THE WHITE HOUSE

WASHINGTON

September 7, 1993

MEMORANDUM FOR WHITE HOUSE STAFF REVIEWING RECYCLING EXECUTIVE ORDER

FROM: Ken Connolly

RE: Briefing Documents and Meetings With Interest Groups

Please find attached a copy of the briefing document on the economic impact of the proposed recycled paper standards. The document answers a number of questions raised at the August briefing regarding the economics of the postconsumer material standards for printing and writing paper.

I have learned that a number of interest groups have contacted White House staff to set up meetings to discuss the Executive Order on Federal Acquisition, Recycling and Waste Prevention. The Office on Environmental Policy has met extensively with representatives from the environmental community, industry, labor groups and local government organizations. Below is a rough list of interest groups we have met with to discuss recycled paper content standards and total-chlorine-free paper goals. If you would like further information about these meetings or need to be briefed on a specific topic prior to your meeting with interest groups, please feel free to contact me at 456-6224.

Industry: American Forest and Paper Association, Georgia Pacific, International Paper, Scott Paper, Champion Paper, Meade Paper, Westvaco

Labor: AFL-CIO, International Paper Workers Union

Environmental: NRDC, EAF, Ralph Nader, EDF, National Recycling Coalition, Sierra Club

Local Govt: National Conference of Mayors

EXECUTIVE ORDER:
FEDERAL ACQUISITION, RECYCLING AND WASTE PREVENTION

LETTERS AND PRESS CLIPS

JULY, AUGUST, SEPTEMBER 1993

- o Letters from Capital Hill
- o Letters from States, Counties and Cities
- o Letters from the Environmental Community
- o Industry Letters
- o Press Clips

LETTERS FROM CAPITAL HILL

United States Senate

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS
WASHINGTON, DC 20510-6175

July 19, 1993

The Honorable Albert Gore
Vice President
The White House
Washington, D.C.

Dear Al:

I am writing to express my deep concern about the probable impacts of the draft Executive Order concerning Federal procurement of recycled paper on manufacturers of recycled paper in Maine.

It is my understanding that the draft Executive Order is now being reviewed by Federal agencies and is not available to members of Congress or the public. I have been advised, however, that the Order may contain two provisions of special concern in Maine. These provisions are the deletion from the existing standard for high grade recycled paper of the requirement for 50 percent recycled material and the addition of percentage requirements for post consumer materials which are phased in on a schedule which can not be attained in Maine.

A major manufacturer of recycled papers in Maine has reported to me that adoption of the provisions cited above would, in all likelihood, cause closure of the plant and the loss of over 1,000 jobs in a rural part of the State where there are few other employment options.

I would like your commitment to consult with me personally prior to any final issuance of the Executive Order. In the interim, I hope that your office will provide my staff with a copy of the Executive Order at the earliest possible date and with work with us to explore every possible option to assure that advancement of our recycling goals does not cause substantial economic hardship in my home State.

With best wishes, I am

Sincerely,

George Mitchell

George J. Mitchell

United States Senate

WASHINGTON, DC 20510

July 23, 1993

The Honorable Bill Clinton
President of the United States
The White House
1600 Pennsylvania Avenue
Washington, DC 20500

Dear Mr. President:

We understand that you are considering issuance of an Executive Order to encourage the federal procurement of chlorine-free paper and recycled paper. We are writing to express our strong support for such an Executive Order.

As Senators with an interest in encouraging pollution prevention and protecting public health and the environment, we believe this important federal initiative would promote those goals. The use of chlorine and chlorinated compounds as bleaching agents in the paper manufacturing process can cause serious environmental damage due to the discharge of chlorinated byproducts, such as dioxins and chloroform, into streams, estuaries, and the air, thereby increasing for exposed individuals the risk of cancer and other health effects.

This is particularly regrettable because alternative bleaching techniques exist that avoid the discharge of these toxic compounds. Hydrogen peroxide and oxygen, or "ozone," bleaching techniques have been proven to be effective at paper mills in Canada, Sweden, Denmark, Spain, Austria, and the United States.

International awareness of the health and environmental risks posed by chlorine bleaching process discharges is creating greater demand for totally chlorine-free paper throughout the world. Due to the relatively small number of U.S. mills utilizing chlorine-free bleaching techniques, the U.S. share of the world market is in jeopardy.

On a related matter, it is important that the federal procurement rules distinguish between standards for "post-consumer waste" and "recovered materials." Appropriately designed procurement standards can reduce the amount of municipal waste disposed each year in landfills and incinerators by encouraging the recycling of post-consumer waste paper. As you know, post-consumer paper -- paper that has already passed through consumer hands -- is distinct from other types of recycled paper. Unlike mill waste and printing overproduction, post-consumer waste paper would not otherwise be recycled, and would end up in the municipal waste stream. Thus, it is important that the federal government procurement standards include appropriate definitions of, and percent content standards for, post consumer materials.

In summary, by establishing incentives for the domestic paper industry to move toward totally chlorine-free bleaching techniques, you can advance the causes of environmental protection, public health, and international competitiveness. By setting standards for procurement of recycled paper, including post-consumer waste paper content, you will establish a greater market for recycled paper today and encourage greater paper recycling in the future, removing substantial quantities of waste paper from the waste stream and, thus, the environment.

Specifically, we support elements of the Order that would:

• Eliminate or alter obstacles to the purchase of chlorine-free papers by the federal government. Most importantly, existing "brightness" standards discourage the market for, and, therefore, the production of, chlorine-free papers.

• Phase in, on an increasing percentage basis, a federal purchasing requirement for chlorine-free paper as the production of this type of paper increases.

• Establish ambitious standards for the procurement of paper, with at least 15% post-consumer recycled content now and 25% post-consumer recycled content by 2000.

We welcome your Executive Order on federal procurement of chlorine-free paper and recycled paper and applaud you for your courage and vision in addressing such important issues.

Sincerely,

DAVID PRYOR
ARKANSAS

RUSSELL SENATE OFFICE BUILDING
WASHINGTON, DC 20510
(202) 224-2353

ARKANSAS OFFICE:
3030 FEDERAL BUILDING
LITTLE ROCK, AR 72201
(501) 324-6336

United States Senate

WASHINGTON, DC 20510-0402

COMMITTEES:
AGRICULTURE, NUTRITION, AND FORESTRY
FINANCE
GOVERNMENTAL AFFAIRS
SPECIAL COMMITTEE ON AGING

August 3, 1993

Vice President Albert Gore
Office of the Vice President
The White House
Washington, D.C. 20500

Dear Mr. Vice President:

I am writing regarding the Executive Order being prepared by the White House Office of Environmental Policy regarding government purchases of environmentally preferable products and services, and the impact some of these policies could have on the forest products industry in Arkansas.

As you know, I strongly support the goal of increased production of recycled paper in the paper industry, however, I am concerned that any initiative to meet this goal be pursued with a clear understanding of the resulting potential economic impact. I would have similar concerns should the order address chlorine free paper production or the issue of a purchasing preference against paper dish products and wood pallets.

Accordingly, I would hope that before the President issues such an order the Office of Management and Budget would conduct an economic impact study and that a review be conducted of the potential impact on paper production plants in Arkansas, including those in Crossett, Ashdown, Pine Bluff, Rogers, and Camden.

Thank you for your consideration.

Sincerely,

David Pryor

David Pryor

DP/mss

cc: Mack McLarty
Leon Panetta
Katy McGinty

Congress of the United States
House of Representatives

H. MARTIN LANCASTER
NORTH CAROLINA
THIRD DISTRICT

August 10, 1993

Ms. Kathleen A. McGinty
Deputy Assistant to the President
Director, Office on Environmental Policy
OEOB, Room 360
Washington, D.C. 20501

Dear Ms. McGinty:

This is to serve as a follow-up to our recent phone conversation regarding the proposed Executive Order prohibiting federal procurement of recycled paper except in cases where the process by which the paper is recycled is chlorine-free. I am particularly interested in this matter as a substantial number of my constituents are employed by Weyerhaeuser Company and they could be adversely impacted by such an Executive Order.

The Weyerhaeuser plant located in Plymouth, North Carolina currently has a $500 million modernization budget. Increasing the company's already high environmental standards through modernization, Weyerhaeuser will move its recycled paper production away from the use of elemental chlorine in its bleaching process. However, the modernization is far from complete and the plant's product following the modernization will not be 100% chlorine-free.

The Plymouth Weyerhaeuser facility is one Weyerhaeuser's largest operating facilities in North America. It provides over 1500 good-paying jobs in an area plagued by unemployment, low wages and general economic distress. I fear that the Executive Order, as is proposed, will have a significant and negative impact not only in Plymouth, but also in other nearby areas of rural eastern North Carolina.

I would appreciate your consideration of these concerns and those expressed in our phone conversation regarding the draft Executive Order.

With kindest regards, I am

Sincerely yours,

H Martin Lancaster

H. Martin Lancaster
Member of Congress

At-Large Majority Whip
Committees:
Armed Services
Merchant Marine and Fisheries
Small Business

Washington Office:
2436 Rayburn House Office Building
Washington, D.C. 20515
(202) 225-3415
Fax: (202) 225-0666

☐ District Office:
Room 108 Federal Building
134 N. John Street
Goldsboro, N.C. 27530
(919) 736-1844
(800) 443-6847
Fax (919) 734-4721

MARTIN OLAV SABO
5th District, Minnesota

2336 Rayburn House Office Building
Washington, D.C. 20515
(202) 225-4755

462 Federal Courts Building
110 South 4th Street
Minneapolis, Minnesota 55401
(612) 348-1649

Congress of the United States
House of Representatives
Washington, D.C. 20515

COMMITTEE ON BUDGET
Chairman
COMMITTEE ON APPROPRIATIONS
Subcommittees:
Defense Transportation
Treasury-Postal Service-General Government
DEPUTY MAJORITY WHIP

July 21, 1993

The Honorable William Clinton
President
The White House
Washington, D.C. 20500

Dear Mr. President:

I write to express my strong support for an executive order you are considering that would set goals for increased federal government purchases of recycled paper.

In particular, I support provisions that establish a goal by 1995 for significant levels of procurement of chlorine-free paper products by federal agencies. As you know, the use of chlorine and chlorinated compounds as bleaching agents in the pulp and paper manufacturing process is environmentally damaging, and sound alternatives to chlorine exist. There is also growing evidence that one of the byproducts of chlorine, dioxin, is linked to the rising occurrence of breast cancer in women.

The use of hydrogen peroxide and oxygen as viable alternatives to chlorine in the bleaching process has been done in Canada, Sweden, Denmark, Spain, Austria and other nations. In fact, I understand that U.S. market share in the world paper market is threatened in part because the majority of our producers do not produce chlorine-free paper as our Canadian and European competitors do.

Several members of the House are preparing legislation to require an absolute zero discharge of chlorine and chlorinated compounds from pulp and paper mills within five years. Your planned announcement to establish a federal procurement goal would send a clear message that the Clinton Administration is serious about responsible environmental policy that is also good for U.S. business.

I applaud your leadership on this important environmental issue, and I look forward to an announcement of an executive order on federal procurement of recycled paper products.

Sincerely,

Martin Olav Sabo

Martin Olav Sabo
Member of Congress

MOS:md

LAUCH FAIRCLOTH
NORTH CAROLINA

United States Senate
WASHINGTON, DC 20510-3305

August 10, 1993

Mr. Ken Connolly
Office of the Chief of Staff
The White House
1600 Pennslyvania Ave. NW
Washington, D.C. 20500

Dear Mr. Connolly:

Thank you for advising my office on the status of the proposed Executive Order on Recycled Goods.

Although the order is basically a goal for Federal Agencies, there are two issues about which I am deeply concerned. I feel that the purchasing restrictions which this order enacts will seriously harm the U.S. paper and pulp industry.

First, in regard to the use of printing-writing papers, the order mandates that fifty percent of the total fiber be some form of recovered fiber, and that fifteen percent be obtained from post-consumer waste papers. I understand that the large high-volume commodity paper machines will be unable to comply with these requirements. Therefore, the amount of recycled materials being used will actually be reduced through the use of smaller volume machines. As a result, the environmental benefits will actually be reduced, contrary to the goal of the order. I believe that to be considered recycled paper, printing-writing papers should contain a minimum of 50 percent recovered fiber, or a minimum of 10 percent post-consumer/processed recovered fiber, measured by fiber weight.

Second, the implications of purchasing preferences for so called "totally chlorine-free" paper are troubling. I see two problems with this restriction. There is currently no technology proven to produce chlorine-free paper in Kraft Mills using Southern pine. There are only two mills in the country which are able to produce paper without chlorine chemicals. This means the order could force the government to rely on imports to meet its needs for paper. This could be devastating to an industry which employs three-quarters of a million Americans. There is no scientific data that suggests all chlorine-based bleaching chemicals, particularly chlorine dioxide, results in effluents having adverse effects on receiving waters. The order is contrary to conclusions reached by the EPA and as a result has no scientific standing with which to authorize such drastic measures. I therefore encourage you to remove all references to "totally chlorine-free" paper in the proposed order.

Again, thank you for the update and I will appreciate your consideration of these two issues. The pulp and paper industry is making considerable progress in the development of paper recycling. It would seem prudent that industry's recommendations should be considered seriously in wording the Executive Order.

Sincerely,

Lauch Faircloth
United States Senator

LF:cg

JAMES H. QUILLEN
FIRST DISTRICT, TENNESSEE

COMMITTEE:
RULES
REPUBLICAN CHAIRMAN EMERITUS

SUBCOMMITTEE:
THE LEGISLATIVE PROCESS
REPUBLICAN CHAIRMAN

Congress of the United States
House of Representatives
Washington, DC 20515-4201

WASHINGTON OFFICE:
ROOM 102
CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-4201

DISTRICT OFFICE:
ROOM 157—FIRST FLOOR
FEDERAL (POST OFFICE) BUILDING
KINGSPORT, TN 37662-0769

August 6, 1993

Dear Mr. President:

I am writing to voice my concern with regard to two controversial provisions of the draft Executive Order on Federal recycling. Specifically, (1) the governmental identification and promotion of "environmentally preferable" products and services, and (2) the procurement and market promotion of "totally chlorine-free" paper.

I urge your removal of these provisions from the draft Executive Order, as they could have major economic and social consequences on our chemical and paper companies within the U.S., threatening jobs and imports.

To promote a healthy environment is a worthy "charted course" of action, to which we are all committed. However, these provisions would, in effect, establish a regulatory premise to manage potential environmental risks by a complete ban, rather than a full and complete evaluation and discourse from all sides.

We can ill-afford further economic downturns for American businesses without first allowing for a comprehensive analysis of the issue with regard to a chemical or product and review of alternative courses of action.

Mr. President, I ask you to delete these provisions on "environmentally preferable" products and services and "totally chlorine-free" paper from the draft Executive Order, and I appreciate having the opportunity to express my concern in this regard.

Sincerely,

James H. Quillen

James H. Quillen

Honorable William J. Clinton
The President
The White House
Washington, D. C. 20500

cc: Kenneth Connolly

Ker

United States Senate

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS
WASHINGTON, DC 20510-6175

July 23, 1993

The Honorable Bill Clinton
President
The White House
Washington, D.C. 20500

Dear Mr. President:

I understand that your Office of Environmental Policy is drafting an Executive Order to change Federal rules governing the waste content of recycled paper. As I noted in an earlier letter to you, strong leadership by the Federal government in procuring recycled materials will set an example for the nation to follow.

Current guidelines require that recycled printing and writing paper purchased by the Federal government contain a minimum of 50% recovered fiber. In practice, we actually do somewhat better. I understand the government now buys paper that contains not just 50% total recovered fiber, but also includes 10% post-consumer fiber.

I am concerned that the proposed Executive Order will eliminate the 50% recovered fiber requirement and replace it with one requiring only 15% post-consumer waste. I agree that focusing more attention on post-consumer waste is an important step in developing markets for recycled paper. In fact, the Federal government should increase the post-consumer content in the paper it buys. However, I see no benefit to dropping the overall requirement for 50% recovered fiber and relying exclusively on a post consumer requirement. Such a change will have the effect of increasing the use of virgin material. In addition, this change would run counter to the recommendation from EPA's Recycling Advisory Committee. It also would be backsliding from the current requirement, thereby appearing to weaken the Administration's strong commitment to recycling.

