



1111 19th Street NW > Suite 402 > Washington, DC 20036
t 202.872.5955 f 202.872.9354 www.aham.org

**Testimony
of
Kevin Messner
on behalf of
Association of Home Appliance Manufacturers**

**Before the
Joint Committee on Environment
Connecticut General Assembly**

**Hearing on SB 233
An Act Concerning A Reduction Of Consumer-Based Packaging
Materials**

March 4, 2016

Chair Kennedy, Chair Albis, Ranking member Chapin, Ranking Member Shaban and members of the Committee, thank you for the opportunity to provide testimony on SB 233, which would require the Commissioner of Energy and Environmental Protection to amend the state-wide waste management plan to include an assessment of the viability of establishing an industry-funded stewardship program for the collection, management and recycling of consumer packaging. **The Association of Home Appliance Manufacturers (AHAM) opposes including this assessment in this bill.**

AHAM represents manufacturers of major, portable and floor care home appliances, and suppliers to the industry. AHAM's membership includes over 150 companies throughout the world. In the U.S., AHAM members employ tens of thousands of people and produce more than 95% of the household appliances shipped for sale. The factory shipment value of these products is more than \$30 billion annually. The home appliance industry, through its products and innovation, is essential to U.S. consumer lifestyle, health, safety and convenience.

I. EPR is Not a Proven Solution to Waste Management Challenges

AHAM disagrees with the premise regarding the efficacy of adopting a policy of Extended Producer Responsibility (EPR). The Department of Energy and Environmental Protection (DEEP) has already released a Draft Strategy that states there are two related "features" of EPR:

1. shifting financial and management responsibility, with government oversight, upstream to the producer and away from the public sector; and
2. providing incentives to producers to incorporate environmental considerations into the design of their products and packaging.

We offer a different interpretation of the purported benefits of EPR. AHAM understands that the intent of EPR is to require producers to pay for the public sector's cost of waste disposal or recycling. In practice, however, there is no actual shift in financial responsibility to the producer. Instead, the additional tax or costs to pay for an EPR stewardship program may well be passed through by product manufacturers and wind up being placed on the residential household. While this result would likely reduce costs to the municipality, there should be an offset of reduced waste and recycling fees charged by the municipality; however, we have never seen municipalities lower those fees in jurisdictions where EPR has been mandated. Instead, the municipalities or other solid waste and recycling entities continue to charge the public the same amount for their services as they did prior to implementation of an EPR program. Absent any offsetting reductions in their municipal solid waste and recycling fees, consumers are caught in the middle and often wind up paying more.

To make matters worse, what EPR programs actually do is create a disincentive through these increased costs. The cost increase from EPR could deter consumers from purchasing new appliances that are more energy and water efficient, more sustainable and safer. It is a mischaracterization to suggest EPR somehow shifts the financing of waste and recycling from the public sector to the producers. If the DEEP includes EPR as a possible actionable strategy, then it should be accurately characterized as a new tax or cost on consumers or state that any

responsibilities that are removed from the public sector must be accompanied by a corresponding reduction in municipal waste and recycling fees.

In addition, EPR attempts to insert a product manufacturer into the waste and recycling stream of commerce, but the manufacturer has no authority or ability to influence entities that are managing waste and recycling, nor are manufacturers able to change consumer behavior regarding recycling. In reality, EPR often results in a hidden new tax that is by and large used to pay for the administration of a stewardship organization and the government agency that is providing oversight. In Canada, Ontario, Manitoba and Quebec are experimenting with EPR programs for packaging and many products. This has resulted in so many stewardship agencies that the governments were required to create an entity charged with overseeing all the stewardship organizations – yet a third bureaucracy to fund through the increased fees. This was hardly a model of efficiency.

Regarding the second “feature” of EPR cited in the DEEP Draft Strategy, these policies actually offer no incentive for producers to incorporate environmental considerations into the design of their products and packaging. This is an oft-stated and incorrect aspect of EPR. Appliance manufacturers are already driven to make high quality, sustainable products for their customers. Manufacturers continually evaluate materials that are used in the development of their products and packaging and over the years have consistently increased the sustainability of both. In fact, AHAM is a leader in this area with its proactive work to create bi-national sustainability standards for its products with UL and the Canadian Standards Association.

