



**To:** Senate/House Recycling Caucus  
**From:** Government Policy Subcommittee, Environmental Paper Network  
**Re:** Opportunities for Economic Growth and Carbon Emissions Reduction in the U.S. Pulp and Paper Industry  
**Date:** August 2009

## INTRODUCTION

This memo outlines the significant economic and climate benefits of expanded paper collection and domestic recycled paper production. It also provides policy recommendations for realizing these benefits.

## ECONOMIC BENEFITS OF RECYCLING

According to a recent study by the U.S. EPA, the recycling and reuse industry consists of approximately 56,000 establishments that employ over 1.1 million people, generate an annual payroll of nearly \$37 billion, and gross over \$236 billion in annual revenues.<sup>1</sup> This represents a significant force in the U.S. economy and makes a vital contribution to job creation and economic development. As a driver of economic activity, the recycling industry compares favorably to other key industries, such as automobile manufacturing and mining. Especially significant is the finding that recycling far outpaces the waste management industry because recycling adds value to materials, contributing to a growing labor force. Recycling also provides a large number of jobs that generally pay above the average national wage.

The EPA study also found that investment in local recycling collection and processing, as well as strong government policies, spurs significant private sector investment in recycling manufacturing and promotes economic growth. The study tallied this "indirect" impact of recycling on support industries, such as accounting firms and office supply companies, for a total of 1.4 million jobs supported by the recycling and reuse industry. These jobs have a payroll of \$52 billion and produce \$173 billion in receipts. Spending by employees of the recycling and reuse industry also contributes indirectly and adds another 1.5 million jobs with a payroll of \$41 billion and produces receipts of \$146 billion. The recycling and reuse industry also generated roughly \$12.9 billion in federal, state, and local tax revenues, with 80 percent going to federal and state government.

According to the EPA recycling creates nearly five times as many jobs as landfilling, and recycled paper manufacturing creates one job for every 523 tons of recovered paper.<sup>2</sup> In 1993, over 1.5 million tons of recovered paper were exported from the ports of San Francisco and Los Angeles alone, the equivalent of exporting more than 3,000 manufacturing jobs. In response, California created a number of recycling laws that have attracted entrepreneurs who bring new technologies and high wage jobs that are helping California recast its economic future and revitalize its industrial base. Contrary to the declining trends experienced by many of California's industries, recycling is a growth industry that is helping to define a more sustainable, job-creating manufacturing infrastructure. On a national scale, the U.S. exported over 20 million tons of recyclable materials last year worth approximately \$3.5 billion.

If the paper industry were to achieve the Environmental Paper Network's (EPN) goal of increasing the recycled content in printing and writing paper made in the U.S. from today's 6% to 30%, the following benefits would result:

<b>Benefits of Increasing Recycled Content of Printing and Writing Paper to 30%</b>	
Tons of Paper Not Sent to Landfill	6 million
\$ Saved by Avoiding Landfill Costs	\$1.2 billion
New Jobs Created	11,472
Greenhouse Gas Emissions Avoided	26 million tons CO <sub>2</sub> e

## CLIMATE BENEFITS OF IMPROVING PAPER RECYCLING

As the fourth largest emitter of greenhouse gases amongst U.S. manufacturing industries, the pulp and paper industry represents a tremendous opportunity for innovation that will not only create new, green jobs on a significant scale, but also reduce U.S. carbon emissions in the process. Preliminary analysis of paper industry lifecycle climate impacts (including forest carbon loss, transportation, production, chemical use, and landfill emissions) suggest that the annual emissions associated with the current U.S. production of nearly 100 million tons of paper contributes over 750 million tons of CO<sub>2</sub> equivalent annually. This represents nearly 10% of U.S. annual emissions and on a global scale, the paper industry has three times the climate emissions of the airline industry. And yet, while increasing the recycled fiber content of paper decreases its carbon footprint by at least 50%, many paper producers have scaled back efforts to increase the level of recycled fiber in their products. In fact, existing deinking mills are currently at 98% capacity with no new capacity planned despite consumers' growing interest in recycled paper.