I share your commitment to increasing our nation's recycling rates. I hope you will use this opportunity to demonstrate the Federal Government's leadership role in promoting and increasing the use of recycled material.

With best personal regards, I am

Sincerely,

Max Baucus

Max Baucus

cc: The Honorable Albert Gore
The Honorable Carol M. Browner
Ms. Kathleen McGinty

Sonny Callahan
1st District, Alabama

Committee on Appropriations

Subcommittees:
Foreign Operations
Military Construction

JUL 14 1993

Congress of the United States
House of Representatives
Washington, DC 20515-0101

Offices:
2418 Rayburn Building
Washington, D.C. 20515-0101
(202) 225-4931

2970 Cottage Hill Road
Suite 126
Mobile, AL 36606
(205) 690-2811

Toll Free to District Office:
1-800-288-USA1

July 12, 1993

Honorable Mack McLarty
Chief of Staff to the President
The White House
Washington, DC 20500

Dear Mr. McLarty:

I am writing to express concern over a pending Executive Order to require increased federal procurement of recycled printing and writing papers.

As you may know, paper products producers earlier this year agreed to meet a 10% threshold for postconsumer and/or processed recovered fiber. It is my understanding that the Office of Environmental Policy is considering a 15% requirement with a narrower postconsumer standard. The industry feels that this will result in lower volumes of recycled products being available in the public and private sectors.

Printing and writing papers are manufactured on large volume paper machines that were not designed to use recycled fiber. Only a limited amount of recycled fiber can be added to this process if American manufacturers are to remain competitive. The industry chose a 10% postconsumer level to enable more paper mills to integrate recycled fiber into their products. This broad participation will accomplish the same eventual level of recycled content as a higher content level in paper products made in fewer mills.

It is clearly in our best interest to maximize recycling of paper and the federal procurement process offers a real incentive to manufacturers to increase the recycled content of their products. However, I feel strongly that we must be careful in designing a program that has the desired result and does not actually serve to lower the use of recycled fiber. I urge you to carefully review this matter and give full consideration to the paper industry's proposal.

With best regards, I am

Sincerely,

Sonny

Sonny Callahan
Member of Congress

Congress of the United States
Joint Committee on Printing

818 Hart Senate Office Building
Washington, D.C. 20510-6650
(202) 224-5241

93194 August 6, 1993

Ms. Katie McGinty
Director
Office of Environmental Policy
Old Executive Office Building
Washington, DC 20503

Dear Ms. McGinty:

The Joint Committee on Printing (JCP) sets the standards and specifications for all printing and writing papers for the Federal Government. The chairman of the committee is the executing agent on purchases and among his responsibilities is signing all valid contracts of purchase.

While I am sure we share the same objective of recovering post-consumer waste from the waste stream, I have written to Mr. Leon Panetta regarding concerns I have of particular aspects of new executive policy in this area.

Four years ago, as chairman of JCP, I introduced new paper specifications that have resulted in general use of 50% recycled papers throughout the government. Many state and local governments have adopted our mode. Major private sector consumers are now buying recycled brands.

These are almost exclusively American made products, as they must be, to reduce the domestic waste stream. Policy positions that might drive successor paper products off shore and beyond the probable use of current American paper waste could be terribly detrimental to the progress we have made to date. I am particularly concerned with the suggestion that bleaches used in the pulping process be limited in such a way that our American industry and its work force would be adversely impacted. I am also concerned that limiting these processes will increase our difficulty in procuring recycled papers with permanent and archival properties.

Ms. Katie McGinty
August 6, 1993
Page 2

The committee plans to hold hearings on the next phase of Federal paper specifications on September 14, 1993 at 9:30 a.m. If in the meantime, you could withhold a final decision on this Executive order, I believe consensus would greatly facilitate implementation. In the alternative, you may wish to discuss these concerns and address them.

Sincerely,

Wendell

Wendell H. Ford
Chairman

WHF:af

LETTERS FROM COUNTIES AND CITIES

Howard Dean, M.D.
Governor

State of Vermont
Office of the Governor
Pavilion Office Building
Montpelier, Vermont 05609
(802) 828-3333

August 4, 1993

President William Clinton
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear Mr. President:

I write you today in support of proposed executive order language requiring federal agencies to establish goals for the purchase of chlorine-free paper. As a Governor who has learned the effects which the chlorine-bleaching process can have on waterways, I urge you to resist the lobbying of the paper industry, which would have you delete this provision, and to keep this language in the executive order which you will soon sign.

The use of non-chlorine bleaching agents is widespread in many European nations, but paper made with such a process is available only on a limited basis here in America. My office uses stationery bleached during the recycling process without chlorine. The result is the paper upon which this letter was written.

Short of federal legislation, I cannot imagine a greater impetus for paper companies to switch to other methods of bleaching, such as hydrogen peroxide, than an executive order mandating the purchase of chlorine-free paper by federal agencies.

I applaud your desire to employ the federal procurement process as a means of improving our environment.

Sincerely,

Howard Dean, M.D.
Governor

HD:jb

SHARPE JAMES
MAYOR
NEWARK, NEW JERSEY
07102

Post-it™ brand fax transmittal memo 7671 | # of pages ▸ 2

To Ken Connolly	From
Co.	Co.
Dept.	Phone #
Fax # 202-456-2710	Fax #

August 11, 1993

The Honorable Bill Clinton
President of the United States
The White House
Washington, D.C. 20500

Re: Presidential "Buy Recycled"
Procurement Executive Order

Dear President Clinton:

I am writing you with respect to my strong support for your proposed efforts to issue an Executive Order on recycled product procurement by the Federal Government. The City of Newark is a firm believer in the need to close the loop in buying products which contain the materials we collect for recycling. In fact, Newark established by local ordinance (see attached) the first, and I believe only, ordinance of its kind in the Nation, which requires that the City purchase only products, which contain recycled material, when they are available. Specifications are prepared requiring recycled content, and contracts are awarded to the lowest responsible bidder, for the products which we specify. I am enclosing for your information, interest and/or use literature on Newark's mandatory "Buy Recycled" program.

Our program has worked very well. However, the markets for the paper we collect for recycling are not good. Many municipalities in the State of New Jersey pay up to $35.00 per ton in the market place to take the paper we collect for recycling. We desperately need federal leadership to stabilize recycling markets.

It is essential that the Federal Government require postconsumer content in the paper it purchases. This will create an incentive for manufacturers to invest in green technologies to process postconsumer paper. It will also create a demand for the paper we are collecting, help us expand our paper recycling collection programs, and reduce the amount of valuable materials we are sending to the landfill/incinerator. In short, this policy would really support recycling.

The alternative standard proposed by the American Paper Association would not develop markets for true postconsumer materials, but instead would perpetuate the status quo. It would allow manufacturers to label their products "recycled" even if they use no materials from our community and office recycling program. Allowing clean, easy to use materials like sawdust, printers trimmings and other manufacturing waste to count as "recycled" will undermine investment in recycling technologies, and therefore, undermine community recycling efforts.

Again, I support your efforts for a Presidential Procurement Executive Order, and would appreciate a response from you on the comments which I have made above. I would also appreciate receiving form you a copy of your draft and final Executive Order on this important program.

Looking forward to hearing from you, I remain

Sincerely,

Sharpe James

Sharpe James
Mayor

SJ/cmc

cc: Al Gore, Vice President of the United States
Katie McGinty, Deputy Assistant to the President
Leon Panetta, Director of Management and Budget

THE UNITED STATES CONFERENCE OF MAYORS

1620 EYE STREET, NORTHWEST
WASHINGTON, D.C. 20006
TELEPHONE (202) 293-7330
FAX (202) 293-2352

July 29, 1993

The President
The White House
Washington, D.C. 20500

Dear Mr. President,

We, the nation's mayors, who are responsible for safely managing over 200 million tons of municipal solid waste annually, are writing to express our strong support for your proposed executive order to increase dramatically the federal procurement of recycled content paper. A stronger federal government commitment to purchase recycled paper will go a long way toward assuring the private sector that demand exists for recycled content printing and writing papers with high levels of post consumer fiber.

Currently, cities are footing the bill for our recycling programs. Five years ago the average price cities received for all recyclables was $100. Today it is $40. This precipitous drop in revenues has coincided with cities investing millions in curbside collection and processing infrastructure. Today, the average cost to collect and process recyclables is $175 a ton.

For this reason, in addition to the fact that much of the private sector wants us to collect more paper and recyclables so that these products can be marketed as environmentally friendly, we believe our nation needs a national recycling policy to strengthen and expand markets for recyclables. Your proposed executive order is the necessary first step in building such a policy.

We believe recycling must be a shared responsibility between all levels of government and the private sector. By issuing your executive order to substantially increase the federal government's use of post-consumer recycled content paper, you will provide the leadership desperately needed to keep our recycling programs sustainable. The millions of Americans who now participate in recycling programs by separating recyclables at home and in the office need to know that the Federal government's purchasing decisions are reinforcing their own worthwhile efforts at home.

The nation's mayors encourage you to issue a strong and aggressive executive order.

Sincerely,

Jerry Abramson

Jerry Abramson
Mayor of Louisville
President
The U.S. Conference of Mayors

CITY OF SAINT PAUL
James Scheibel, Mayor

390 City Hall
15 West Kellogg Boulevard
Saint Paul, MN 55102

Telephone: 612-266-8510
Facsimile: 612-266-8513

August 16, 1993

President Bill Clinton
Vice-President Al Gore
The White House
Washington, D.C. 20500

ATTENTION: Mr. Ken Connolly
White House Office of Environmental Policy
FAX: (202) 456-2710

Dear Mr. President and Mr. Vice-President:

It has come to my attention that you are planning to issue an Executive Order that will greatly increase the post-consumer fiber content of recycled paper products procured by the United States government.

I applaud this plan of action and urge you to carry it out as soon as possible. In Saint Paul, we have worked very hard over the past eight years to develop successful recycling collection programs. In order to sustain the program we must have good markets for materials. Your Executive Order will cost almost nothing to implement, but will cause a major shift in recycling markets nationwide.

For the past century the federal government has given hundreds of billions in tax breaks and subsidies to the virgin fiber paper products industry. This Executive Order does not call for tax breaks or huge subsidies, but it is the first step toward leveling the playing field for recycled and virgin paper products.

Cities like Saint Paul have already put in place successful post-consumer recycled content policies, but there has been a total void of leadership at the federal government over the past two administrations. This is the easiest and least expensive way for you to show your leadership on environmental policy and give solid support to municipal and rural recycling programs.

Sincerely,

Jim Scheibel

James Scheibel
Mayor

JS:drm

OFFICE OF
CHIEF ADMINISTRATIVE OFFICER

RUDOLF NOTHENBERG
CHIEF ADMINISTRATIVE OFFICER

289 CITY HALL
SAN FRANCISCO
CALIFORNIA 94102
415/554-4851

President William Clinton
The White House
Washington, DC 20500

August 13, 1993

Dear President Clinton:

We are pleased that you are taking the initiative to strengthen the market for recycled products through an Executive Order on recycled product procurement for federal government agencies and urge you to include a postconsumer content requirement in this order. This is an extremely important issue that will benefit greatly from strong federal government leadership.

The City of San Francisco, recognizing the importance of closing the recycling loop, adopted a Resource Conservation Ordinance in 1992, requiring City departments to purchase recycled products, including recycled paper with postconsumer content. Other cities throughout the state are following suit. In California we have seen the boost that state minimum content legislation has given to recycled paper manufacturing. The same initiative on a federal level will help further the development of recycling markets.

It is absolutely essential that the federal government require postconsumer content in the paper purchased by federal agencies. Federal government procurement of recycled paper with postconsumer content will create additional incentives for U.S. manufacturers to invest in processing facilities to recycle postconsumer paper. It will also create a demand for the paper we are collecting, help us expand our paper recycling collection programs, and reduce the wasteful disposal of valuable resources. Without including postconsumer content, this effort would be meaningless.

The alternative standard proposed by the American Forest and Paper Association would not develop markets for true postconsumer materials, but instead would perpetuate the status quo. It would allow manufacturers to label their products "recycled" even if they use no materials from community and office recycling programs. Allowing clean, easy to use materials such as sawdust, printing waste and other manufacturing waste to count as "recycled" will undermine investment in recycling technologies and undermine community recycling efforts.

Your Executive Order on recycled product procurement offers a unique opportunity to help the recycling program of every city in the country. Requiring postconsumer content is a vital part of moving recycling forward.

Sincerely,

Rudolf Nothenberg
Chief Administrative Officer

CC: Mr. Al Gore, Vice-President
Mr. Leon Panetta, Director of Office and Management and Budget
Ms. Katie McGinty, Deputy Assistant to the President

NATIONAL ASSOCIATION *of* COUNTIES

440 First St. NW, Washington, DC 20001
202/393-6226

August 4, 1993

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

On behalf of the nation's 3,000 counties, the local government entities charged with the responsibility of safely disposing of our municipal solid waste, we express our strong support for your proposed executive order to increase federal procurement of recycled-content paper. Through direct purchasing as well as by example, expanded federal procurement of recycled paper with high levels of post-consumer fiber will enhance markets for waste paper thereby strengthening our country's recycling programs.

Currently, over 40 states have established recycling goals which hold counties and other local governments responsible for planning and implementing waste recovery programs. Estimates indicate, however, that if recycling goals are met, the amount of material available for recycling would increase four-fold. Yet, the supply of some recycled commodities has already exceeded the demand for them, causing a precipitous drop in the price of recycled commodities and a burden on local recycling programs. In 1988, for example, the price of old newsprint was $40 per ton in many U.S. communities. Now, many counties must pay to get rid of newspaper. Stable recycling programs depend on the expansion of the use of post-consumer materials in products.

We believe that recycling must be a shared responsibility between all levels of government and the private sector. By issuing your executive order to substantially increase the federal government's use of recycled-content paper, you send a clear signal to the private sector that it is worth their while to invest in equipment to process and utilize recyclable materials. The federal government's commitment to using recycled-content goods also helps to reinforce the behavior of millions of Americans who conscientiously separate recyclables at home and at the office in the effort to improve the environment today and for future generations.

The National Association of Counties applauds you in your effort to issue an aggressive order on federal procurement.

Very truly yours,

Larry Naake

Larry E. Naake
Executive Director

THE CITY OF
SAN DIEGO
WASTE MANAGEMENT DEPARTMENT • 202 "C" STREET • SAN DIEGO, CALIFORNIA 92101

RICHARD L. HAYS
DIRECTOR
(619) 236-6844

July 30, 1993

President Bill Clinton
c/o Vice-President Al Gore
United States of America
The White House
Washington, D.C. 20500

re: **Executive Order Increasing Post-Consumer Content of Federally-Procured Paper**

Dear President Clinton:

On behalf of the City of San Diego's Waste Management Department, I would like to convey our support for your Executive Order to strengthen government paper procurement standards.

More than 30 million tons of paper and paperboard are consumed nationally each year, yet despite significant growth in the collection of waste paper nation-wide -- and in the amounts of money invested in recycling machines and mills -- paper continues to comprise an overwhelming percentage of the waste entering our landfills.

Your executive order requiring the federal procurement of paper goods to include specific post-consumer and recovered fibre contents reinforces your commitment to the environment -- and to those businesses working to establish markets to absorb the stockpile of recycled commodities we are collecting nation-wide.

Please know the City of San Diego's Waste Management Department enthusiastically supports your efforts to support the environment and environmentally-oriented businesses in a meaningful way. Your policies reinforce the contention that economic development and environmental consciouness can indeed be compatible objectives.

Sincerely,

Richard L. Hays

Richard L. Hays
Waste Management Director
City of San Diego

RLH/TS

F41.

STATE OF FLORIDA

Office of the Governor

THE CAPITOL
TALLAHASSEE, FLORIDA 32399-0001

LAWTON CHILES
GOVERNOR

August 12, 1993

Honorable Bill Clinton
The White House
Washington, D.C. 20500

Dear Mr. President:

It is my understanding that you will soon consider an Executive Order setting federal policy relating to federal procurement and recycling measures. I have a concern about the language in the proposed Order which requires federal agencies to establish goals for the purchase of paper that is produced through what is known as a totally chlorine free (TCF) process.

