

# *Extended Producer Responsibility (EPR)*

## Implications for Printing Paper Stakeholders

# What is EPR?

**Extended Producer Responsibility defined:** Laws that mandate transferring responsibility for end-of-life disposition of products to manufacturers and brand owners (“producers”)

## Important features of EPR:

- Shifting end-of-life financial and sometimes physical responsibility to the producers and away from the public sector
- The possibility of providing incentives to producers to incorporate environmental considerations into the design of their products and packaging through eco-modulation

Traditionally in the U.S., trash and recycling collection paid for through combination of taxes and user fees

## Key forms of EPR:

1. Product take-back: Flow control, collection, processing, and marketing of material by Producer Responsibility Organization (PRO)
2. Financing mechanism to assign costs of the take-back program

# *Why the focus on EPR Now?*

## **Key drivers**

- Growing concerns about plastic in the environment
- Oversupply of recovered materials resulting from China National Sword
- Negative impacts on municipal and state budgets due to lower commodity values and increasing cost of material recovery (recycling is “broken”)
- Brands are feeling the pressure to “do something” about waste

### **Perfect storm:**

Market changes and public concern about plastic and waste make it an opportune time to shift responsibility of commodity value fluctuations and waste from tax/ratepayers to producers

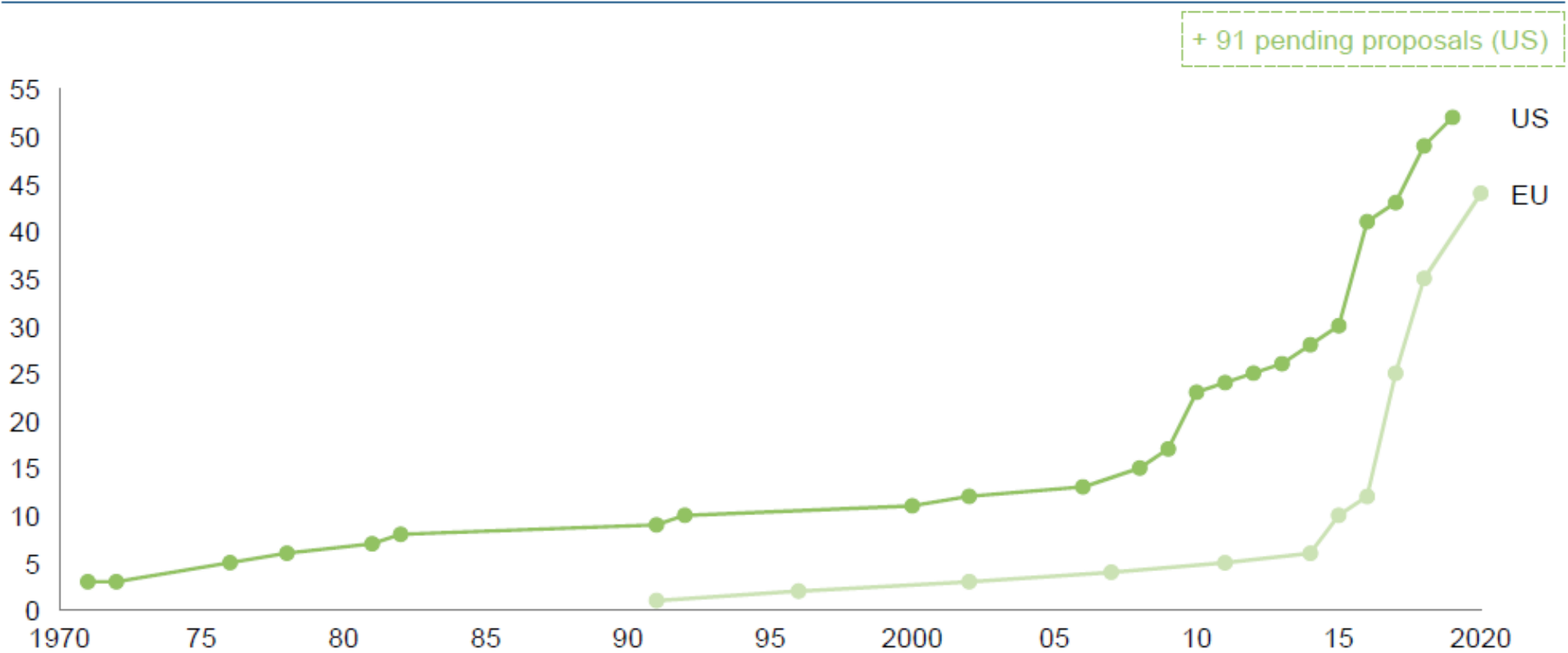
# Why does it matter?