The Draft Strategy asserts that forcing all manufacturers to pay fees for their products will provide them an incentive to incorporate environmental considerations into the design of a product. But charging every manufacturer a certain fee per product whether it is made out of kryptonite or straw creates no financial incentive to strengthen recyclability. Imposing an additional fee on every product may simply raises the costs of the product for consumers.

Therefore, this bill (SB 233) should remove the requirement to assess an EPR program for paper and packaging because DEEP’s Draft Strategy already includes EPR as a policy option based on two flawed rationale and without considering the unintended consequences of implementation. SB 233 should prevent DEEP from expending time and resources on a study that is unnecessary.

II. Appliance and Their Packaging Should Not Be Included in Any EPR Program

No state has ever mandated an EPR program for appliances -- and for good reason, as predicted recovery rates are often greatly overestimated. The expectations should not be too high for the recovery of products by producers because they are not part of the waste stream of commerce and have no authority over those who are.

Examples of real recovery rates from EPR policies currently exist and there is no need to expend state resources to re-study the issue. The Canadian province of British Columbia (BC), for example, has created a small appliance stewardship program. Although it is in its early stages, the initial recovery rates within BC’s EPR-type program are well below 10 percent for most of the products, despite over 100 recycling sites and millions of dollars spent on advertising.

Similarly, the European Commission (EC) had to revise its Waste Electrical and Electronic Equipment (WEEE) recycling directive to reduce its goals for recycling rates as the original goal was far too high. But even by revised assessments, the EC was only able to establish a target of 65 percent product recycling by 2016, which clearly falls short of the actual 90 percent recycling rate already being reached in the United States for major appliances. This success was achieved even without inserting a traditional EPR-type program into the recycling process. Furthermore, a UN University Institute for Sustainability and Peace study stated that the 65 percent target was “ambitious” and that compliance is “uncertain.”¹ Moreover, a 2008 U.N. University review of the WEEE directive states major appliances should not be part of any EPR program, precisely because of the high recycling rate of such appliances.²

It is not appropriate to include appliances in an EPR program. Appliances have significantly longer lives than many other consumer products and are often passed on or sold to others for reuse. Packaging for major appliances by and large does not even end up as residential waste or recycling. These products are usually delivered and installed in a home, and the packaging is taken by the delivery agent who then recycles the material that has value. Thus, durable products and their packaging do not enter the waste stream at the rates of some other products as verified by the waste characterization studies and other analysis already performed by DEEP, so they are a very small percentage of waste generation. Some major appliances have life-spans that average 20 years or more.

Many portable and floor care appliances have life-spans that are well above 10 years. These products do not constitute a priority impact on existing solid waste streams because they are such a small part of waste generation and have recyclable material that minimizes the material that ends up in a landfill. Many portable and floor care appliances have valuable metals and other materials that enter the recycling stream but during any waste audit can be lumped into the catchall “general” category of materials. Therefore, it may not be known how much exactly is recycled because there are many smaller products with high value material that are separated out by a waste recycler and processed for return to the base substances.