The TCF standard is inconsistent with developing Environmental Protection Agency policy for the pulp and paper industry. The industry has been working with EPA on a comprehensive rule to set a standard for paper bleaching technology to eliminate concerns about dioxin production by the mills and still be technologically and economically achievable. This is especially important in Florida and other southeastern states where our mills rely on southern pine as a fiber source. TCF technology has not been developed that can be applied at kraft paper mills, which make up 90 percent of the capacity in the United States. The effect of the Executive Order would be to essentially eliminate the United States paper industry as a supplier to government entities. Obviously, this would have a large negative impact on Florida.

I believe that rule development, rather than an Executive Order, is a preferable option for addressing these highly technical issues. In rulemaking, the merits and impacts of various technologies can be evaluated. There are other technologies that may provide the same environmental protection as TCF without as much economic hardship to the industry. I strongly recommend that the goal for TCF in the Executive Order be eliminated in favor of allowing scientific evidence to be brought to bear on the issue in a forum that is designed to consider it. In this way, the balance that you have spoken of between protection of the environment and economic impacts can best be addressed.

Honorable Bill Clinton
August 12, 1993
Page Two

Florida has been a leading state in the area of environmental protection and I fully support your efforts to advance environmental goals. However, I hope you will also consider the impacts of the Order's requirements on an industry that is important to the economy of Florida and the region.

Thank you for your consideration of my views on this issue.

With kind regards, I am

Sincerely,

LAWTON CHILES

LC/dew

LETTERS FROM THE ENVIRONMENTAL COMMUNITY

September 1, 1993

The President
The White House
Washington, DC 20500

Dear Mr. President:

We, the undersigned organizations and companies, all strongly support your initiative to lead by example by requiring the federal government to purchase recycled printing and writing paper and other environmentally preferable products. An Executive Order that requires federal agencies to procure paper with the maximum postconsumer content available will support community and office recycling programs by providing stable markets for the materials they collect and, as you stated on Earth Day, "... provide a market for new technologies, make better use of recycled materials, and encourage the creation of new products ... and create jobs through recycling." We view this Executive Order as an important first step in developing a national recycling policy, by strengthening markets for recycling in the paper industry.

We are now writing to express our dismay and extreme concern at recent indications that there is intense pressure from segments of the industry for you to retreat from the commitment you made on Earth Day. We would like to meet with members of your administration to discuss our concerns.

It is essential that you maintain a standard of at least 15 percent postconsumer content in the Executive Order. We regard this standard as both technologically achievable and the *lowest* level of recycled content that will provide an incentive to the paper industry to increase investment in recycling. Indeed, many of the undersigned organizations and companies support more stringent standards, such as a 25 percent postconsumer content standard or a dual standard requiring at least 15 percent postconsumer content and a higher percentage of total recovered material. The 15 percent standard originally proposed was, in fact, a middle ground between the standards proposed by some segments of the paper industry and the sectors represented by the undersigned organizations. *Adopting a procurement policy that requires less than 15 percent postconsumer content would be worse for recycling than no action at all.* It would simply not provide the incentive needed to develop the infrastructure required to move recycling forward.

We have learned that you are considering adopting an alternative standard resembling that proposed by some segments of the paper industry, one requiring only 10 percent recycled content and broadening the category of allowable materials. Such changes would result in an Executive Order that fails to conserve valuable materials and develop markets for true postconsumer materials. This standard would, at best, do nothing but perpetuate the status quo, by allowing manufacturers to sell so-called "recycled paper" to the government that contains no materials collected in community and office recycling programs. Indeed, adopting this standard would actually penalize communities and companies that have invested in recycling collection and reprocessing and reward companies that are opposing change. *In short, anything less than a 15 percent true postconsumer standard would be a severe setback for the recycling movement.*

Over 5,500 community recycling programs are operating in the U.S., reaching more than one third of the U.S. population. Millions of Americans dutifully separate postconsumer materials from household, commercial and industrial waste every day. Local governments and private businesses have invested billions of dollars to develop a collection and processing infrastructure for these postconsumer materials. And recycled product manufacturers have invested in the technologies to turn these materials into new products. Unfortunately, the supply of postconsumer materials, especially postconsumer paper, significantly exceeds demand in today's marketplace.

To correct this imbalance, all fifty states, over four hundred local governments and many of the nation's leading corporations have established "buy recycled" programs. The programs are designed to stimulate demand for paper containing postconsumer materials. They have begun to move the marketplace and stimulate investment in postconsumer recycling technology. But these programs, many of which critically depend on state and local government support, are only a beginning. A strong federal recycled paper procurement program can bolster these efforts. Many of these programs are already purchasing recycled paper with well beyond 15 percent postconsumer content. A federal standard that slips below that level will undermine the progress that states, local governments and private sector purchasers have made to date.

The federal procurement program was established by section 6002 of the Resource Conservation and Recovery Act of 1976 to use the government's purchasing power to provide an incentive for manufacturers to use recycled materials. The law states, "...each procuring agency ... shall procure such items composed of ... in the case of paper, the highest percentage of the *postconsumer* recovered materials ...." The law clearly defines postconsumer materials as those materials that have been separated from the municipal solid waste stream, and specifically excludes all manufacturing wastes.

A standard focusing on postconsumer materials will conserve resources and is wholly appropriate, as these materials constitute virtually all of the paper being disposed of in this country. At least 25 states and countless local governments and companies have adopted definitions of postconsumer materials consistent with RCRA. Any expansion of the postconsumer category in the Executive Order would not meet the intent of RCRA and would undermine state and local government and private sector practices.

Given the level of our concern on this matter, we request to meet with officials in your administration, including as appropriate those at the Domestic Policy Council, the National Economic Council, the Council of Economic Advisors, and the Office of Management and Budget, to discuss this critical issue before a final decision is made.

Please feel free to contact any of the signatories to the letter, or the following primary contacts for each of the four sectors represented: U.S. Conference of Mayors (David Gatton, Senior Environmental Advisor, 202/293-7330); Browning-Ferris Industries (Richard Goodstein, Divisional Vice President, 202/223-8151); Environmental Defense Fund (Dr. Richard A. Denison, Senior Scientist, 202/387-3500); National Recycling Coalition (Edgar Miller, Director of Policy and Programs, 202/625-6410).

Thank you very much for your attention to this matter.

Sincerely,

SIGNATORIES FROM LOCAL AND STATE GOVERNMENT

Sharpe James, Mayor
City of Newark, NJ
and Chair,
Solid Waste Committee
US Conference of Mayors

David N. Dinkins, Mayor
City of New York, NY

James A. Scheibel, Mayor
City of St. Paul, MN

Donald J. Bouit
Executive Director
League of Cities

Larry E. Naake
Executive Director
National Association of Counties

Maribeth Rizzuto
President
Municipal Waste Management Association

Janet Oakley
National Association of Regional Councils

H. Lanier Hickman
Solid Waste Association of North America

Elizabeth Kellar
Deputy Director
International City and County Management Association

Jean Buckley
Solid Waste Program Director
City of Bloomington, MN

Gloria Bruley
Purchasing Agent
City of Bloomington, MN

Valorie Gifford
Recycling Coordinator
City of Columbia Heights, MN

John Morset
Recycling Coordinator
City of Oakdale, MN

Kris Hageman
Solid Waste Coordinator
City of Plymouth, MN;
Chair, Association of
MN Recycling Managers

Willard Munger
Chair, Environment and
Natural Resources
Committee, MN House
of Representatives

Chuck Davis
Environmental Health
Officer
Wright County, MN

Ruth W. Messinger
Manhattan Borough
President

George Benson
President
Seattle City Council

Sherry Harris
Seattle City Council

Susan Donaldson
Seattle City Council

Margaret Pageler
Seattle City Council

Martha Choe
Seattle City Council

Jane Noland
Seattle City Council

Tom Weeks
Seattle City Council

Jim Street
Seattle City Council

George Hayducsko
Solid Waste Coordinator
St. Croix County, WI

SIGNATORIES FROM PRIVATE COMPANIES

William D. Ruckelshaus
Chairman and Chief
Executive Officer
Browning-Ferris Industries

Alex Cuyler
General Manager
BRING Recycling, Inc.

Alan Davis
President
Conservatree Paper
Company

Roger Telschow
President
Ecoprint

Michael Kopulsky
Chief Executive Officer
Envirothene

Damian Bassett
Vice President, Recycling
Laidlaw Waste Systems

SIGNATORIES FROM ENVIRONMENTAL AND CONSUMER ORGANIZATIONS

Margaret Morgan-
Hubbard
Executive Director
Environmental Action

Dawn Erlandson
Director, Tax Policy
Friends of the Earth

Ralph Nader
Government Purchasing
Project

Becky Cain
President
League of Women Voters

Allen Hershkowitz
Senior Scientist
Natural Resources Defense Council

Ellen McPeake
Director, Finance and Administration
Public Citizen

A. Blakeman Early
Washington Director
Pollution and Toxics Program
Sierra Club

Jaydee Hanson
Assistant General Secretary
United Methodists General Board of Church and Society

Stephen Conn
Executive Director
Alaska Public Interest Research Group

Scott Bernstein
Convenor
Alliance for a Sustainable Materials Economy

Brian Fagin
Executive Director
Arizona Public Interest Research Group

Neal Fitspatrick
Conservation Director
Audubon Naturalist Society

Mark Dunlea
Secretary
Capital District Greens

Barry Commoner
Director
Center for the Biology of Natural Systems

Jeff Tryens
Deputy Director
Center for Policy Alternatives

Ann Hunt
Executive Director
Citizens for Alternatives to Chemical Contamination

Joanna Hoelscher
Executive Director
Citizens for a Better Environment, Illinois

Susan Mudd
State Program Director
Citizens for a Better Environment, Wisconsin

David Zwick
President
Clean Water Action

Dave Dempsy
Acting Director
Clean Water Action, Michigan

Steve Grathwohl
President
Conservation Council of North Carolina

Renee J. Robins
Staff Scientist
Conservation Law Foundation

Caroline Harwood
Director
Earth Day 2000

John A. Knox
Executive Director
Earth Island Institute

Lee Wasserman
Executive Director
Environmental Planning Lobby

John Mylod
Executive Director
Hudson River Sloop Clearwater

Jeanne Wirka
Acting Director
Materials for the Future Foundation

Carol Misseldine
Executive Director
Michigan Environmental
Council

Heather Cusick
Director
Minnesota Public Interest
Research Group

Melinda Young
Chair of the Board
New Mexico Public
Interest Research Group

Kevin Bean
Director
New Mexico Public
Interest Research Fund

Judith Enck
Senior Environmental
Associate
New York Public Interest
Research Group

Robert Sidio
Campaign Director
Ohio Public Interest
Research Group

James E. Beard
Director, Energy Project
Oregon Environmental
Council

Joel Ario
Executive Director
Oregon State Public
Interest Research Group

Resa Dimino
Coordinator
Paper Definitions
Working Group

Patricia Imperato
Executive Director
Pennsylvania Resources
Council

Kathy Fletcher
Executive Director
People for Puget Sound

Russel Ziemba
Co-Chair
Rensselaer County
Environmental Action

Caryl Terrell
Legislative Coordinator
Sierra Club, John Muir
Chapter, Wisconsin

John Sherman
Executive Director
Tennessee Environmental
Council

SIGNATORIES FROM RECYCLING ORGANIZATIONS

Marsha Rhea
Executive Director
National Recycling
Coalition

Ellyn Hae, President
California Resource
Recovery Association

Rob Guttridge, Chair
Association of Oregon
Recyclers

Susan Kinsella, Director
Buy Recycled Project
Californians Against
Waste Foundation

Kevin Green, Coordinator
Materials Reuse and
Recycling Program
Center for Neighborhood
Technology

Anne Irving
Executive Director
Chicago Recycling
Coalition

Linda Christopher
Education Director
Garbage Reincarnation, Inc.

Nancy VandenBerg
Principal
Markets for Recycled Products

David Kirkpatrick
Executive Director
SunShares

Mark Loughmiller
Incoming President
Illinois Recycling Association

Shelita Weinfield
Executive Director
I Love A Clean San Diego County, Inc.

Jim Garland
Executive Director
Recyclers of Ingham, Eaton, and Clinton Counties, Michigan

Jan Glick
Executive Director
Washington Citizens for Recycling

Mark Lichtenstein
President
New York State Association for Recycling

Michael J. Barry
President
Iowa Recycling Association

Brooke Nash
Executive Director
Solana Recyclers

Anelia Kroeger
Recycling Coordinator
West Hennepin Recycling

cc: **Vice President Albert Gore, Jr.**
Robert E. Rubin, Assistant to the President for Economic Policy
Laura D'Andrea Tyson, Chair, Council of Economic Advisors
Bruce Reed, Deputy Assistant to the President for Domestic Policy
Leon E. Panetta, Director, Office of Management and Budget
Kathleen McGinty, Director, Office of Environmental Policy
Senator Max Baucus
Senator Bill Bradley
Senator John H. Chafee
Senator Dave Durenberger
Senator John Glenn
Senator Frank R. Lautenberg
Senator Carl Levin
Senator Daniel Patrick Moynihan
Senator Jim Sasser
Representative John Conyers, Jr.
Representative John D. Dingell
Representative Al Swift
Representative Mike Synar
EPA Administrator Carol Browner

FOR IMMEDIATE RELEASE

CONTACTS: Browning-Ferris Industries -- Philip Angell, 202/223-8151
Environmental Action -- Resa Dimino, 301/891-1100
Environmental Defense Fund -- Richard Denison, 202/387-3500
Government Purchasing Project -- Ralph Nader, 202/387-8030
National Association of Counties -- Naomi Friedman, 202/942-4262
National Recycling Coalition -- Edgar Miller, 202/625-6410
U.S. Conference of Mayors -- David Gatton, 202/293-7330

BROAD COALITION OF ORGANIZATIONS CALL ON PRESIDENT CLINTON TO HONOR HIS COMMITMENT TO FEDERAL PURCHASE OF "REAL" RECYCLED PAPER

Diverse Group of State and Local Governments, Recycling and Waste Management Companies, and Environmentalists Unite to Strengthen White House Executive Order

WASHINGTON, DC -- A large coalition of more than 80 organizations today delivered a letter to President Clinton calling on him to honor his Earth Day pledge to increase the federal government's purchase of recycled paper through issuance of an Executive Order.

All of the groups signing the letter support a recycled content standard at least as strong as that in the original version of the Executive Order. That standard would require federal agencies to purchase paper containing at least 15% recycled content derived from paper that has been used and discarded by consumers (termed "postconsumer" paper). Such a standard is the minimum needed to increase the recovery of paper and address the nation's serious waste management and forest resource problems.

Recent reports indicate, however, that segments of the paper industry are urging the White House to dramatically weaken the Executive Order by adopting an ineffectual recycled content requirement the industry is advocating. The paper industry proposal would allow paper to be called "recycled" even if it contained only 10% manufacturing scraps or other similar materials never used or discarded by consumers. In the letter sent to the President today, the groups maintain that such a standard would simply reward the status quo, spurring no new investments in paper recycling and undercutting efforts already underway by state and local governments and corporations to purchase and use recycled paper.

In their letter, the groups requested meetings with senior administration officials before the final decision is made. Paper industry representatives have reportedly met with these officials on several occasions.

-more-

"Allowing the paper industry to set the standard for federal purchase of recycled paper would severely undermine efforts to recycle the paper collected in more than 5,500 municipal recycling programs operating across the country," said the Honorable Sharpe James, Mayor of Newark, NJ, and Chairman of the U.S. Conference of Mayors' Solid Waste Committee. "The President can't let pass this critical opportunity to aid struggling local governments. He must marshall federal purchasing power to strengthen markets for recycling the used paper our citizens and businesses are diligently sorting and collecting."

Marsha Rhea, Executive Director of the National Recycling Coalition, said, "We call on the President to stand firm in setting standards for recycled paper that will truly address the nation's need to increase recycling and conserve natural resources. Anything less would amount to a retreat from the President's pledge to have the federal government lead by example."