- Regulatory Cost:
  - Estimated cost of material recovery in the U.S. is between \$4 and \$6 billion (the Recycling Partnership)
  - Average cost of collection, sorting, processing of recovered material through residential curbside collection is estimated to be twice that of commercial collection
- Paper is estimated to comprise 53% of residential material collection
- Low average market prices for recovered paper following China's National Sword policy have turned the economics of recycling upside down
- Prior to National Sword, high commodity values subsidized collection and sorting costs

Material recovery cost shift to producers and their customers will significantly raise the cost of doing business and potentially accelerate the transition to digital alternatives for communication paper manufacturers

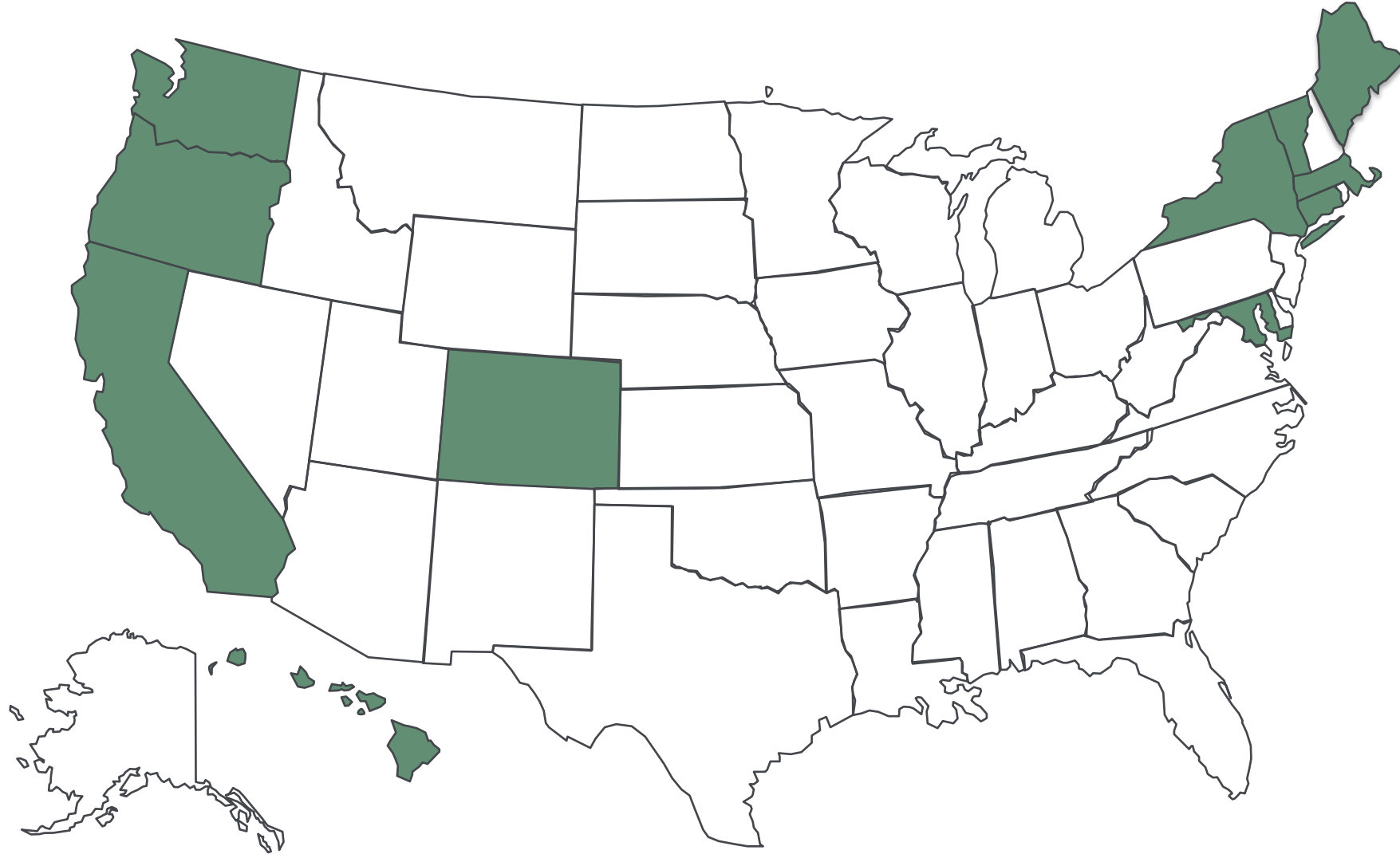
# Policy Activity on Single-Use Products Accelerating