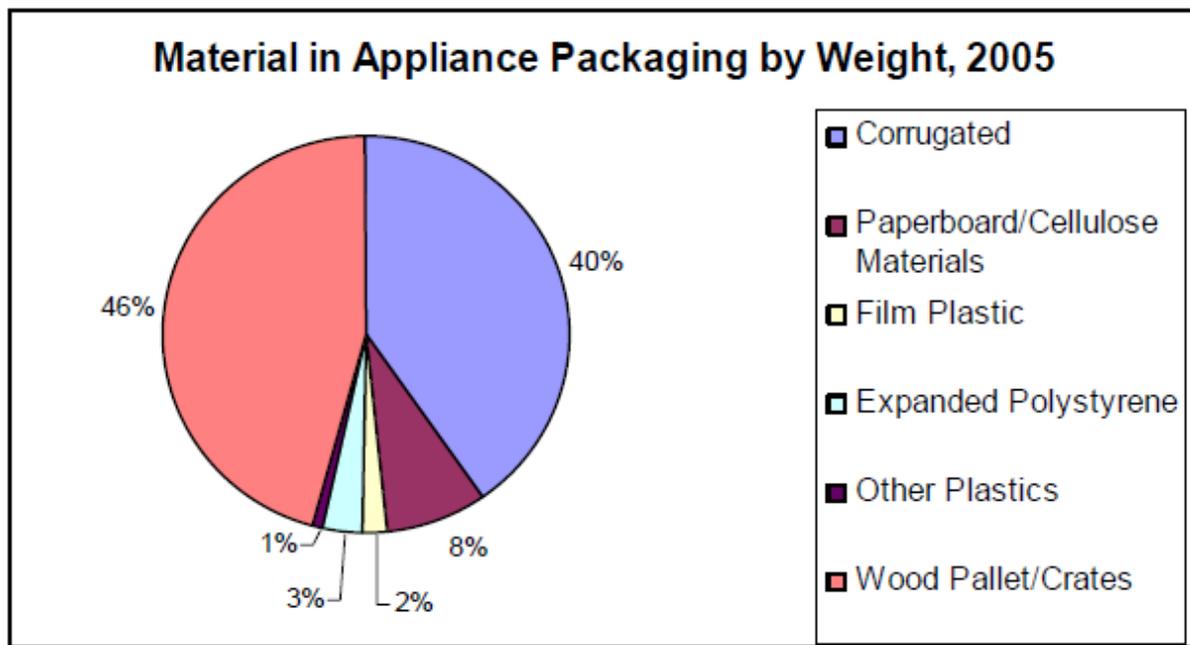
One source of data that the Joint Committee may find informative is from the U.S. Environmental Protection Agency (EPA). The latest EPA Materials Management Report from the June 2015 Waste Audit indicates that small appliances are only 0.8 percent of solid waste generation. Regarding major appliances, they continue to be recycled in market-based systems at rates above 90 percent because of their high-value metal content and they are generally delivered, installed, and the packaging removed from the home. Therefore, appliances and their packaging do not represent a major component of the solid waste stream and should not be within the scope of this Strategy.

¹ United Nations University Institute for Sustainability and Peace (UNU-ISP), *WEEE recast: from 4kg to 65%: the compliance consequences*, Bonn, March 2010

² United Nations University, *2008 review of Directive 2002/96 on Waste Electrical and Electronic Equipment (WEEE)*, August 2007