"New York City plans to recycle over 40% of its waste stream by the year 2000, thereby collecting over 7,000 tons of paper every day," said the Honorable David N. Dinkins, Mayor of New York. "This recovered postconsumer paper can fuel new industrial growth and new jobs in the City -- but only if accompanied by dramatic increases in the market for recycled paper products. We urge the President to move forward on this important initiative."

"This Executive Order has become a test of whether the federal government will lead or follow in the effort to establish a national recycling policy," said Fred Krupp, executive director of the Environmental Defense Fund.

Margaret Morgan-Hubbard, executive director of Environmental Action, concurred: "A retreat by the President from the original intent of this Executive Order will not only undermine recycling, it will relegate the federal government to a continued 'back-seat' role."

Consumer Advocate Ralph Nader said, "The government should not give in to the paper industry's lobbying. Federal purchases of postconsumer recycled paper will help make these products available to all consumers, while preventing pollution, reducing the cost of waste disposal and saving forests."

###

Copies of the letter to the President and a list of contacts for the signatory organizations available upon request to the Environmental Defense Fund, 202/387-3500.

SIGNATORIES TO LETTER

LOCAL AND STATE GOVERNMENT

US Conference of Mayors ** City of St. Paul, MN ** League of Cities ** National Association of Counties ** Municipal Waste Management Association ** National Association of Regional Councils ** Solid Waste Association of North America ** International City and County Management Association ** City of Bloomington, MN ** City of Columbia Heights, MN ** City of Oakdale, MN ** City of Plymouth, MN ** Association of MN Recycling Managers ** Chair, Environment and Natural Resources Committee, MN House of Representatives ** Ruth W. Messinger, Manhattan President ** Seattle City Council, President and 7 Members ** St. Croix County, WI ** Wright County, MN

PRIVATE COMPANIES

Browning-Ferris Industries ** BRING Recycling, Inc. ** Conservatree Paper Company ** Ecoprint ** Envirothene ** Laidlaw Waste Systems, Inc.

ENVIRONMENTAL AND CONSUMER ORGANIZATIONS

Environmental Action ** Friends of the Earth ** Government Purchasing Project ** League of Women Voters ** Natural Resources Defense Council ** Public Citizen ** Sierra Club ** United Methodists General Board of Church and Society ** Alaska Public Interest Research Group ** Alliance for a Sustainable Materials Economy ** Arizona Public Interest Research Group ** Audubon Naturalist Society ** Capital District Greens ** Center for the Biology of Natural Systems ** Center for Policy Alternatives ** Citizens for Alternatives to Chemical Contamination ** Citizens for a Better Environment, Illinois ** Citizens for a Better Environment, Wisconsin ** Clean Water Action ** Clean Water Action, Michigan ** Conservation Council of North Carolina ** Conservation Law Foundation ** Earth Day 2000 ** Earth Island Institute ** Environmental Planning Lobby ** Hudson River Sloop Clearwater ** Materials for the Future Foundation ** Michigan Environmental Council ** Minnesota Public Interest Research Group ** New Mexico Public Interest Research Group ** New Mexico Public Interest Research Fund ** New York Public Interest Research Group ** Ohio Public Interest Research Group ** Oregon Environmental Council ** Oregon State Public Interest Research Group ** Paper Definitions Working Group ** Pennsylvania Resources Council ** People for Puget Sound ** Rensselaer County Environmental Action ** Sierra Club, John Muir Chapter, Wisconsin ** Tennessee Environmental Council

RECYCLING ORGANIZATIONS

National Recycling Coalition ** California Resource Recovery Association ** Association of Oregon Recyclers ** Californians Against Waste Foundation ** Center for Neighborhood Technology ** Chicago Recycling Coalition ** Garbage Reincarnation, Inc. ** I Love A Clean San Diego County, Inc. ** Iowa Recycling Association ** Markets for Recycled Products ** Recyclers of Ingham, Eaton & Clinton Counties, Michigan ** Solana Recyclers ** SunShares ** Washington Citizens for Recycling ** West Hennepin Recycling ** Illinois Recycling Association ** New York Association for Recycling

ENVIRONMENTAL
DEFENSE FUND

Capital Office
1875 Connecticut Ave., N.W.
Washington, DC 20009
(202) 387-3500
Fax: 202-234-6049

July 29, 1993

Kathleen McGinty, Director
Office on Environmental Policy
360 Old Executive Office Building
Washington, DC 20501

Dear Ms. McGinty:

Thank you for giving us the opportunity on Monday to present to you and Ken Connolly our views and information pertaining to the proposed Executive Order on paper procurement by the Federal Government. Your leadership on this issue is greatly appreciated -- and needed.

We want to stress that the establishment of a federal procurement standard is *not* the equivalent of a mandatory recycled content standard; it is a *voluntary* program with respect to participation by paper manufacturers. Those companies that choose not to (or cannot) produce paper that meets the standard are in no way excluded from the marketplace; they simply pass up the opportunity (not a right by any means) to sell their paper to the federal government.

As follow-up to our meeting with you on Monday, we at EDF wanted to summarize our recommendation for a federal printing and writing paper procurement standard, and to address the two major questions you posed to us. As supporting documentation, we have included updated or expanded versions of the data charts we discussed at the meeting.

EDF Recommendation

EDF recommends a one-tier post-consumer standard, rather than a two-tiered (e.g., pre- and post-consumer or total and post-consumer) standard. We also recommend the standard be based on a strict post-consumer definition, not on a "deinked" or "processed" recovered fiber definition.

We further recommend that the Executive Order specify at least 20% post-consumer content for the purchase of printing and writing paper by federal agencies. For grades of paper that are very difficult to produce with this level of recycled content, such as lightweight coated papers, the recommended post-consumer content level could be relaxed to 15%. (These numbers are offered on a fiber weight basis.) These levels we regard as quite modest and readily achievable in the short term if not immediately. It is essential, however, that the minimum content level be increased over time. This will serve the important function of providing a clear signal to paper manufacturers as they consider near-term investments in future capacity. We regard as feasible in the medium term minimum post-consumer content levels of 25-30%, and recommend that the order specify such levels.

<u>Responses to Questions</u>

1. **Why shouldn't the definition of materials to which the procurement standard applies be expanded beyond *post-consumer* materials to include other "processed recovered fiber" sources, as proposed by the American Forest and Paper Association (AFPA)?**

The two major categories of materials included in "processed recovered fiber" that are not post-consumer materials are: (1) converting scrap; and (2) over-issue/returned materials. There are several major reasons why these materials should not be given "credit" under the procurement standard.

<u>a. Inclusion of these materials at this time would amount to changing the rules in the middle of the game, unfairly penalizing paper manufacturers that have made the investments in processing equipment required to handle post-consumer materials.</u>

Post-consumer paper is almost always more contaminated, more difficult to process by paper mills, and more uncertain as to its content (i.e., types of contaminants and fibers) than a pre-consumer equivalent (e.g., newspaper recovered in a curbside collection program vs. over-issue newspapers returned by distributors). Post-consumer paper is thus the overwhelming focus of concern for municipal and private recycling collectors, and for all those who seek to reduce the amount of waste going to landfills and incinerators.

A strict post-consumer standard provides a clear signal that the paper mills that invest in R&D and technology to recycle more difficult-to-process post-consumer paper -- and thereby make the most direct and measurable contribution to reducing paper disposal -- will receive the greatest reward in the marketplace. Conversely, a less rigorous standard, such as the AFPA proposal, rewards mills that have not made investments in equipment to handle post-consumer fiber, because their product will gain the same "recycled" label as that from mills that are using post-consumer fiber.

The AFPA proposal also ignores the fact that the post-consumer definition has been well established in federal and state law for many years and is the *defacto* standard in the private market. As we noted in our meeting, a wide array of state and local laws have for many years utilized a strict definition of post-consumer materials in procurement and other contexts.[1]

In addition, numerous large corporations, such as Wal-Mart, McDonald's, The Prudential, Hallmark, Time-Warner, AT&T, Bristol-Myers Squibb, Proctor & Gamble, Kelloggs, General Mills and others, require post-consumer content in the recycled content printing and writing paper that they purchase and/or label post-consumer content on their packaging. Bank of America and Pacific Gas & Electric Co. have organized a group of over twenty major West Coast companies that are committed to buying printing and writing paper with post-consumer content.

<u>b. Post-consumer waste paper is the problem. It constitutes the overwhelming majority of waste paper disposed of in landfills and incinerators. In contrast, recovery rates for converting scrap and over-issue materials are high and rising, due to their relative quality and ease of collection and processing.</u>

Figure A and Table 1, taken from a study conducted in 1992 for the Recycling Advisory Council (RAC),[2] demonstrate that *98% of waste paper disposed of in 1990 and projected to be disposed of in 1995 are post-consumer materials.* Converting scrap and over-issue materials each constitute about 1% or less of disposed waste paper in 1990 and 1995; printed converting scrap (which would be included under the AFPA's "processed recovered fiber" definition) is even lower, only 0.2% in both 1990 and 1995.

As for recovery rates for these materials, Figure A and Table 1 also show that *the great majority of converting scrap and over-issue materials are already being recovered, and will continue to be even in the absence of any action by government.*

- 94% of all types of converting scrap was recovered in 1990 and the same rate is projected for 1995. Recovery rates for all types of *printed* converting scrap -- which one might think is more difficult to process -- are just as high, for both 1990 (93%) and 1995 (94%).

- Recovery rates for the subset of converting scrap derived from printing and writing (P&W) paper -- the material most relevant here -- are even higher: *Recovery rates of both unprinted and printed P&W paper converting scrap are 98% for both 1990 and 1995.*

- 62% of all types of over-issue materials was recovered in 1990, and this is projected to grow to 83% by 1995 in the absence of any action by government. While only 41% of P&W-derived over-issue materials was recovered in 1990, this is projected to grow to 81% by 1995.[3]

- In contrast, post-consumer materials were recovered at a rate of only 28% in 1990, projected to grow to only 36% by 1995.

In sum, converting scrap and over-issue materials are taking care of themselves, due to their economic value (resulting from the fact that they are relatively free of contaminants and easy to collect) and the already well-established industry recovery practices. Post-consumer materials are where the problem lies with respect to both disposal and slow growth in recycling, and that is where federal procurement policy should be directed.

c. Giving "credit" to converting scrap and over-issue materials will essentially reward the status quo, and will discourage new investment needed to increase waste paper recycling.

Adoption of the AFPA definition of "processed recovered fiber" runs the risk of allowing much or most of all P&W paper produced in the U.S. to virtually instantaneously qualify as "recycled" -- without increasing recovery of post-consumer materials by one ounce.

Table 2 presents an analysis of data from the RAC report that indicates how much P&W paper could potentially qualify as recycled if the AFPA's proposed definition and 10% standard were adopted -- all of it achieved by using recovered printed converting scrap and over-issue materials, and not any post-consumer materials.

It should be noted that we have been very conservative (i.e., restrictive) in our interpretation of what would be included under AFPA's definition of "processed recovered fiber" (which, as we discussed in our meeting, has not been clearly defined by AFPA):

- Our analysis includes only that subset of *printed* converting scrap and over-issue materials *derived from P&W paper*, thus excluding: (1) other potential sources of printed converting scrap and over-issue (e.g., those derived from newsprint, bleached paperboard, and specialty papers) that could well be used to make P&W paper; and (2) unprinted materials that would require processing because of the presence of coatings, fillers, other additives, or other non-fibrous components.

- We used the RAC study's estimates for printed converting scrap, which the authors stated as probably representing underestimates. Even so, the authors assumed that 47% of all types of converting scrap would qualify as "processed."[4] In contrast, the values we used were limited to recovered, printed, P&W-derived converting scrap; these represent only 24% of the total amount of P&W-derived converting scrap, and only 9% of all types of converting scrap.

The results of our analysis (Table 2) indicate that, under the AFPA's expanded definition and proposed 10% standard, in 1990 there was sufficient recovery of printed, P&W-derived converting scrap and over-issue material to incorporate 10% "recycled" content into 48% of all P&W paper produced in the U.S. -- without including even one ounce of post-consumer material. *And by 1995, almost two-thirds of all P&W paper to be produced in the U.S. could potentially qualify as "recycled" under the AFPA definition and standard -- again, without touching any post-consumer materials!*

The more than 18 million tons of P&W paper that could be produced at the AFPA's 10% level in 1995 without using post-consumer material dwarfs the federal government's procurement of paper (a mere 300,000 tons annually) by more than a factor of 60! Even at the Executive Order's proposed 15% level, over 12 million tons of P&W paper could "qualify" under the AFPA definition -- still more than 40 times the level of federal procurement. (At the Order's proposed ratcheted-up levels of 20% in 1996 and 25% in 2000, more than 9 million and 7 million tons, respectively, would qualify even today.)

Herein lies the danger in not adopting both a strict post-consumer definition *and* sufficiently high content standards: in their absence, the Executive Order will do nothing more than enshrine the status quo, except possibly to spur some more even spatial distribution of converting scrap and over-issue materials to facilitate wider compliance with the standard. In fact, given that a 10% post-consumer standard already exists *defacto* in the marketplace, adopting the AFPA proposal would actually be a major step backward.

(It should also be noted in this context that dropping the second tier of the standard -- that for total recovered materials -- would already be a significant concession to industry. For EDF's part, we think distinguishing between commodity and specialty papers by applying a two-tiered standard to the latter but not the former is rather arbitrary and not useful. If such a distinction is maintained, however, certain categories of coated papers -- in particular lightweight coated papers containing groundwood -- should be included among the commodity grades. These papers are used in very large quantities, for example, in making magazines, and while they are not used in significant quantities by federal agencies, they clearly constitute a commodity-grade category of P&W paper. Premium coated papers, such as those used in annual reports and the like, are more appropriately considered a specialty grade.)

2. Is there currently sufficient capacity to produce paper meeting the Executive Order's post-consumer definition and standard?

The answer is an overwhelming yes. Table 3 presents a summary, and Table 4 a detailed compilation, of existing and near-future expected deinked pulp capacity in the U.S., along with amounts of paper that are or could be produced at these mills containing various levels of post-consumer content. Figure B presents the post-consumer pulp and paper capacity data graphically. These data demonstrate that there is plenty of post-consumer deinked pulp available to meet the government's needs.

There are two sources of deinked pulp made from post-consumer wastepaper: (1) pulp mills that produce deinked pulp to sell on the open market, and (2) integrated pulp and paper manufacturers that use the deinked pulp they produce to make paper on their own paper machines. Today, over 1,500 tons of market post-consumer deinked pulp are produced *daily* in the U.S. (amounting to more than 525,000 tons annually).[5] Even if only the available market pulp from U.S. mills was incorporated into P&W paper at a 15% post-consumer content level, the industry could supply about 4.5 million tons of paper this year. If the same paper contained 30% post-consumer content, the amount available would be 2.25 million tons. These numbers are enormous relative to current federal government demand of about 300,000 tons annually.

By 1995, expected capacity for this market pulp will more than triple -- to over 5,000 tons of post-consumer deinked market pulp produced daily in the U.S. Using this pulp, 7.3 million tons of P&W paper with a 30% post-consumer content or 14.6 million tons of P&W paper with 15% post-consumer content could be produced. If we add the available capacity in Canada and that from the integrated pulp producers, these figures are even larger: 9.5 million tons of P&W paper with 30% consumer content or 19 million tons of P&W paper with 15% post-consumer content could be produced in North America in 1995.

We appreciate your consideration of this information. Please don't hesitate to contact us if you need more information or have questions.

Sincerely,

Richard A. Denison | Lauren Blum/rd | John Ruston/rd

Richard A. Denison, Ph.D.
Senior Scientist

Lauren Blum, Ph.D.
Staff Scientist

John Ruston
Economic Analyst

cc: Ken Connolly, OEP

ENDNOTES

1. As noted in our meeting, Resa Dimino at Environmental Action Foundation is providing you with a list of state procurement standards that specify post-consumer requirements.

2. Franklin Associates Ltd., *Evaluation of Proposed New Recycled Paper Standards and Definitions*, January 27, 1992, prepared for the Recycling Advisory Council.