Approved regulations by year on sustainable packaging in the US and EU, #



Source: CEPI, National Conference of State Legislatures, Press Search, McKinsey Analysis

# *2021 Anticipated Printed and Paper Packaging EPR Legislation*



# *EPR Implications for P-W Papers*

- European models exclude printed paper
  - Does not have increasing consumption problem like packaging or plastic
  - Already “designed for the environment” (100% recyclable)
  - Exponentially more brand owners than packaging (high administrative costs)
- Canadian programs are being promoted as model for U.S. federal and state legislation to follow (include printed paper)
  - More about who pays than about solving real problems
  - Measurable environmental gains are lacking
  - EPR programs have not proven to be cost effective but are just the opposite

# What is at stake for EPR that includes P-W Papers

## Potential Products

- Newsprint, inserts circulars
- Catalogs and magazines
- Telephone books
- Paper for general use
- Other printed matter

## Potential Costs\* ( Canada BC EPR Model )

- 2020 Printing paper fee:  
\$175 USD/ton  
➤ +86% vs. 2019
- 2021 rate increasing to \$255  
USD/ton



# Why do Current EPR Initiatives Include Printed Paper?



## It is about maximizing the source of funding:

- Proponents argue for a holistic approach (all products in the bin should take responsibility)
- Paper is a large component of recovered materials, making it a significant revenue source
- Proponents argue there should be no “free riders”
- Other material producers want to spread the costs as widely as possible (the more others pay, the less they pay)

# *EPR Policy Landscape*

- **State Legislation Expected (more states possible)**
  - CA, CT, OR, WA, NY, VT, MA, ME, MD
- **Industry Organizations Developing Alternatives/Variations**
  - The Recycling Partnership (TRP)
  - American Institute for Packaging and the Environment (AMERIPEN)

Most or all of these initiatives, while primarily focused on plastic and paper-based packaging, include printing papers

# Organizations and Brands Supporting EPR-type Policies

## Companies



## Coalitions Groups



## Trade Associations



# *AF&PA Advocacy on EPR*

## **AF&PA supports:**

- Voluntary paper and paper-based packaging recovery efforts; and
- Improving and expanding existing recovery and recycling programs.

## **AF&PA opposes EPR and related policies because:**

- Paper is not the problem that needs to be solved;
- Paper is not a hazardous or hard-to-handle material;
- Materials with high rates of recovery for recycling are penalized along with those with lower rates;
- Government intervention will increase costs for consumers and disrupt efficient markets for recyclable commodities.

## **Facts about paper recycling in the U.S.**

- Paper is recycled at a high rate: Each year since 2009, 63 percent or more of paper used in the U.S. has been recovered for recycling and in 2019 the paper recovery rate reached 66.2 percent.
- Markets for recovered fiber are well-developed: The amount of paper going to landfills has declined by nearly half since 2000.
- Global demand for recovered fiber has been growing at a rapid rate. Global recovered paper demand increased at an average rate of 1 percent a year from 2014 to 2018 and is expected by RISI to increase an average of 1.5 percent a year from 2019 through 2023.

# The EPR Deck is Stacked Against Paper Products

The momentum to advance EPR Legislation is growing fast

Engagement by a broader base of allied stakeholders is needed:

- Magazines
- Catalogs
- Newspapers
- Printers
- Advertisers
- Envelope Converters

AF&PA is coordinating action for interested parties.

Contact: [mark\\_pitts@afandpa.org](mailto:mark_pitts@afandpa.org)

