



**Comments on First Task-Level Sub Report (Phase 3) and  
Second Task-Level Sub Report (Phase 2)**

**issued by**

**Washington Department of Ecology  
Plastics Packaging Study Stakeholder Group**

**International Bottled Water Association  
and  
Northwest Bottled Water Association**

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The International Bottled Water Association (IBWA)<sup>1</sup> and the Northwest Bottled Water Association (NWBWA)<sup>2</sup> appreciate this opportunity to submit comments on the first task-level sub-report (Task 3), *Successful Plastic Packaging Management Programs and Innovations*, and the second task-level sub-report (Task 2), *Recycled Content Use in Washington: Assessing Demand, Barriers, and Opportunities*. IBWA submitted answers to many of the questions posed on the online survey for first task-level sub-report and these comments will encompass many of the ideas shared in those answers.

These comments will first review several of the areas covered in the first task-level sub-report exploring each of the policies discussed in the report and thoughts of the bottled water industry. Each policy has its pros and cons and we request that the stakeholder group consider how these policies will impact local business and industry as a framework for plastic waste reduction is best determined. We will then provide some additional comments on the second task-level sub-report as recycled content use is an issue the bottled water industry has been closely involved with in many states over the last few years. Please note that IBWA and CBWA did not provide answers to every question posed on the survey for the first task-level sub-report as we did not believe we had adequate information to supply sufficient answers.

<sup>1</sup> The International Bottled Water Association is the trade association representing all segments of the bottled water industry, including spring, artesian, mineral, sparkling, well, groundwater and purified bottled waters. IBWA's mission is to serve our members and the public by championing bottled water and other healthy hydration choices, while promoting an environmentally responsible and sustainable industry. IBWA represents bottled water bottlers, distributors and suppliers throughout the United States, including several small, medium and large size companies doing business in Washington.

<sup>2</sup> The Northwest Bottled Water Association (NWBWA) is the association of the bottled water industry in the Pacific Northwest of the United States. NWBWA represents a wide range of companies from small, family owned businesses to large corporations. NWBWA's objective is quality through education, communication and legislation.

**Comments on the first task-level sub-report (Task 3), *Successful Plastic Packaging Management Programs and Innovations***

**Material/Disposal Bans**

IBWA and NWBWA do not believe that banning the use of plastics for packaging, especially PET and HDPE, is either worthwhile or productive. Bans on disposal of such items could be useful as long as they are communicated and enforced properly. Diversion of these materials away from landfills and into correct recycling streams is vital in continuing their reuse. However, contamination of collected waste and recycling materials is a problem and hinders the ability of these collection programs to operate efficiently. Education is a key component to ensure that consumers understand what materials are recyclable, how to properly discard of them, and the benefits of doing so.

Banning the use of PET and HDPE plastics are a concern for a few important reasons.

- Bans do not teach people how to recycle properly. For example, just because a local community or state decides to ban the sale of a product made with PET or HDPE packaging material doesn't mean the product won't be available for a consumer to purchase in a neighboring community or state. Once that product is used and needs to be properly disposed of, the local or state system won't be able to correctly process the product and that material loses its value and ends up going to a landfill.
- Many materials used for packaging, especially when made with PET or HDPE, when disposed of properly, are reused in numerous ways. Whether it is to make new packaging or repurposed into a new product, this material is utilized after its initial use.
- PET and HDPE plastics are a valuable commodity for many communities that rely on the recycling of these materials as a financial resource. Reclaimers and communities that provide recycling services can utilize money earned from recycling programs to better enhance these programs and educate consumers.

**Fees/Charges/Taxes/Levies**

IBWA and NWBWA oppose any fee placed on a product simply due to its packaging. While any type of fee/charge/tax/levy can be used to support necessary recycling infrastructure, this only works if it is assessed on a broad range of products that promotes equity. IBWA and NWBWA oppose any fee placed on a product simply due to its packaging.