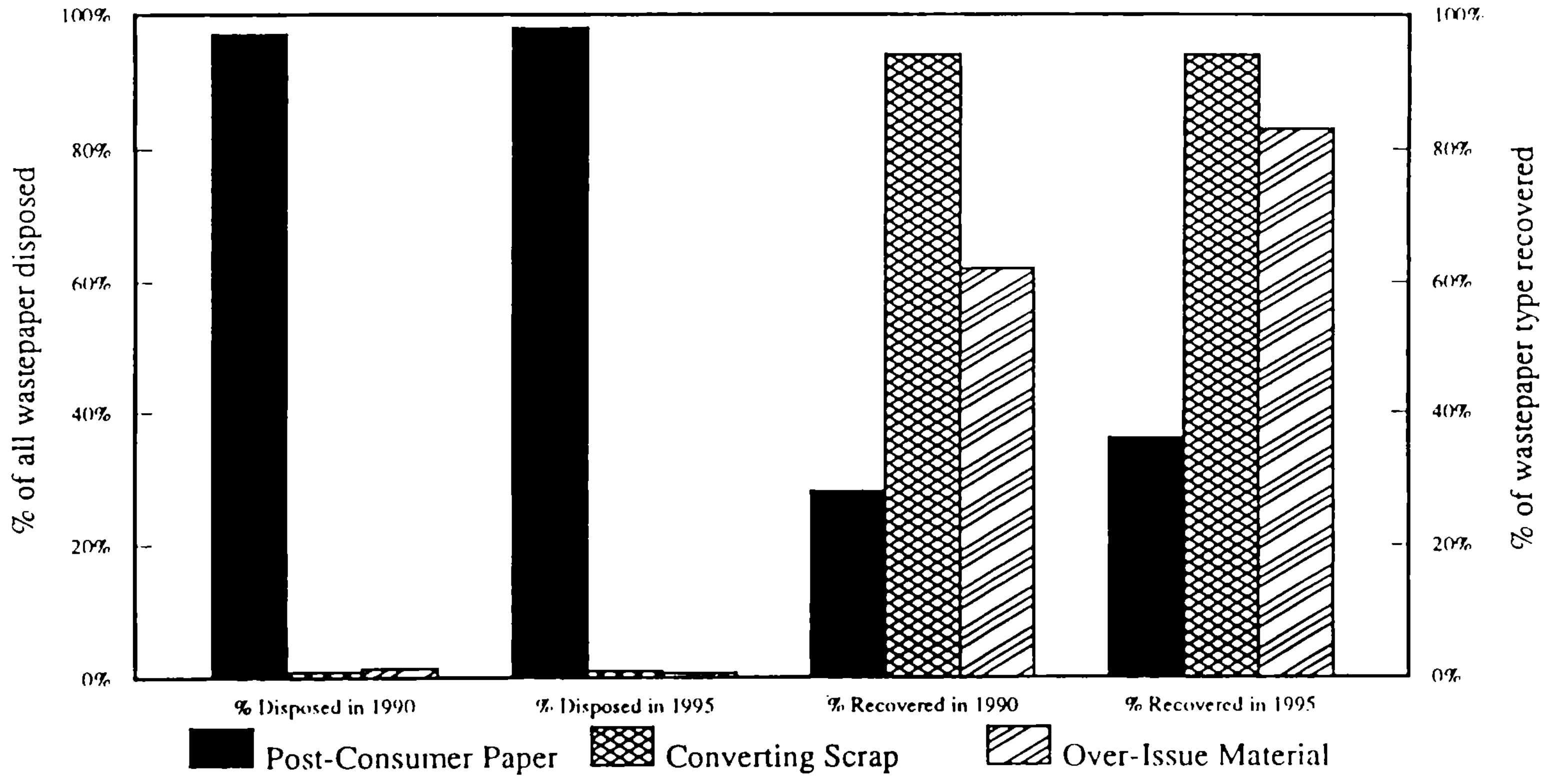
3. The reason for the low rate in 1990 was primarily attributed to low recovery of magazines (17%), a category that goes primarily into newsprint and is therefore not very germane to government purchasing. More relevant are business forms, which are the next largest source of over-issue materials; these were recovered at a high rate of 75% in 1990, projected to grow to 80% in 1995.

4. Franklin Associates Ltd., *Evaluation of Proposed New Recycled Paper Standards and Definitions*, draft dated October 8, 1991, Appendix A, p. A-6.

5. EDF confirmed, through published sources and telephone interviews with mill personnel, that each of the existing sources (and all of the projected sources that could be checked) listed in Table 4 produce (or will produce) deinked pulp from post-consumer waste paper.

Relative Disposal and Recovery of Major Types of Wastepaper

1990 (actual) and 1995 (projected)



SOURCE: Franklin Associates, Evaluation of Proposed New Recycled Paper Standards and Definitions, January 27, 1992
(Prepared for the Recycling Advisory Council)

FIGURE A

POSTCONSUMER PAPER IS OVERWHELMINGLY WHERE THE PROBLEM LIES FOR AMOUNT DISPOSED AND AMOUNT RECYCLED

(thousand tons)	1990 Quantity Generated	1995 Quantity Generated	1990 Quantity Recovered	1995 Quantity Recovered	1990 Quantity Disposed	1995 Quantity Disposed
Post-consumer	72704	82515	20014	29610	52690	52905
Converting scrap						
All types	8117	9230	7648	8715	469	515
P & W only	3097	3563	3035	3491	62	72
Printed conv. scrap						
All types	1854	2120	1722	1996	132	124
P & W only	753	882	738	864	15	18
Over-issue						
All types	2045	2250	1265	1860	780	390
P & W only	1147	1208	476	973	671	235
Magazines	588	660	100	561	488	99
Business forms	391	361	293	289	98	72

	1990 % of Total Generated	1995 % of Total Generated	1990 % of Total Recovered	1995 % of Total Recovered	1990 % of Total Disposed	1995 % of Total Disposed
Post-consumer	86%	86%	65%	70%	97%	98%
Converting scrap						
All types	10%	10%	25%	21%	0.9%	1.0%
P & W only	4%	4%	10%	8%	0.1%	0.1%
Printed conv. scrap						
All types	2%	2%	6%	5%	0.2%	0.2%
P & W only	0.9%	0.9%	2%	2%	0.0%	0.0%
Over-issue						
All types	2%	2%	4%	4%	1.4%	0.7%
P & W only	1.4%	1.3%	2%	2%	1.2%	0.4%
Magazines	0.7%	0.7%	0.3%	1.3%	0.9%	0.2%
Business forms	0.5%	0.4%	1.0%	0.7%	0.2%	0.1%

			1990 % Recovered of Amt. Generated	1995 % Recovered of Amt. Generated	1990 % Disposed of Amt. Generated	1995 % Disposed of Amt. Generated
Post-consumer	--	--	28%	36%	72%	64%
Converting scrap						
All types	--	--	94%	94%	6%	6%
P & W only	--	--	98%	98%	2%	2%
Printed conv. scrap						
All types	--	--	93%	94%	7%	6%
P & W only	--	--	98%	98%	2%	2%
Over-issue						
All types	--	--	62%	83%	38%	17%
P & W only	--	--	41%	81%	59%	19%
Magazines	--	--	17%	85%	83%	15%
Business forms	--	--	75%	80%	25%	20%

SOURCE: Franklin Associates, Evaluation of Proposed New Recycled Paper Standards and Definitions, January 27, 1992, prepared for the Recycling Advisory Council

TABLE I

Very conservative estimates indicate that at least half of all the P&W paper produced in the U.S. could easily and immediately qualify as "recycled" under the AFPA definition (i.e., contain 10% "processed recovered fiber" ("PRF")) without using ANY post-consumer materials.

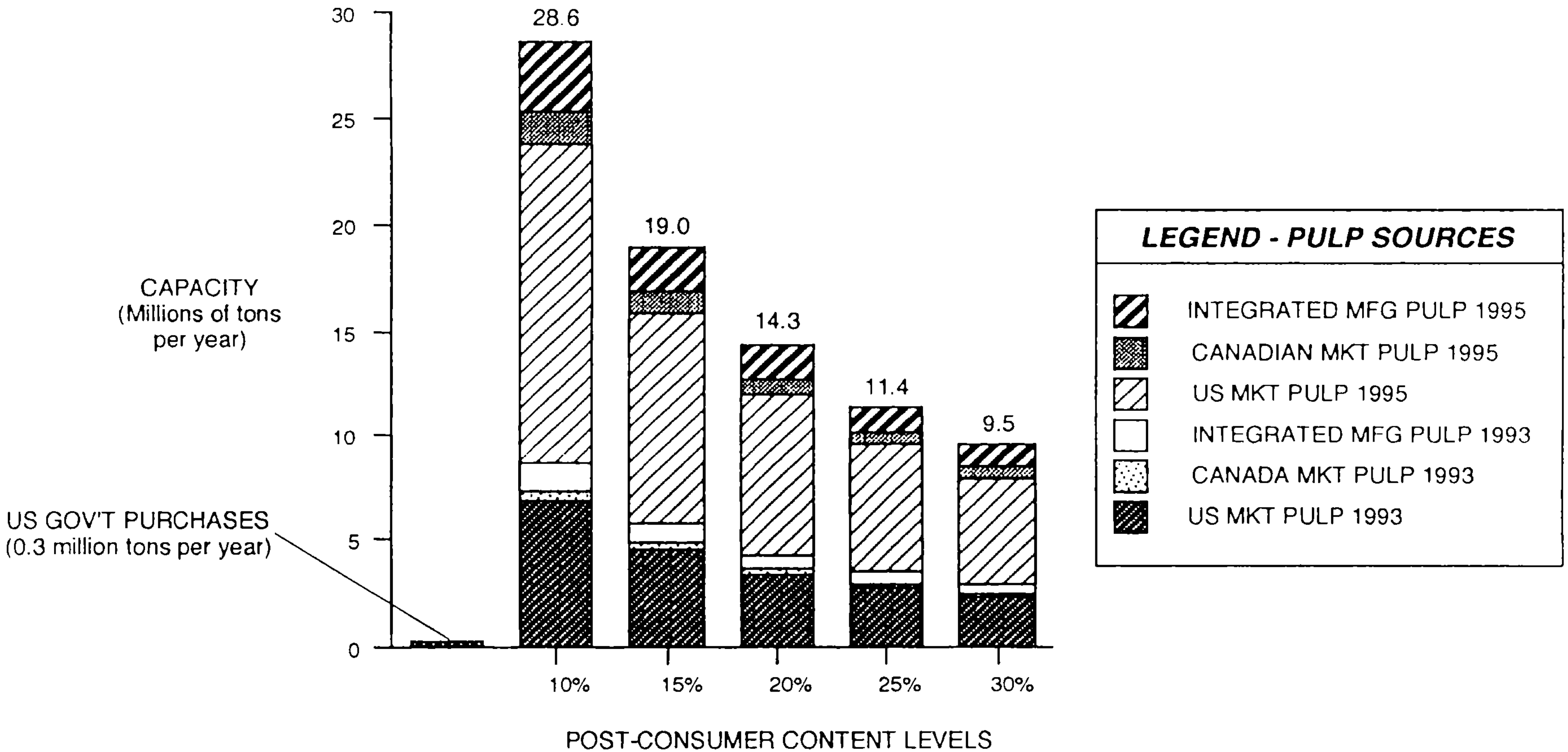
(1000 tons)	1990 Quantity Recovered	1995 Quantity Recovered	1995 Maximum Potential (1)
Printed converting scrap from P & W paper	738	864	882
Overissue P & W paper	476	973	1,208
TOTAL QUANTITY RECOVERED (2)	1214	1837	2090
AMT. OF P&W PAPER THAT COULD BE PRODUCED AT 10% "PRF" LEVEL (3)	12,140	18,370	20,900
TOTAL U.S. P&W PAPER PRODUCTION	25,067	28,270	28,270
% OF ALL U.S. P&W PAPER PRODUCTION REPRESENTED BY AMT. OF PAPER THAT COULD BE PRODUCED AT AFPA'S 10% "PRF" LEVEL	48%	65%	74%

NOTES:
(1) These quantities represent 100% recovery of the printed converting scrap and over-issue P&W-derived materials.
(2) These values are very conservative estimates, as they do not include other potential sources of converting scrap and overissue that could qualify as "processed recovered fiber" as defined by the AFPA.
(3) These values are 10 times the total quantity recovered, and assume the recovered material is equally distributed across the printing and writing paper into which it is incorporated.

SOURCE: Franklin Associates, Evaluation of Proposed New Recycled Paper Standards and Definitions, January 27, 1992, prepared for the Recycling Advisory Council

TABLE 2

PRINTING AND WRITING PAPER VOLUMES BY POST-CONSUMER CONTENT
1993 AND EXPECTED IN 1995



Notes: (1) Paper volumes are based on a 350 day production year and they assume that 80% of the paper is fiber by weight.
(2) A paper company produces integrated mfg pulp , deinked post-consiumer pulp, for its own papers.

Sources: Pulp and Paper Week; 1992 North American Pulp and Paper Factbook; 1993 Lockwood-Post's Directory; Paper Recycler, March 1993; Resource Recycling, April 1993; interview.

FIGURE B

WHEXCLB001

PRINTING AND WRITING CAPACITY WITH POST-CONSUMER FIBER -- SUMMARY
Present and expected additional capacity by 1995

	DEINKED PULP CAPACITY (1) Tons per day	CAPACITY FOR PAPER WITH POST-CONSUMER CONTENT AT (2) 10%	15%	20%	25%	30%
		Thousands of tons per year (3)				
DEINKED MARKET PULP IN 8/93						
US	1,550	6,781	4,521	3,391	2,713	2,260
CANADA	105	459	306	230	184	153
TOTAL	1,655	7,241	4,827	3,620	2,896	2,414
DEINKED MARKET PULP IN 1995						
US	5,010	21,919	14,613	10,959	8,768	7,306
CANADA	459	2,008	1,339	1,004	803	669
TOTAL	5,469	23,927	15,951	11,963	9,571	7,976
US INTEGRATED DEINKED PULP CAPACITY IN 8/93 (4)	321	1,402	935	701	561	467
US INTEGRATED DEINKED PULP CAPACITY IN 1995 (5)	1,057	4,623	3,082	2,312	1,849	1,541
TOTAL DEINKED MARKET PULP CAPACITY IN 8/93						
US	1,871	8,184	5,456	4,092	3,273	2,728
NORTH AMERICA	1,976	8,643	5,762	4,322	3,457	2,881
TOTAL DEINKED MARKET PULP CAPACITY IN 1995						
US	6,067	26,542	17,695	13,271	10,617	8,847
NORTH AMERICA	6,526	28,550	19,033	14,275	11,420	9,517

Sources: Pulp and Paper Week; 1992 North American Pulp and Paper Factbook; 1993 Lockwood-Post's Directory; Paper Recycler, March 1993; Resource Recycling, April 1993; Interviews.

Notes:
(1) All deinked fiber is post-consumer
(2) Paper volumes assume that 80% of the weight of the paper is fiber
(3) Paper volumes are based on a 350 day year
(4) Integrated deinked pulp is produced for internal consumption
(5) Additional potential capacity is capacity that can be switched to produce post-consumer deinked pulp should demand warrant it.

