Polis signed legislation that directs the state's Department of Public Health and Environment to conduct a review of EPR programs, and create policy and legislative recommendations regarding the feasibility of requiring producers to design, manage and finance programs for end-of-life management of their products and packaging.
- **Maine:** In 2019, legislation was adopted directing the Maine Department of Environmental Protection to develop an EPR system for packaging materials, and then bring the proposal back to the Legislature for final consideration in 2020. The legislation was not adopted, but will be brought back for consideration in 2021.
- **Massachusetts:** In August, the House Ways and Means Committee debated comprehensive environmental legislation. Among the offered amendments was one that would have mandated the development and implementation of an EPR program for packaging and printed paper. After hearing strong opposition from the business community, the amendment was withdrawn. However, the issue is likely to be raised again in 2021.
- **New York:** The Chairs of both the Senate and Assembly Environmental Conservation Committees introduced legislation that would mandate EPR for packaging. The Senate version would also include printed paper. There is strong support for packaging EPR in the State Legislature, and this issue will come back up for debate in 2021.
- **Oregon:** The Oregon Department of Environmental Quality is conducting an analysis of policy options to modernize recycling in the state. Oregon is evaluating five different options, three of which use EPR constructs that draw from various programs worldwide. The five options under evaluation will be narrowed through analysis and consideration by a multistakeholder advisory committee. Any legislative action that might result from the study could be seen in 2021.
- **Vermont:** Similar to Maine, the Vermont Legislature directed the Office of Legislative Council to convene a stakeholder process to review the state's solid waste goals and programs, and return to the Legislature with proposals for further consideration. The final Legislative Council report recommends EPR for packaging and printed materials which the Legislature could consider in 2021.

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