IBWA believes that certain principles are essential in addressing tax policy relative to the bottled water industry or any products packaged in plastic. Broad-based taxes, rather than industry or product specific taxes, are a more stable and thus more predictable source of government funding. The purpose of tax policy should be to encourage economic development while raising the revenue necessary to fund necessary government programs and services. The bottled water industry is willing to fund its fair share of taxes, along with the rest of the business community. However, taxes that target only bottled water or a specific type of packaging are unlikely to be a substantial or stable source of revenue for government funding and are inherently unfair. IBWA believes that only through broad based taxes can government establish a stable, predictable source of revenue for funding programs and services for citizens. IBWA supports measures that treat all taxpayers equitably.

## **Extended Producer Responsibility**

IBWA and NWBWA believe that EPR programs for PET and HDPE plastics are unwarranted as these recycled plastics are already in high demand and manufacturers are already using rPET and rHDPE in their products.

Should a program be considered, IBWA and NWBWA approach packaging and recycling issues in a manner emphasizing the most effective and efficient solutions to reduce the strain on the environment, while considering the equal responsibility of all stakeholders, including consumers. IBWA and NWBWA believe that locally run, comprehensive recycling programs are the best method of cost-effectively diverting solid waste from landfills and increasing recycling of consumer products and packaging.

The following principles should apply to any Extended Producer Responsibility Program:

1. Minimize Environmental Footprint - Recycling program(s) should collect recyclables in a manner that minimizes the environmental footprint and does not create inefficient energy or natural resource use.
2. Comprehensive and cost efficient - Recycling program(s) should seek to collect recyclables in a cost-effective manner and provide the maximum opportunity, through ease of participation in multiple venues, for consumers to recycle a broad range of products and packaging.
3. Achievability - Recycling program(s) should have reasonable and specific recycling rates goals (e.g., % increase in rate over X yrs, % of households covered within X years, etc.), and these goals should be measured and evaluated on a regular basis.
4. Consumer Involvement - Recycling program(s) should include components that educate and motivate consumers to purchase products that are recyclable and recycle those products after use.
5. Equitable Cost Sharing - Responsibility for the cost burden of any recycling program should be shared by government (municipalities for curbside and state government for other programs), consumers and industry. Recycling program funds should be dedicated solely for the use of supporting recycling efforts.
6. Flexible and Industry Led – Flexibility is critical to ensure the continued viability of any material recovery program, as it allows member participants and the government to react to changes in the market. Any partnership formed to oversee and lead the program must include a majority of brand owners participating in the program, and these brand owners will constitute a majority of the governing board.

IBWA and NWBWA believe that EPR programs should focus on packaging that does not yet have efficient recycling streams. Both PET and HDPE plastics have specific and relatively mature recycling infrastructure currently in place as demand already exists for these recycled plastics (rPET and rHDPE) in the market. Creating an EPR structure for these recycled plastics is duplicative and inefficient.

IBWA and NWBWA believe that EPR programs for PET and HDPE plastics are unwarranted as these recycled plastics are already in high demand and manufacturers are already using rPET and rHDPE in their products. In addition, any EPR system that places the burden completely on producers will upset the current recycling market and harm industry. No recycling system can function without equal support from consumers, government, and producers.

## **Deposit Return System for Containers**

IBWA and NWBWA believe that any system that works to provide manufacturers with access to material that can be utilized for packaging, whether that be new (virgin) material or recycled material, is worthwhile of being considered a component of a recycling and/or manufacturing stream. We recommend the following areas be addressed when any new deposit program is being considered or changes are being made to any existing program:

### *Designing the administration of the program for greater efficiency*

A program should be designed with an administration that establishes a cooperative organization that is managed by a third-party, non-state entity that includes industry participation. It should include an educational component to address proper recycling process and goals. There should be an evaluation by the management entity of what containers would be covered (types and materials), redemption fee, handling and processing fees, industry commitments, state support, etc. to ensure an effective and efficiently run program. Equitable financial arrangements should be established to ensure that manufacturers, consumers, recyclers, and end users are all providing support to operate a successful program.