TABLE 3

PRINTING AND WRITING PAPER CAPACITY WITH POST-CONSUMER FIBER
Present and expected additional capacity by 1995

DEINKED MARKET PULP Company	Location	Initial start-up date	Deinked pulp capacity (1)	Capacity for paper with post-consumer content at (2) 10%	15%	20%	25%	30%
			Tons per day	Thousands of tons per year (3)				
UNITED STATES 8/93								
Ponderosa	Santa Ana, CA	1966	150	656	438	328	263	219
Ponderosa	Augusta, GA	1970	180	787	525	394	315	263
Ponderosa	Oshkosh, WI	1972	250	1,094	729	547	438	365
Ponderosa	Memphis, TN	1974	240	1,050	700	525	420	350
Mississippi River	Natchez, MS	1990	250	1,094	729	547	438	365
Prime Fiber	Appleton, WI	1991	50	219	146	109	88	73
Kieffer Paper Mills	Brownstown, IN	1992	110	481	321	241	193	160
Ecofibre/Riverside Paper	DePere, WI	1992	100	437	292	219	175	146
Fox River	DePere, WI	1992	220	962	642	481	385	321
TOTAL UNITED STATES			1,550	6,781	4,521	3,391	2,713	2,260
CANADA 8/93								
Desencrage Cascades	Breakeyville, Que.	1986	105	459	306	230	184	153
TOTAL FROM NORTH AMERICAN MILLS 8/93			1,655	7,241	4,827	3,620	2,896	2,414
UNITED STATES 1995								
Dynamis	Sanger, CA	1993	150	656	438	328	263	219
Superior Recycled Fiber	Duluth, MN	Sept. 1993	250	1,094	729	547	438	365
Burrows Paper	Little Falls, NY	Nov. 1993	50	219	146	109	88	73
Pencor	Hagerstown, MD	Q3 1994	400	1,750	1,167	875	700	583
Solar International Trading	Morrisville, PA	Q4 1994	340	1,487	992	744	595	496
Minnesota Pacific	Port of Duluth, MN	Q4 1994	200	875	583	437	350	292
N. American Recycling Systems	Fort Edward, NY	late 1994	300	1,312	875	656	525	438
Great Lakes Pulp & Fibre	Menominee, MI	1994	500	2,187	1,458	1,094	875	729
Green Bear	Vancouver, WA	Jan. 1995	400	1,750	1,167	875	700	583
Ponderosa	Northampton, PA	Q1 1995	400	1,750	1,167	875	700	583
American Power	Barrackville, WV	Spring 1995	470	2,056	1,371	1,028	823	685
TOTAL UNITED STATES 1995			5,010	21,919	14,613	10,959	8,768	7,306
CANADIAN 1995								
Cascades	Cap-de-la-Madelein	1992/1993	330	1,444	963	722	578	481
DeNovo/Consumers Paper	Redcliff, Alta.	Spring 1994	24	105	70	53	42	35
TOTAL CANADA 1995			459	2,008	1,339	1,004	803	669
TOTAL FROM NORTH AMERICAN MILLS IN 1995			5,469	23,927	15,951	11,963	9,571	7,976

TABLE 4

PRINTING AND WRITING PAPER CAPACITY WITH POST-CONSUMER FIBER (CONT'D)
Present and expected additional capacity by 1995

INTEGRATED DEINKED PULP CAPACITY (US ONLY) Company	Location	Initial start-up date	Deinked pulp capacity	10%	15%	20%	25%	30%
				Capacity for paper with post-consumer content at — Thousands of tons per year				
CAPACITY AS OF 8/93								
Appleton Papers	West Carrollton, OH		30	131	88	66	53	44
Boise Cascades	Vancouver, WA		100	437	292	219	175	146
James River	Halsey, OR		137	598	399	299	239	199
Cross Pointe	West Carrollton, OH		54	235	157	118	94	78
TOTAL INTEGRATED CAPACITY AS OF 8/93 (4)			321	1,402	935	701	561	467
INTEGRATED CAPACITY AS OF 1995								
Cross Pointe	Park Falls, WI	in 1993	50	219	146	109	88	73
Burrows Paper	Little Falls, NY	Nov. 1993	50	219	146	109	88	73
Union Camp	Franklin, VA	late 1994	300	1,312	875	656	525	438
International Paper	Corinth, NY	1994	50	219	146	109	88	73
ADDITIONAL POTENTIAL CAPACITY AVAILABLE (5)								
Appleton Papers	West Carrollton, OH		195	853	569	427	341	284
James River	Halsey, OR		91	399	266	199	160	133
TOTAL INTEGRATED CAPACITY AS OF 1995			1,057	4,623	3,082	2,312	1,849	1,541
TOTAL CAPACITY 8/93								
United States			1,871	8,184	5,456	4,092	3,273	2,728
North America			1,976	8,643	5,762	4,322	3,457	2,881
TOTAL CAPACITY 1995								
United States			6,067	26,542	17,695	13,271	10,617	8,847
North America			6,526	28,550	19,033	14,275	11,420	9,517

Sources: Pulp and Paper Week, 1992 North American Pulp and Paper Factbook; 1993 Lockwood-Post's Directory; Paper Recycler, March 1993; Resource Recycling, April 1993; interviews.

Notes:
(1) All deinked fiber is post-consumer
(2) Paper volumes assume that 80% of the weight of the paper is fiber
(3) Paper volumes are based on a 350 day year
(4) Integrated deinked pulp is produced for internal consumption.
(5) Additional potential capacity is

TABLE 4

NRDC

Natural Resources
Defense Council

40 West 20th Street
New York, New York 10011
212 727-2700
Fax 212 727-1773

August 31, 1993

The Honorable George J. Mitchell
176 Russell Senate Office Building
Washington, D.C. 20510-1902

Dear Senator Mitchell:

I am writing to you on behalf of the Natural Resources Defense Council regarding the Executive Order on recycled paper procurement requirements now being considered by the White House. NRDC has for more than two decades been working in behalf of the many Americans concerned about recycling municipal solid waste and the environmental impacts associated with consumer products more generally. Moreover, NRDC staff routinely responds to the inquiries of concerned citizens and the media on the relative value of using paper produced from recycled post-consumer materials or paper produced from other sources. Our members represent diverse environmental interests active at the local, state and national level, working actively on recycling issues with industry leaders, in legislative arenas throughout the U.S. and at the federal level, working closely with members of the U.S. Congress on the reauthorization of the Resource Conservation and Recovery Act. In the future NRDC will continue to play a substantial role in communicating to the public the value of the Clinton Administration's definition of recycled paper, whatever that definition ultimately turns out to be.

With these substantial interests in mind **I urge you to ask President Clinton to reject procurement specifications that incorporate definitions of "total recovered paper", sawdust, "post-consumer (or comparable) paper" or "A, B and C rankings" and instead incorporate a straightforward, easily comprehensible post-consumer definition.**

NRDC believes that an immediate purchasing requirement targeting post consumer content of 20%, combined with a target post consumer content requirement of no less than 40% to be achieved by the year 2000, will lend certainty to the paper recycling market and guide Congress as it now deliberates on its own version of federal government paper procurement standards. We also urge you to let President Clinton know that our environment would benefit greatly by

1350 New York Ave., N.W.
Washington, DC 20005
202 783-7800
Fax 202 783-5917

71 Stevenson Street
San Francisco, CA 94105
415 777-0220
Fax 415 495-5996

617 South Olive Street
Los Angeles, CA 90014
213 892-1500
Fax 213 629-5389

212 Merchant St., Suite 203
Honolulu, Hawaii 96813
808 533-1075
Fax 808 521-6541

requiring the federal government to purchase recycled paper from mills that do not use color stripping technologies that rely on chlorine compounds.

The management by paper and printing companies of overissues, printed converting scrap, etc. is not the waste management issue instigating so many local battles throughout the U.S. about whether tax dollars should be spent on incinerators and landfills or spent on recycling programs. The municipal waste problem is the solid waste problem our nation is now coming to terms with. It is not the solid waste problems faced by the paper industry that we read about daily in the headlines of newspapers throughout America, as public officials battle constituents about the design of their solid waste strategy: it is the problem faced by municipal officials as they try to deal with the public health problems posed by the mismanagement of municipal solid wastes. **Rewarding a "total recycled content" standard or including overissues and converting scraps in a definition of post-consumer paper will not reduce by even one pound the amount of wastes these officials will have to manage at taxpayer expense.**

It would be wrong for the Administration to purport to address our nation's interest in recycling municipal wastes while in fact addressing the very narrow interests of a few paper companies. Labels should provide consumers with the information they are interested in knowing and **it is the percentage of post-consumer paper used that consumers are interested in.** Indeed, 93% of all converting scraps are currently recycled by paper companies. Trying to educate consumers about a change in the recycling vocabulary, incorporating "total recycled paper" concepts or company specific ranking systems will be very difficult and inappropriate.

According to a study issued in late 1991 by the Congressional Research Service, of the 18 OECD countries, the U.S. ranks fifteenth in paper recycling. And a significant fraction of the waste paper recovered in the United States is exported to jobs abroad, more than 20%. Indeed, of the 20 million tons of post-consumer paper recovered in 1990, 4.4 million tons were exported, meaning that domestic consumption of post-consumer paper stock was only about 15 million tons.

The environmental community recognizes the need for uniform national standards for labelling and procurement of post-consumer materials. But such standards must create incentives for further investment in the use of post-consumer paper, the material now comprising almost 40% of the entire municipal solid waste stream and 97% of all the paper discarded in the U.S. The U.S. Senate should not support a misleading proposal that dilutes the incentive to make investments into processing post-consumer paper.

Sincerely,

Allen Hershkowitz Ph.D.
Senior Scientist
Natural Resources Defense Council

AH:jb

cc: Katy McGinty, Director
Office of Environmental Policy

INDUSTRY LETTERS

AMERICAN
FOREST &
PAPER
ASSOCIATION

August 3, 1993

Ms. Katie McGinty
Mr. Ken Connolly
Office of Environmental Policy
OEOB Room 360
The White House
Washington, D.C. 20500

Dear Katie and Ken,

Thank you for the courtesy of your time, Ken, on Friday. As our industry has repeatedly stated, TCF should be totally eliminated from the Executive Order and related documents.

Also, as mentioned in our meeting, the U.S. pulp and paper industry began conversations with you and others in the Office of Environmental Policy with the objective of providing the Office with the Printing-Writing Paper Division's recommendation on how to maximize paper recovery for recycling in their specific paper grades.

Obviously, it has been difficult for those not knowledgeable about paper industry operations to understand the "less-is-more" concept. Less recycled content per printing-writing sheet at this stage will bring many more commodity grade paper machines into the recycled-content market and, thereby, produce significantly more total tons of recycling in the printing-writing grades and in the overall paper industry. This is because the commodity machines, representing two-thirds of the installed grade capacity, are the most cost efficient and the least involved in the current manufacture of recycled content printing-writing papers.

More than 90% of all paper recycling gains since 1988 and into the foreseeable future will be "post-consumer," since virtually all pre-consumer recovered paper grades are already in use. Whatever the increases in overall paper recycling, at least 90% of that increase will come from the post-consumer waste stream. This fact is inescapable regardless of how terms are defined, however, impractical definitions can serve as obstacles and reduce the rates of increase for overall paper recovery and recycling.

We provided with you the industry's generally understood definition of a "commodity paper machine" which is based on the size of the machine (see attached). It is crucial to understand that both uncoated and coated papers are made on these machines. The other relevant point is that these machines are typically found in integrated paper mills -- mills which have already made major investments in pulping operations tied directly to their paper machines. It is the papers produced on these machines that are commonly understood to be commodity grades of paper by our customers, Wall Street analysts, the industry and environmentalists. If you cannot adopt a "50 percent OR 10 percent" approach for all printing-writing grades, we strongly encourage you to include all coated and uncoated free

1250 Connecticut Avenue NW, Second Floor, Washington, DC 20036
Phone: 202-463-2700 Fax: 202-463-2785

sheet and groundwood papers produced on these machines at these mills in your Executive Order definition of commodity grades.

It must again be strongly stated that a 15% minimum post-consumer content standard for paper produced by machines at these integrated mills will prevent many producers from making capital investments in expensive, specialized equipment to process recovered fiber for use in commodity printing-writing papers. While a greater minimum content level of recycled fiber per sheet of paper may sound better, a 10 percent minimum will result in greater consumption of recovered fiber.

Those who know best about the manufacture of paper are the papermakers, themselves. They are the ones who have developed the AFPA Printing-Writing Recycled Content Initiative to maximize overall recovery and recycling of printing-writing grades. Under the Initiative, manufacturers have the flexibility to produce and our customers the option to buy papers meeting either a minimum threshold of 10 percent post-consumer and/or processed recovered fiber OR a minimum threshold of 50 percent recovered paper fiber, based on fiber weight. The threshold minimums are designed to encourage the production of as many grades of recycled content printing-writing paper as possible and use of the greatest amount of recovered fiber in the production of printing-writing papers overall in the shortest period of time.

The term "processed recovered fiber" recognizes the need for sufficient supplies of minimally contaminated and economically available recovered fiber to run through new processing facilities to recover the fiber for reuse in paper manufacture. Specialized processing is required of these papers to remove inks, dyes, waxes, and water insoluble adhesives, etc. before the paper can be used in the remanufacture of recycled content printing-writing papers. Attached is the latest definition of processed recovered fiber under consideration at the ASTM.

As you mentioned, the "environmentally preferable" section of the draft Executive Order is based on policies established by the Office of Federal Procurement Policy (OFPP) Policy Letter 92-4. However, the Executive Order goes well *beyond* the scope of that policy letter without the benefit of public comment.

In the Executive Order, the environmentally preferable language "refers to products or services that are less harmful to *human health* and the environment . . . ." The inclusion of human health in this definition expands the category beyond that which was available for public comment in the draft policy letter in March 1992. While the policy letter was available for public comment and review, the Executive Order is not. In addition, the OFPP specifically states "the Policy Letter is not intended to dictate manufacturing nor copying practices," -- but the Order, in its current form, will dictate manufacturing practices, in our case totally chlorine free (TCF), thus adversely impacting the overall paper industry.

The draft Executive Order establishes a framework for product testing that includes the use of life cycle analysis. There is widespread acknowledgement that methodologies for life cycle analysis are not adequately formulated for use in determining "environmentally friendly" or "environmentally preferable" products and services, especially as they relate to human health. In *Green Report II*, the State Attorneys General state, "Although product life assessments or cradle-to-grave product analyses are expected to be extremely useful for evaluating the overall environmental effects of various manufacturing processes and products, the methodology for this type of assessment has not yet been fully developed." Similarly, the Federal Trade Commission stated in the agency's *Guides for the Use of Environmental Marketing Claims*, "These guides do not address claims based on a 'lifecycle' theory of environmental benefit. Such analyses are still in their infancy and thus the commission lacks sufficient information on which to base guidance at this time." Further, EPA, in its February 1993 *Life-Cycle Assessments: Inventory Guidelines and Principles* states, "Currently there is no single correct way to conduct a life-cycle assessment."

We understand that EPA and GSA are about to sign a Memorandum of Understanding (MOU) concurrent with the President's signing of the Executive Order, and that this document involves purchasing criteria based on environmental preference considerations. We hope the issues which are such concern to us about environmentally preferable designations in the Executive Order are not repeated in the MOU.

The subjects we've discussed are crucial to our industry. We urge thoughtful consideration of these issues in your modification of the final draft Executive Order. Thank you.

Sincerely,

Red Cavaney

RC:mk
Enclosures
cc: R.Rubin
A. Rivlin
C. Browner

Recycled paper

BROWNING-FERRIS INDUSTRIES

Richard F. Goodstein
Divisional Vice President
National Government Affairs
Washington Counsel
202/223-8151
Fax. 202/223-0685

August 3, 1993

Diane Waddle
SC Recycling Assn.
1205 Pendleton St., #517
Columbia, SC 29201

Dear Diane:

Two issues are currently on the federal agenda that could make or break recycling policy over the next few years. If you have not weighed in on these issues already, we urge you to make your views known. Like you, BFI has a tremendous stake in the success of recycling. We hope you join our efforts to put a pro-recycling stamp on federal policy.

Preserve Landfill Regulation: Under pressure from some municipalities, EPA has proposed a weakening of federal landfill standards due to become effective October 9, 1993. One immediate effect of strong landfill standards would be to make recycling more cost-effective. I enclose a copy of the recent Federal Register notice regarding the proposed delay in the federal landfill regulations for a six month period applicable to landfills that receive up to 100 tons per day of waste.

BFI urges you to comment on this rule in opposition to any weakening whatsoever of the landfill regulations due to become effective this October. EPA is likely to hear from municipalities unwilling or unable to step up to responsibilities posed by the landfill regulations. There is little incentive to recycle so long as cheap, environmentally questionable landfills are available. It is essential that EPA hear from you to understand the extent to which recycling would be undermined by a weakening of the landfill regulations. Comments on the proposed rule are due by August 27; they should be sent as indicated on page 40568 of the enclosed Federal Register notice.

Procurement Executive Order: The White House has proposed an Executive Order that would prompt federal agencies to procure paper and other materials with recycled material content. (A copy is enclosed.) BFI urges you to let the Administration know that the emphasis should be put on procuring materials with post-consumer content to the extent possible. It has become conventional wisdom that there is a need to "close the loop" with respect to recycling. The "loop" now unclosed pertains specifically to post-consumer materials set out for separate collection but not satisfactorily recycled. The White House needs to hear from you so that the opportunity to make strides in this area is not squandered. A copy of BFI's letter to the White House Director of Environmental Policy is enclosed.