## CHALLENGES TO PAPER RECYCLING

In order to increase the recycled content in many paper grades, we must increase the amount of paper we are recovering here in the U.S. Today we collect just 56% of recyclable paper, compared to 73% in Germany, and only 50% of office paper is collected. Thus, 29 million tons of paper is sent to landfills across the U.S. each year<sup>3</sup>, which is estimated to be worth at least \$2 billion. The quality of the paper we collect is as important as the quantity. Yet many of today's municipal recycling programs, particularly those that have adopted single stream collection, have increasingly neglected quality requirements in favor of quantity only. Because much of the paper collected today is poorly sorted, many domestic recycling mills are not equipped to use it, and it is exported (mainly to China) as noted above. The domestic recycling mills that do accept bales of recovered paper send a high percentage of it to the landfill because it is too contaminated for use by their machines. While mills making certain types of paper can use mixed fibers, others require sorted fibers free of contaminants. In short, improved quality and increased quantity are needed. One without the other undermines the recycling system and limits or eliminates the potential for recycled content in many paper products.

## MEETING A MARKET NEED

Given the many benefits of recycled paper and increased consumer awareness and pressure, many large businesses have established public commitments to significantly increase their use of recycled paper. From office-supply giants (Staples and Office Depot) to large publishers (Random House, Simon & Schuster) and other major stakeholders (Bank of America, Dell), the market demand is clear. Further, as a result of the 2007 Executive Order 13423: *Strengthening Federal Environmental, Energy and Transportation Management* federal agencies are mandated to purchase paper made from at least 30% postconsumer recycled content. Similarly, a number of states have recycled paper mandates including New York and Washington, both of whom require 100% postconsumer recycled content paper be purchased by state agencies. Unfortunately, the challenges mentioned above are hindering the ability of private companies and government entities to implement their commitments and mandates.

## POLICY RECOMMENDATIONS

To overcome these challenges and increase production of recycled paper in the U.S., the EPN recommends the following policy initiatives, keeping in mind that investments in recycling programs, equipment and the companies themselves filter through the economy and contribute to economic growth.

1. Provide incentives to encourage community programs to recycle 60% or more and businesses to recycle 90% or more of their used paper.
2. Provide incentives for creating "green jobs" within the recycled paper manufacturing industry, including the collection, sorting, and reprocessing of paper.
3. Provide incentives to support improved bleaching technologies at our recycled paper mills to reduce the costs of their environmental impacts as well as new and efficient sorting equipment upgrades for Materials Recovery Facilities (MRFs) to produce the highest quality fiber for the paper mills.
4. Provide incentives for paper companies that manufacture at minimum an average of 30% post consumer recycled paper products (with higher minimums for some paper grades), and provide similar incentives for major paper purchasers who buy at minimum an average of 30% post consumer paper products (with higher minimums for some grades) for their total paper needs.

*\* To find a more comprehensive analysis of paper recycling needs and policies to support those needs, please visit [www.repaperproject.org](http://www.repaperproject.org), and download the discussion paper entitled *Reimagining Paper in the 21<sup>st</sup> Century*.*

## ABOUT EPN

The Environmental Paper Network (EPN) is a diverse group of over 100 environmental organizations working together to support socially and environmentally sustainable transformations within the pulp and paper industry. The EPN is enthusiastic and look forward to working with members of Congress to champion and achieve the economic and environmental benefits of an expanded domestic paper recycling industry.

## CONTACT FOR MORE INFORMATION

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<sup>1</sup> <http://www.epa.gov/epawaste/conserv/rrt/rmd/rei-rw/result.htm>

<sup>2</sup> [http://www.cawrecycles.org/facts\\_and\\_stats/recycling\\_means\\_business](http://www.cawrecycles.org/facts_and_stats/recycling_means_business)

<sup>3</sup> [http://www.paperrecycles.com/stat\\_pages/recovery\\_vs\\_landfill.html](http://www.paperrecycles.com/stat_pages/recovery_vs_landfill.html)