### *Reducing contamination*

A strong effort to reduce contamination of recycled materials is essential to making any program valuable to end users. This should include increased ability for reclaimers to refuse products based on contamination, necessary consumer education on recycling streams, standardization of quality control and increase oversight of recycling processing to better ensure proper sorting of materials, and funding to provide access to the latest technology. Also, municipalities need to have additional leverage when negotiating hauling and recycling contracts with industry that can ease contamination requirements. Lastly, flexibility in how containers are returned, whether it be through bag drops, mobile return stations, redemption centers, curbside, and at retail locations, should be included in any bottle deposit program.

### *Addressing fraud and abuse*

The biggest issue with most redemption programs is fraud. Every state that has a deposit program is losing money to fraud and spending money on trying to curtail that fraud. Increased oversight of the system is paramount to ensuring fraud reduction and control. Some states have already implemented regular audits of the system, redemption centers, and distributors to ensure compliance, examine efficiency, and deter fraud. Penalties need to be at levels that deter repeat offenses and establishing appropriate daily limits on return amounts can also limit attempts to defraud the system. Finally, deposit initiation should occur at the time of retail sale. This will improve the collection of deposits on interstate shipments and reduce the possibility of products that are sold to distributors in non-deposit states being sold to stores in deposit states at a reduced cost that undercuts their competitors. In addition, transparency is crucial for any bottle deposit program. Regulatory entities should be required to post reported data so there is visibility on how much material is being collected, via what methods, and on all costs associated with operating the program. This includes how the program uses unclaimed funds, discussed in more detail below.

*Ensuring handling and other fees are utilized to make the program more effective*

One of the major differences in the various deposit programs throughout the US is the fees beyond the actual deposit. Handling fees and other industry focused fees can make the actual cost of being part of a deposit system more than double the actual deposit amount. Applying a more uniform system of fees across all states and utilizing technological enhancements to keep costs at a minimum for processing and handling fees will ease the burden on business. Determining fees need to consider several factors including: true cost of handling the material; type of material; recovery rate; market demand; and program management.

*Use of unclaimed deposits to support the program and recycling infrastructure*

Unclaimed deposits should be used to support the bottle deposit program by offsetting industry costs and investing in recycling education, collection, and recycling infrastructure. Whether the program is administered by a third party or by the state, it is critical to ensure adequate funding for all these efforts on an ongoing basis. Because the redemption rate in a state may vary from year-to-year, the annual amount of unclaimed deposit money available to operate the program may be uncertain. For example, if the redemption rates increase beyond a certain percentage, that will significantly reduce the unclaimed deposit funds available to efficiently operate the program. If that happens, the state should provide additional funds needed to run the program.

Lastly, Certain bottle deposit programs operate more efficiently and effectively than others. Generally, the material returned via redemption is better quality and less contaminated than that being returned through a more generic recycling program or single-stream program. With some systems, such as California's, communities rely upon grants from money raised from unclaimed deposits to help increase the viability and efficiency of an existing recycling program or help to support funding for new programs.

While deposit programs do have the capabilities of providing increasing numbers in terms of redemption and recycling, there are several areas where they struggle. This includes fraud and abuse, unreasonable handling fees, unclaimed deposits, and contamination in the recycling stream. In addition, IBWA would have concerns with any bottle deposit program proposal that does not include, at a minimum, elements suggested above.