While the Administration is no doubt committed to recycling in its heart of hearts, the White House needs to hear from those of us committed to recycling so that there is an effective counterweight to the forces that would urge a "go slow" approach to recycling. Please do what you can to make your sentiments known in connection with both of these important matters.

Please feel free to call.

Sincerely,

Rich Goodstein

Richard F. Goodstein

Enclosures

Louisiana-Pacific Corporation

Harry A. Merlo/Chairman and President

July 16, 1993

The Honorable Thomas F. McLarty
Chief of Staff
Office of the President
The White House
Washington, D.C. 20500

Dear Mr. McLarty:

The paper you are holding in your hand is made from pulp manufactured without the use of chlorine. This paper, and the issue it represents, are very important to both the future of my company and the nation's environment.

The executive order that the Administration is considering relative to paper procurement includes two provisions which would go a long way toward establishing a government market for paper made without the use of chlorine. The importance of this step, and the leadership that President Clinton is demonstrating through it, can not be overstated.

Our nation's achievements in recycling are the direct result of government leadership and private sector innovation. Would recycling have occurred without government's willingness to set an example? Certainly. But would the progress toward recycling and its environmental benefits have moved as quickly? Probably not.

The same situation exists for totally chlorine-free paper. Totally chlorine-free pulp and paper, long available in European and Canadian markets, is now available from domestic sources and adoption of purchasing goals by agencies of the federal government and the removal of key barriers such as unreasonable brightness standards would encourage the growth of a stable market. The result would be major environmental benefits, particularly in reducing the wastestream from pulp mills and the unwanted byproducts such as dioxin that result from chlorine pulp bleaching.

111 S. W. Fifth Avenue
Portland, Oregon 97204
503/221-0800

As you may know, our involvement in the issue comes from our production of totally chlorine-free pulp at our kraft pulp mill in Samoa, California. Under a consent decree with the United States government, we have committed to convert this mill to totally chlorine-free by 1995. We are already producing chlorine-free pulp and have demonstrated the substantial environmental benefits of the process (see attached chart).

We chose to take this step -- the first kraft pulp mill in North America to do so -- knowing full well that, at present, the domestic market doesn't exist to support the 250,000 tons per year of the environmentally preferable pulp we are able to produce. Our expectation is that in the interest of a cleaner environment, consumers can be reminded to ask your support in assuring that the U.S. government plays its part in allowing this market to develop.

The executive order that is being prepared for the President's signature would ask all agencies to review their paper buying procedures and remove artificial barriers like unreasonable brightness. More importantly, it would have agencies set goals for paper purchases of totally chlorine-free, which would stimulate agencies to examine positive ways they could help build a national market for environmental products.

Perhaps most important, the executive order responds to the growing body of concern about chlorine in paper bleaching by encouraging the purchase of "totally chlorine-free" paper, rather than a number of intermediate steps that different special interests would seek to have instituted. If chlorine byproducts are a problem in our nation's waterways, then totally chlorine-free paper is a sound policy direction.

I would very much appreciate any opportunity to answer any questions you might have about this important issue. Thank you for your leadership.

Very truly yours,

Harry A. Merlo

Attachment

cc: The Honorable Carol Browner

AMERICAN
FOREST &
PAPER
ASSOCIATION

P4-1

Red Cavaney
President

September 3, 1993

The President
The White House
Washington, D.C. 20500

Dear Mr. President

A September 1, 1993 letter to you from environmental groups, and others interested in the draft Executive Order pertaining to federal procurement of recycled goods, contains several misstatements, including the following:

- The letter asserts that "a standard of at least 15 percent post-consumer content ... is the lowest level of recycled content that will provide an incentive to the paper industry to increase investments in recycling." This stands in stark contrast to the facts. Currently, there is no federal standard pertaining to post-consumer content in printing and writing paper, yet the paper industry has 200 mills operating in the United States which rely exclusively on recovered paper for their raw material. Again, with no federal action on the horizon, the paper industry in 1990 embarked upon a voluntary increase in recycling capacity which, by 1995, will encompass more than 130 facilities and involve approximately $7.5 billion in investments over the 1988-1995 investment cycle.

- The writers contend that, "Adopting a procurement policy that requires less than 15 percent post-consumer content would be worse for recycling than no action at all." As was noted in AFPA's August 6 letter to Peter Yu of your staff, requiring a 15% post-consumer content in printing and writing papers will result in less recovered paper being used, not more. Only five to ten commodity machines are likely to produce on a regular basis paper meeting the 15 percent level. At the levels suggested by the printing-writing producers, approximately twice as much post-consumer/processed recovered fiber could be used -- and possibly much more, with an optimal industry forecast of 50% percent industry participation (see attached chart).

- The letter provides no supporting data that, "the supply of...post-consumer paper significantly exceeds demand..." Increases in the use of recovered paper in the printing-writing grades will come primarily from used office paper, which is currently being recovered in line with growth in recycling capacity. EPA's consultant, Bill Franklin, projects a shortage of many types of recovered paper, including newspapers and corrugated containers, by 1995, and office papers beyond. Over the longer term, the industry has very real concerns about the supply of quality, source-separated recovered paper.

1250 Connecticut Avenue, N.W. Second Floor, Washington, D.C. 20036
Phone: 202-463-2700 Fax: 202-463-2785

- The printing-writing producers are not suggesting that the Executive Order change or expand the definition of "post-consumer". Rather, they are asking that a larger universe of recovered paper -- clearly identified as "post-consumer/processed recovered fiber" -- be included in the Executive Order.

In its recent news release, the Natural Resources Defense Council (NRDC), a signator of the earlier referenced letter, also makes numerous errors. Among them that the U.S. ranks below the European Community in paper recycling. The facts are as follows:

- The U.S. is the world's largest recycler of paper. We recover more paper than any other region of the world. In 1991, the last year for which worldwide data were available, the U.S. recovered 28 million tons of paper. The entire European Community accounted for 20 million tons (with Germany at 7.5 million) and Japan recovered 14.7 million tons. Our rate of recovery essentially matched the average of all EC countries at 37%. Only two EC countries exceeded a recovery rate of 40% (where the U.S. will be this year), and over half the EC was under the U.S. recovery rate. In 1991, the U.S. accounted for one-third of all paper recovery. Source: Pulp and Paper International, October 1992, page 32.

- The U.S. paper industry is not where the auto industry was 20 years ago. During a time of economic difficulty, the industry has invested at an unprecedented rate on modernization, new capacity -- including recycling capacity -- and in environmental improvement. To that end, in its recent survey, Fortune rated only two industries as earning an "A" on their report card for international competitiveness; the U.S. forest and paper industry was one.

It is also worth noting, that while well over 90% of the projected increase in U.S. paper recovery will be from post-consumer sources, no other country outside North America makes the pre-/post-consumer distinction. In other countries, "post-consumer" paper is anything outside the paper mill.

- Contrary to NRDC's contention, a rush to impose totally chlorine free (TCF), a technology whose time has not come, will hurt, not help, American industry's competitiveness in the world. The U.S. pulp and paper industry's efficient use of environmentally sound bleaching practices using chlorine compounds has allowed it to become the world's top producer of pulp, paper and paperboard. In fact, exports are the major engine of the industry's demand growth. Sixty percent of production increases since 1988 were derived from foreign demand.

- NRDC's contention that demand for TCF products is growing is just not true. The fact is that demand has stabilized at a very low level. The reasons are primarily related to the inability of current TCF technology to meet customer requirements. First, as EPA Administrator Browner acknowledged, "the technology is not fully developed" and "no kraft mills have yet succeeded in making high-brightness pulp from southern softwoods without using chlorine." Second, there are other customer needs, such as high absorbency, low dirt counts and superior strength, that cannot be met without bleaching with chlorine compounds.

What NRDC refuses to acknowledge is that while the industry has every reason to feel confident of maintaining its international competitiveness, TCF paper purchasing goals will jeopardize its position in our country. The only announced U.S. manufacturer of TCF bleached kraft pulp recently decided to shut down operations for the remainder of 1993. As a consequence, the Federal government would find itself buying virtually all its purchases from foreign suppliers and underwriting solely foreign jobs.

- NRDC's allusion to "chlorine-free recycled paper" also is misleading: there simply is no such product. The fact is that since chlorine compounds are found in cellulose fibers in wood, they are a component of all paper--including TCF paper. Since there is no commercially available method to remove chlorinated compounds from any paper, regardless of the process used, no paper products can be literally chlorine free.

- It is equally important to know that paper made from conventionally bleached pulp is actually <u>more desirable for recycling</u> than TCF paper because chlorine or chlorine compounds only minimally impact cellulose fibers as they remove the lignin and other unwanted components from wood. Chemicals used in TCF processes, in contrast, are far less gentle, producing paper with weaker fibers. This difference is critical because the stronger fibers found in conventionally bleached paper make that paper stronger and amenable to being recycled numerous times. On the other hand, TCF paper fibers make it weaker and limit its recycling potential.

We hope you will find these clarifications helpful in your consideration of the pending Executive Order, and wish to renew the industry's request to meet with you prior to signing the Order.

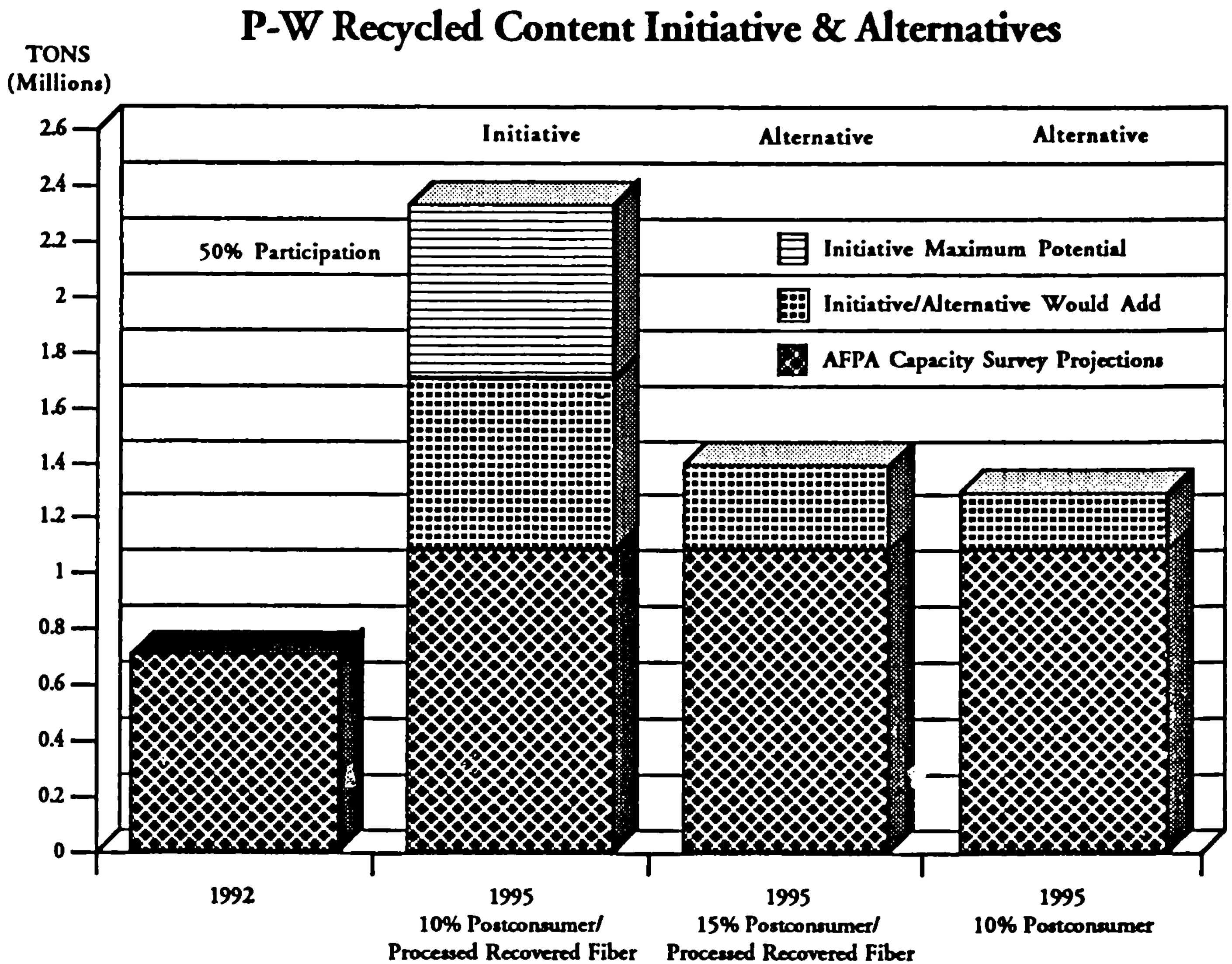
Respectfully,

Red Cavaney

ltr0903.prc

cc: Vice President Al Gore
Thomas F. McLarty, Chief of Staff
Leon E. Panetta, Director of OMB
Robert E. Rubin, Assistant to the President for Economic Policy
EPA Administrator Carol Browner
Carol H. Rasco, Assistant to the President for Domestic Policy
Alice Rivlin, Deputy Director of OMB
Kathleen McGinty, Director, Office of Environmental Policy

Printing–Writing Use of Postconsumer/Processed Recovered Fiber



Indus ry Seeks to Weaken Clinton's Recycling Plan

Amount of Used Fiber in Federal Paper Supply at Issue

By Tom Kenworthy
Washington Post Staff Writer

As the Clinton administration is preparing to issue an executive order on governmentwide recycling policy, a furious behind-the-scenes struggle has erupted between the paper industry and environmental groups over how much recycled fiber should be used in paper bought by the federal government.

The stakes are high for both sides because the government is the nation's largest user of printing and writing paper, and because content standards set in Washington will tend to drive the adoption of similar standards by state and local governments and private industry.

The paper industry, through its American Forest and Paper Association (AFPA) trade group, has launched a vigorous effort to modify the terms of a White House draft proposal that would require federal agencies to purchase paper containing at least 15 percent "post-consumer" material—that is, paper that has been used and discarded.

In its place, the industry wants a looser standard that would require it to recycle less material actually used by consumers and to employ more unused paper and printed scrap—which is easier to process into new paper products because it is not as contaminated as household trash.

The proposed industry standard for federal purchases would require at least 10 percent of the content to come from paper used by consumers or from printed industry scrap and paper products that are manufactured but never actually used, such as unsold magazines returned by distributors.

The 10 percent standard, argued AFPA Vice President Virgil K. Horton Jr., would allow the industry to maximize recycling without being forced into expensive, immediate retooling of manufacturing plants. "It allows us to stay globally competitive, to manufacture the kind of paper that is needed, to maximize the use of recovered fiber from the waste stream and to stay healthy and keep three-quarters of a million workers working," Horton said.

The 15 percent standard, he said, would ironically result in less waste reduction because so many of the industry's integrated paper plants use high-production machines that cannot make paper with more than 10 percent recovered fiber.

But environmentalists charge that the paper industry's proposal fails to attack the problem of overflowing landfills, where paper makes up about 40 percent of deposits. Given a choice of using post-consumer paper, which is harder to recycle, or of using scrap and unused paper, said several environmentalists, the industry will choose the latter.

"The bottom line is that adoption of anything like the AFPA proposal would actually do nothing more than enshrine the status quo," said Richard A. Denison, a senior scientist at the Environmental Defense Fund.

Denison said the industry-proposed standard would have minimal impact on the landfill problem because about 98 percent of paper that is landfilled is post-consumer material. The paper industry already recovers the majority of manufacturing scrap and unused paper, Denison said, and almost half of the paper currently produced in the United States already meets the 10 percent content standard.

"The big paper companies want to continue to be the roadblock to real recycling where we take materials that would otherwise be buried or burned and convert them into recycled products," said Daniel J. Weiss, political director of the Sierra Club. "Instead, they want to continue business as usual, where they use virgin trees and paper scraps and try to pass that off as recycled."

President Clinton, in an Earth Day celebration speech April 21, promised that he would make the government a leader in using recycled products to set an example and help stimulate the market for recycled materials. Clinton said his executive order "will provide a market for new technologies, make better use of recycled materials and encourage the creation of new products that can be offered to the government, to private companies and to consumers."