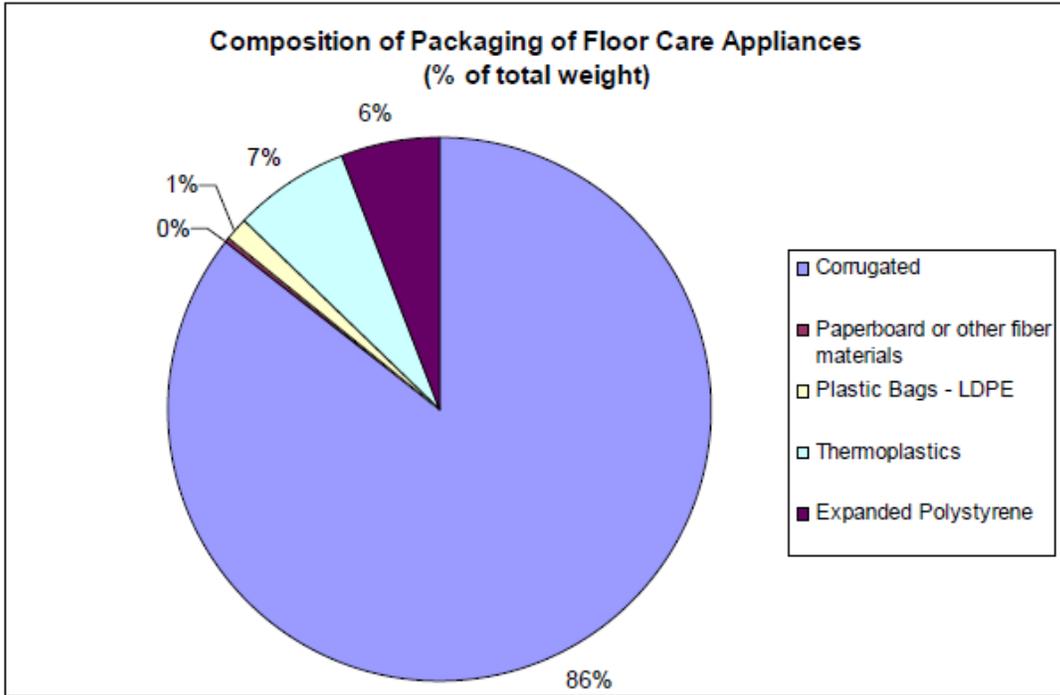
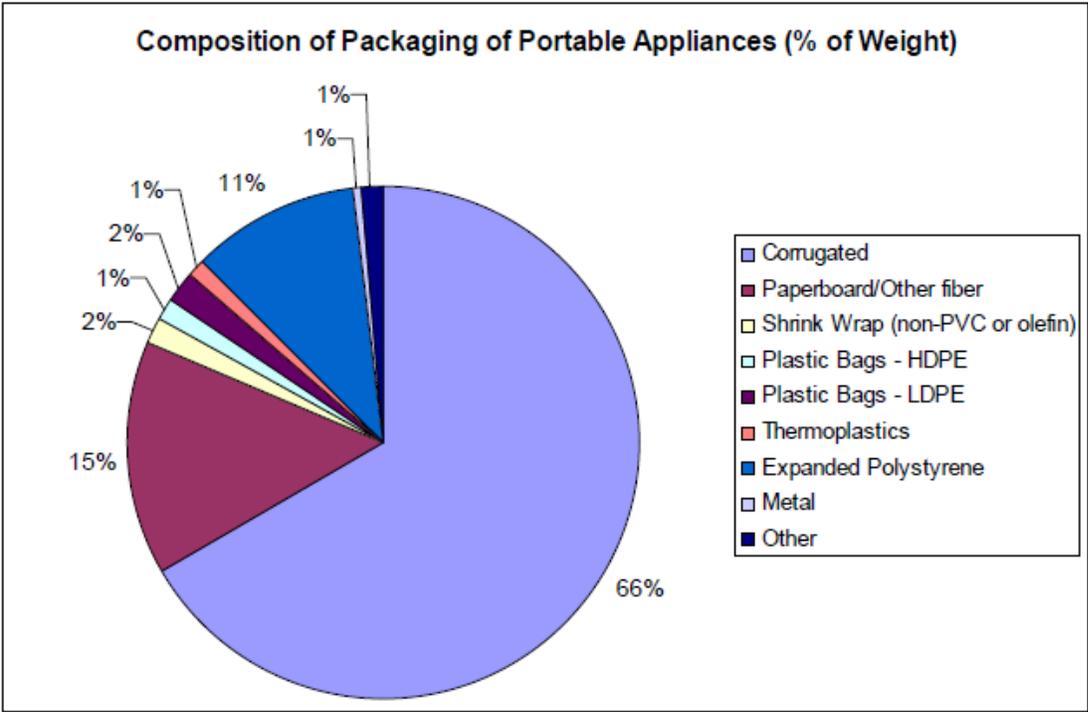
It is also important to note that even though appliance packaging is a minimal portion of the waste or recycling tonnage, this packaging also is comprised mostly of paper and wood, materials that are highly recyclable. A study done on appliance recycling by R.W. Beck and Weston Solutions dismantled appliances and analyzed their material composition.³ This study found the following results for major appliance packaging:

- 46 percent was wood crates or pallets
- 40 percent was corrugated cardboard
- 8 percent was other types of paper
- 6 percent was polystyrene and other plastics



Regarding small appliances, R.W. Beck and Weston Solutions found the following composition of packaging material:

³ R.W. Beck & Weston Solutions, *Recycling, Waste Stream Management, and Material Composition of Appliances*, December 2005



The report also found that most U.S. and Canadian local governments surveyed for the study indicated that residents and businesses have access to recycling programs for corrugated paper (cardboard). Also, approximately 40 percent of the local governments surveyed for the report

said that wood recycling programs are available and 67 percent of U.S. local governments surveyed had access to boxboard and/or mixed paper recycling.