**Minimum Recycled Content Requirements**

IBWA supports reasonable recycled content requirements based on market data and effective dates that allow enough time for manufacturers to comply. There are several factors that should be addressed when potentially instituting a mandate on the use of recycled rPET and rHDPE:

- Adequate time for recyclers to supply enough recycled content. Mandates cannot start right away and usually at least 2-3 years is needed to allow the market to adjust.
- Achievable mandates based on market data. The starting mandate should be set at a level to not shock the market and cause dysfunction. In addition, should all bottlers face a mandate, rPET and rHDPE supply will greatly diminish. Mandates should gradually increase over a sufficient period of time to allow for the market to meet demand. Also, the rPET and rHDPE markets are not the same, and any mandate should consider supply differences between the two.
- No two plastic recycled content markets are alike. A responsible recycled content mandate would take in to account the differences between the PET and HDPE markets and use data to determine the appropriate mandates for each. In addition, preliminary information suggests that taste and odor become major impediments for using rHDPE at a level of 35% or higher.

- Prioritization of access to high quality, food grade recycled plastics. Under a recycled content mandate, bottlers will have to meet a mandated percentage use requirement while many other PCR users will not. Bottled water producers facing a mandate should have priority access to high quality, food grade recycled plastics. Otherwise, a mandate will effectively reduce the recycled plastics supply available and dramatically increase costs to the beverage industry, while creating a competitive advantage to those not under a mandate who use recycled plastics.
- Ensure that safeguards are included so that when market dysfunction occurs (e.g., not enough recycled content available to meet a mandate), the policy is not punitive to manufactures who cannot access needed recycled content supply. These safeguards should include lowering or removing the mandate or not enforcing a penalty during time when market cannot provide adequate supplies of recycled content.
- Percentage mandates should be based on the aggregate use of recycled content across all product brands and lines within the company.
- Penalties based on the amount the manufacturer falls short of meeting a specific percentage mandate and not for every product placed in the market. For example, should a manufacturer only achieve 8.5% use of recycled content in attempting to meet a 10% mandate, the manufacturer should only be penalized on the 1.5% shortfall.
- Reporting requirements for all market participants. Requiring usage data from just those manufacturing bottled water or other beverages only shows a partial picture of how the program is working and what may need to be altered to ensure its success. Data should be gathered from other market participants, include MRFs, other processors, and recycled content suppliers. Collecting market data relating to how much recyclable material is collected and how much is then produced into food-grade recycled resins would be helpful in determining the potential impact of any mandate.
- Statewide preemption is an important part of any statewide recycled content mandate. Consistency across the state will help with compliance and the market can better adapt to one set of expected mandates.
- Protecting data collected in any reports submitted to the State by manufacturers and ensuring its privacy.

### **Multi-Faceted Measures**

Any multi-faceted measure should include programs only if they have been tested and verified as successful within any given marketplace. While deposit programs and curbside recycling have coexisted in many states, they each suffer from the success of the other. An improper mix of any multiple programs could cause market disruption, a lack of direction regarding specific recycling requirements and needs for any given material, and significant confusion among consumers. Any multi-faceted program being proposed, could include a bottle deposit program as described above and/or a recycled content mandate that is reasonable and based on market data. The burden of any EPR-type program that is included in a multi-faceted approach should be shared among all participants, including consumers, government and business.

The implementation of any one program can have a significant cost to the industry. The dangers of a multi-faceted approach is that it can create significant market disruption and thus do more harm than good. Any multi-faceted measure(s) must be carefully designed with thought given to how one program may interact with another in order to ensure optimal functionality across all programs.

### **Expanded Mechanical Recycling for Additional Resin Types**

There are technology limitations that need to be overcome for this to be realized. Mechanical recycling is not feasible for all combinations of materials used for packaging applications. Packages that are made by using two or more polymers (either as a single layer or multiple-layers) cannot be recycled with existing infrastructure. Additionally, mechanical recycling equipment/processes are not efficient in handling all the variety of packages (film, bottles, etc.) for the same polymer. Lastly, though the resin type is same, there can be and will be significant differences in material chemistry from application to application. Mechanical recycling cannot accommodate all of them to produce a single end product. This could mean having separate streams or processes for each, which will make the recycling less efficient and more costly. Before enforcing laws to improve recycling, it is necessary that significant investments are made to develop the technologies needed.

### **Polymer-to-Monomer Chemical Recycling**

Chemical recycling technologies, especially polymer-to-monomer, will be very useful to address the concerns related to plastics in waste stream. Those technologies will be helpful in addressing the challenges related to mechanical recycling if expanding recycling to additional resin types. Any new technology will be costly and less efficient to begin with, but with enough research support, they will be available at scale to address the challenges with plastic waste.

### **Polymer-to-Monomer Fuel Recycling**

This can be somewhat useful, especially for difficult to recycle plastics or for plastics that are very expensive to make back to the same material. Breaking down to fuel (waxes, grease, lubricants, etc. or other options) could be a solution so there is value extracted from the materials rather than left in the environment or landfills.

### **Comments on the second task-level sub-report (Task 2), *Recycled Content Use in Washington: Assessing Demand, Barriers, and Opportunities***

The information provided in the second task-level sub-report (Task 2), *Recycled Content Use in Washington: Assessing Demand, Barriers, and Opportunities* is in line with what the bottled water industry and others have been hearing and working to address over the last few years. Supply remains the biggest barrier to successfully developing a recycled content market for plastic beverage containers. Even prior to the damage inflicted on the recycling and reclamation process by COVID-19, there are large areas of the country that would struggle greatly with trying to establish any type of recycled content mandate due to major supply concerns.

While efforts in California have been ongoing on this topic and are continuing during the final stages of the 2020 session, it looks as the long-term goals of the CA proposal (50% recycled content use by 2030) will most likely be extremely difficult to achieve. While some major manufacturers of beverages worldwide have made pledges to use large amounts of recycled content in their plastic beverage containers, many who have taken a closer look at the CA market question whether or not these pledges are feasible. What California has going for it that no other state does is that that the state is home to two of the country's largest recycled plastic reclaimers.

This and many of the other arguments mentioned in the study have been addressed in the section of this document that provides insight to the bottled water industry's concerns on recycled content mandates (see pages 5 and 6). Quality of material, price difference, geography, implementation timeline and necessary financial resources are all vital components of establishing a reasonable and achievable recycled content mandate.

All of the suggested opportunities provided in the report require a significant financial and time investment. Hope for a sustainable recycled content manufacturing and use program will require a combination of many technical and policy advances suggested in the Task 2 report. Increasing quality and quantity are by far the most important components in developing a successful program. Some of the proposals offered in the first task-level sub-report (Task 3), *Successful Plastic Packaging Management Programs and Innovations*, can work to support this need. However, each of those programs has pitfalls and problems.

Even with a massive influx of funding to jump start these programs, they will require extended periods of time to have an impact that can be measured and provide the quality and quantity of feedstock necessary to ensure that any level of mandated use of recycled content can be successfully met. The comparison included in the Task 2 report of the national paper and California garbage bag recycled content requirements is erroneous as it is not comparable to the needs of the beverage manufacturing industry. Recycled papers and plastic bags are not food grade materials and do not have to be a higher grade to be reused in recycled packaging. To the contrary, recycled plastics that will be used in food packaging and come into direct contact with the food product must be approved by the U.S. Food and Drug Administration. Recycled papers. This is a unique scenario as the beverage industry currently loses about 80 percent of its bottles to downcycled purposes (e.g., film, strapping, textiles) and is not remade into high-grade food packaging. If all plastic bottlers were available to recycle into new bottles for beverages, then the comparison to the recycled paper and plastic bag programs would be appropriate. But the reality of the situation is quite dissimilar. Not all bottles that are recycled are currently reused as new bottles, and the industry's ability to access high quality, food grade recycled content is greatly reduced.

Education is essential to supporting any efforts to fully develop a recycled content market and should come in several forms. This includes working to fight contamination, understanding the importance of proper recycling, and a basic knowledge of what manufacturers are actively and regularly using recycled content in their products.

IBWA and CBWA welcome the opportunity to work with the Department and the state in determining the best course to develop needed recycling markets and how those will influence any future plans for the use of recycled content in plastic beverage containers.