Therefore, because EPR recovery rates are greatly overestimated, and appliances do not contribute significantly to the waste or recycling tonnage and the material in appliance packaging is mainly recyclable material, there is no need to include appliances in any potential study of paper and packaging EPR program. The recycling objectives of such programs are already being achieved in the absence of EPR requirements.

III. Food Waste Need Not Be A Waste or Recycling Problem

The Department of Energy and Environmental Protection (DEEP) 2015 Waste Characterization Study shows that the two largest contributors of waste are paper (23.1%), and food waste (22.3%) - neither of which needs to be a concern for DEEP.

Paper is used in packaging for appliances, but paper is highly recyclable. According to the American Forest & Paper Association, more than 60 percent of paper consumed in the U.S. has been recovered for recycling in each of the last three years, exceeding 66 percent in 2011, and annual paper recovery has nearly doubled since 1990.⁴

Food waste disposers are an affordable and highly effective solution to the problem of food waste. Food scraps average 70 percent water and diverting them from landfills to wastewater treatment plants is a proven disposal option.

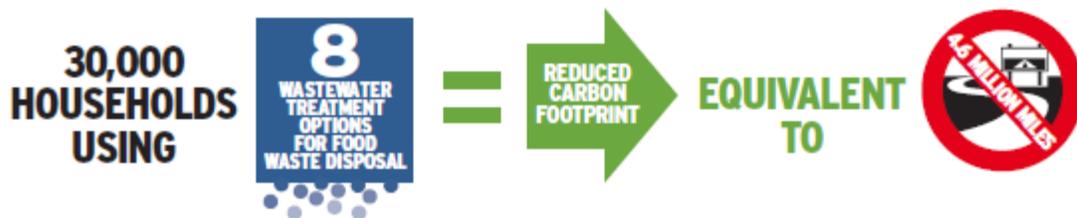
According to the Water Environment Research Foundation (WERF), utilizing a food waste disposer in the residence and sending the output to a wastewater treatment plant operating with anaerobic digestion is the least costly option for addressing food waste.⁵ PE Americas conducted a comparative life cycle assessment of multiple food waste management systems. Twelve end-of-life disposal options were modeled to represent the majority of food waste pathways in the U.S., including:

- 8 wastewater treatment plant systems
- 1 incineration system
- 2 landfill systems
- 1 composting system

This assessment found that using a food waste disposer in conjunction with any of the eight wastewater treatment systems results in lower global warming potential than either landfilling option. For a community of 30,000 households, using any of the eight wastewater treatment options to dispose of food waste instead of landfilling on average would reduce the carbon footprint by 1.9 million kg, the equivalent of driving 4.6 million fewer miles.

⁴ Paper Recycles, <http://www.paperrecycles.org/recycling-resources/paper-recycling-a-true-environmental-success-story>, last visited on February 11, 2016.

⁵ Water Environment Research Foundation (WERF), *Cost Effective, Sustainable Alternatives to Landfills for Managing Food Waste: Sustainable Food Waste Evaluation (OWSO5R07e)*, April 2012



This is not just a theoretical solution. Philadelphia recently tackled the challenge of diverting household food scraps from the trash by requiring in-sink food waste disposers for any new residential construction. Food waste disposers can effectively prevent food waste from going to landfills. We encourage the Joint Committee to consider these effective and cost efficient products to reduce landfill tonnage.

IV. Conclusion

SB 233 should not include an assessment of the viability of establishing an industry-funded stewardship program for the collection, management and recycling of consumer packaging. Appliance packaging is mainly comprised of highly recyclable paper and wood. When it is recycled through a highly successful market-driven system, government interference is more likely to disrupt and create complications that could reduce recycling rates. Experiments with EPR programs in Canada and Europe have fallen far short of their objectives. In both cases, recovery rates were grossly overestimated and costs were significantly underestimated. The current system for appliances and appliance packaging works, and it should be allowed to continue on its successful path.

In addition, AHAM recommends a realistic and impactful solution to diverting food waste from landfills. Food waste is about a quarter of Connecticut's waste, and we would welcome the opportunity to work with DEEP on installing food waste disposers in homes to divert this tonnage from landfills.

AHAM appreciates the opportunity to comment on the SB 233 and would be glad to discuss further these important public policy issues. Please contact me at (530) 309-5629 or kmessner@politicallogic.net with any questions.