Because the government purchases about 300,000 tons annually of printing and writing paper, an aggressive recycled-content standard set by the White House could encourage industry to devote more of its capacity to producing recycled paper. The total annual domestic production of printing and writing paper is about 25 million tons.

"If the president puts his name on something it affects the private marketplace, and we feel he should be very sensitive to that," said Horton of the AFPA.

Clinton has already issued executive orders directing the government to purchase more energy-efficient cars and computers and to buy products using fewer ozone-depleting chemicals. In addition, the Environmental Protection Agency is encouraging its sister agencies to switch to energy-efficient lighting units.

THURSDAY, JULY 29, 1993 THE WASHINGTON POST

Legal Notices
Employment Advertising
Career Services
Business Opportunities

The New York Times
Business

White House Nearing a Key Decision on Paper Recycling

Environmentalists and an industry square off over a purchasing plan.

By JOHN HOLUSHA

ENVIRONMENTAL groups and the paper industry are battling over a proposed Presidential order intended to promote recycling by committing the Government to buying printing and writing paper made with more recycled material.

Those close to the fray say a decision on the proposal is imminent. Kathleen McGinty, director of the White House Office of Environmental Policy, which will make the recommendation to President Clinton on what order to issue, said an announcement could come in about three weeks.

Although the Government is a relatively small purchaser of paper — it buys about 300,000 tons a year, only a little more than 1 percent of the 25 million tons produced in the United States annually — paper industry executives fear that a Federal recycling standard would be adopted by the states, localities and private buyers.

Environmentalists want the White House action to quicken the recycling effort. Paper companies want a slower pace. Their dispute centers on two issues: what constitutes recycled paper, and how much of it must be used.

In a speech on April 21 in anticipation of Earth Day, President Clinton pledged to issue five executive orders to use the Government's purchasing power to improve the environment, one of which would direct Federal agencies to buy paper that is at least partly recycled. The reason, Mr. Clinton said, is to "provide a market for new technologies, make better use of recycled materials and encourage the creation of new products."

Environmentalists cheered. Although many communities and businesses separate discarded materials for recycling, the lack of reprocessing plants has led to gluts and low prices that have drained municipal coffers.

If the Government were an eager purchaser of recycled paper, environmentalists said, the paper industry would have an incentive to install equipment to remove ink from printed paper and prepare it for re-use. More important, many said, is that the order would establish a "Government standard" for paper recycling.

"This is the single most important decision on recycling ever made," said Allen Hershkowitz, a solid waste specialist at the Natural Resources Defense Council in New York. "It sends a signal to states and localities and to Congress."

A problem in the debate is that not everyone agrees on what the term recycled means. The paper industry has long re-used the scraps generated in the paper-making process and other industrial surplus by simply tossing them back into the vat where water and wood fibers are mixed before being fed into a paper-making machine. By this standard, the American Forest and Paper Association,

> An order could set a standard for the re-use of materials.

the industry's trade association, said it was well on its way to a goal for 1995: 40 percent of the fiber content of new paper sold will have come from paper rather than trees.

Environmentalists have objected, saying the point of recycling is to reduce the amount of trash that must be buried or burned, as well as help conserve resources. They say the proper measure of recycling is the amount of paper that has been removed from trash and re-used, which is called "post-consumer" paper.

Indeed, that appears to be what the President had in mind. A news release accompanying his speech referred to "reducing the amount of trash we produce."

Environmentalists have argued for a strict post-consumer standard. The paper industry, represented by its trade group, is holding out for a broader definition that would also count returned publications and other printed scrap.

This material is generally easier to collect and less contaminated than the paper retrieved from trash bins. But environmentalists say it is largely re-used already, so including it in the definition would have little impact on landfills.

"This would simply enshrine the status quo," Richard Denison, a scientist at the Environmental Defense Fund in New York.

Although paper can be made from 100 percent recycled material, the recycling process damages the wood fibers somewhat, making them harder to form into paper and producing a weaker sheet. As a result, most higher-quality papers are made with relatively little recycled fiber.

Environmentalists are pushing for much greater post-consumer fiber content, some suggesting that it be 50 percent by 1999.

But Virgil Horton, vice president of the paper industry group, said anything greater than 10 percent would pose serious operating problems for the big, high-speed paper-making machines that are the industry's most productive equipment.

Mr. Horton said that when more than 10 percent recycled fiber is used the web of paper tends to break on the machines, forcing costly shutdowns.

Even using 10 percent recycled content adds $55 to the cost of producing a ton of paper, Mr. Horton said. At 50 percent, he added, the additional cost is $240 a ton. (A ton costs anywhere from about $500 for newsprint to $1,000 and up for higher grades.)

Those close to the discussions say the White House officials are considering a standard of 15 percent post-consumer fiber in 1994, 20 percent in 1996 and 25 percent by 2000.

Even though the order may have broad implications, environmentalists point out that it is not a regulatory program. "This is not mandatory," said Mr. Denison. "No one is being forced to make recycled paper. All it says is if you do not, you lose the Federal market." ■

law. The company voluntarily performed the cleanup, the complaint said, and "voluntary cleanup is not covered under the insuring agreements at issue."

Exxon has claimed that it is entitled to recover portions of the money it spent to clean up the oil pollution, in addition to fines and penalties levied by U.S. and Alaskan governments and money spent to settle third-party damage claims, the complaint said.

Among the numerous counts detailed in the complaint, the underwriters also claimed Exxon is not entitled to coverage because:

- Exxon failed to cooperate with underwriters in providing information relevant to criminal allegations that the company's intentional misconduct caused the incident. Exxon's deliberate misconduct is not covered by its policy and its failure to cooperate has voided any potential coverage.
- The *Exxon Valdez* was unseaworthy at the beginning of the voyage, Exxon had knowledge of its unseaworthiness, did nothing to remedy the condition, and failed to disclose the ship's condition to the underwriters.
- Marine oil pollution coverage under the policy is limited only to instances where pollution occurs from tankers that do not belong to the International Tanker Indemnity Association. The *Exxon Valdez* belonged to that association during the period in question.
- Exxon failed to act as a "prudent uninsured" by not vigorously defending against the imposition of liability against it as a marine cargo owner and making damaging admissions concerning responsibility for cleanup and liability.□

Environment

WHITE HOUSE SAID CONSIDERING 10 PERCENT PAPER RECYCLING CONTENT

The White House Office of Environmental Policy is considering including in an executive order on recycling requiring paper purchased by federal agencies to contain 10 percent recycled content, according to a coalition of interested parties who wrote President Clinton Sept. 1.

The 10 percent recycled content is lower than the 15 percent threshold the White House was considering in a July draft of an executive order that would place restrictions on the paper products the federal agencies could purchase.

On Sept. 1, a coalition of state and local governments, private companies, environmental and consumer organizations, and recycling groups sent a three-page letter to President Clinton urging him to maintain at least a 15 percent post consumer content level for paper bought by the federal government in the executive order.

"We have learned that you are considering adopting an alternative standard resembling that proposed by some segments of the paper industry, one requiring only 10 percent recycled content and broadening the category of allowable materials," the letter said. "Such changes would result in an Executive Order that fails to conserve valuable materials and develop markets for true post consumer materials."

A July draft of the executive order would require high-quality printing stock with 50 percent recovered material content, including 15 percent post-consumer recovered material (144 DER A-25, 7/29/93).

But the American Forest and Paper Association wants to maintain the current industry standard, which is 10 percent post consumer recovered material.

The recycling coalition suspects that the White House is considering the industry requests to maintain the 10 percent post-consumer content for economic reasons favorable to the paper industry. Rich Goodstein, national governmental affairs vice president for Browning-Ferris Industries, told BNA Sept. 1 that the there is a draft executive order in the White House with the 10 percent post consumer content being considered. He said the draft is not being circulated as the July draft was.

"No one has seen it," Goodstein said. Even the paper industry has not, although "they concluded in the past two to three weeks that they turned the White House around on the draft," Goodstein said.

"We sent the letter out because we had sufficient reason to believe that the White House was preparing to change the draft in a direction we thought was not helpful," Goodstein said.

AFPA and White House officials could not be reached for comment.□

End of Section

Washington Outlook

EDITED BY STEPHEN H. WILDSTROM

CAN CLINTON SWAY HEALTH REFORM'S MOST CRUCIAL CRITIC?

As President Clinton's advisers put finishing touches on the Administration's plan for health-care reform, they're focusing on its toughest critics. No, not doctors, hospitals, employers, or any other health-care interests. The last and highest hurdles the plan faces—before being introduced as legislation—are the anonymous analysts at the Congressional Budget Office. The CBO has the final say in "scoring" the impact of health reform on the deficit. Under the enforcement rules of the just passed deficit-reduction plan, the health program can't increase red ink in the short run. And to fulfill Clinton's promises, it must trim spending after 1998.

Administration experts insist the savings are there. They have shipped reams of data to Capitol Hill in support of their startling claim that reform can pay for itself by sharply slowing the growth of health-care spending. But the CBO is a hard sell. "Over the next 10 years, it will be exceedingly difficult to realize significant budgetary savings as long as any reform proposal extends coverage to the uninsured," warns CBO Director Robert D. Reischauer.


THE CBO'S REISCHAUER

TOO GLOOMY. The budget office saves its deepest skepticism for "managed competition," the combination of market incentives and government regulations that provides the broad outline of Clinton's plan. CBO analysts give little credence to the Clintonites' claims that increased competition in the medical market can produce big savings.

"CBO just doesn't believe in managed competition," grumbles a top Clinton health aide. Some private analysts agree that the CBO is too gloomy. Washington health economist Jack A. Meyer, for example, concluded that a managed-competition bill sponsored by conservative Democrats could cut annual health spending by between \$5 billion and \$51 billion by 1998. The CBO found the measure increased spending by \$34 billion.

The CBO's bias for regulation over competition has already influenced the White House. Instead of claiming savings from increased competition or streamlined administration, the Clintonites are counting on caps on health-care premium hikes to convince the CBO that the plan adds up. But controls will stiffen the opposition of health-care providers and may jeopardize Corporate America's support for reform.

Twenty years of unsuccessful efforts to contain health-care costs support the CBO's caution. It'll be tough to overcome the budget analysts' skepticism that Clinton can provide more care for less money.

By Mike McNamee

THE ADMINISTRATION CRUMPLES OVER 'GREEN' PAPER

Clinton's Administration is having a tough time delivering on its environmental good intentions. Early on, Western senators forced the White House to gut a proposal that would have jacked up fees for using public lands. Now, sources say the Administration is bowing to stiff opposition from the politically potent paper industry and is watering down a plan to promote use of "environmentally preferable" paper. "They're getting hammered," says Allen Hershkowitz, a Natural Resources Defense Council scientist.

The Administration is expected to drop a plan that would have favored purchase of paper made without chlorine bleach, whose use produces cancer-causing dioxin as a by-product. It will reduce a requirement for "post-consumer waste" in recycled paper from 15% to 10%. And it will abandon an effort to encourage states to comply with federal paper-use rules. The scaled-back plan is a victory for the American Forest & Paper Assn., which hired Betsey Wright, Bill Clinton's chief of staff in the Arkansas statehouse, as a lobbyist. The White House is expected to release an executive order on paper use soon after Labor Day.

By Mary Beth Regan

THE WALL STREET JOURNAL.

IO. 38 ★ ★ ★ EASTERN EDITION TUESDAY, AUGUST 24, 1993 WHITE OAK, MARYLAND

POLITICS & POLICY

Louisiana-Pacific, Target of Environmentalists, Finds Itself Allied With Them on U.S. Proposal

By TIMOTHY NOAH
Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON – When Louisiana-Pacific Corp. paid an $11.1 million fine three months ago in a pollution case, many environmentalists complained that the penalty was too small and that criminal charges should have been filed against the wood products company's executives.

Now, in one of those twists that show how quickly shifting political circumstances can make strange bedfellows, many of those environmentalists find themselves allied with the company in a lobbying war over a proposed toughening of environmental policy – one that would benefit Louisiana-Pacific.

At issue is whether the federal government should require pulp and paper companies that do business with it to embrace stricter environmental standards. A draft executive order being considered by the Clinton administration includes a provision that calls on federal agencies to establish goals for the purchase of totally chlorine-free paper by 1995. The administration probably will adopt the policy in some form within a few weeks.

How Firm Would Benefit

Among those lobbying for the new policy is Louisiana-Pacific, the company environmentalists love to hate. Louisiana-Pacific stands to benefit because, thanks to a consent decree it signed to settle an Environmental Protection Agency lawsuit over pollution at its Samoa, Calif., plant, it is believed to be the only U.S. company currently making totally chlorine-free bleached kraft softwood pulp – a key component in most paper.

Barry Lacter, a spokesman for Louisiana-Pacific, says that "we certainly didn't have anything to do with getting the provision" on totally chlorine-free paper into the executive order, but "we were pleasantly surprised to see it there and we would love to see it stay as strong as it is now." Several company officials discussed the issue with White House and EPA staffers in Washington this month.

"Now they're kissing cousins with Greenpeace," says Gary Bivings, a Washington lobbyist who represents Georgia-Pacific Corp. Georgia-Pacific, along with such other companies as International Paper Co., is trying to water down the proposed action. They are assisted by key Democratic allies, including Senate Majority Leader George Mitchell, who is concerned about the initiative's impact on the pulp and paper industry in his home state of Maine, and Betsey Wright, a former Clinton campaign aide and gubernatorial chief of staff who now works for a Washington lobbying firm.

Queasy Feeling

Finding themselves on the same side as Louisiana-Pacific leaves a few environmentalists feeling queasy. "I'm not exactly comfortable with any policy that would elevate Louisiana-Pacific's current market share," says Jonathan Turley, a law professor at George Washington University who advocates more aggressive criminal prosecution of environmental violations in general, and against Louisiana-Pacific in particular. "When it comes to environmental infractions," he says, "Louisiana-Pacific can only be described as an overachiever."

The Paper Chase

Among the annual federal paper purchases that would be affected by Clinton's planned executive order:

	AMOUNT (IN MILLIONS)
Publications	$30.9
Forms	60.6
Administrative (envelopes, invitations, etc.)	30.4
Congressional	45.0
Misc. (labels, maps, blueprints, etc.)	40.6

Source: Congressional Joint Committee on Printing

Others in the environmental movement claim little affection for Louisiana-Pacific, but say their chief concern is that the market be redirected toward environmentally sound manufacturing practices. "We don't endorse Louisiana-Pacific at all," says Mark Floegel, a campaigner with Greenpeace's International Chlorine Campaign. "We endorse the use of a process."

Environmental groups siding with Louisiana-Pacific, including the Natural Resources Defense Council and the National Wildlife Federation, assert that the alternative is to side with paper companies that have engaged in some heavy-handed lobbying to weaken the green initiative.

For example, former Clinton aide Wright, who now works for the lobbying firm of Wexler, Reynolds, Fuller, Harrison & Schule, says she called Bill Burton, a top aide to White House Chief of Staff Thomas "Mack" McLarty, to enlist Mr. Burton's help to set up a White House meeting between the American Forest and Paper Association, which opposes the executive order, and White House environmental chief Kathleen McGinty. And former EPA administrator Lee Thomas, now senior vice president for environment and government affairs at Georgia-Pacific, has lobbied against the executive order at his former agency.

Environmentalists have long been concerned about the use of chlorine to bleach pulp used in making paper because it results in waste water emissions of dioxin and other toxic chemicals. This waste water can't be recycled through the plant because the chlorinated waste products are too corrosive. Paper companies acknowledge that chlorine-related emissions are a problem, but generally favor addressing it with a process called "elementally chlorine free" that reduces, but does not eliminate, use of chlorine.

Environmental groups counter that "elementally chlorine free" is inferior to a "totally chlorine-free" process that substitutes a more environmentally benign bleach (such as hydrogen peroxide) for chlorine. Indeed, they say, several European nations already are well ahead of the U.S. in developing totally chlorine-free technology. This approach is the one favored in the draft executive order, which calls on federal agencies to set goals for purchase of such paper by 1995.

If paper companies don't want to make chlorine-free paper, its advocates say, the proposed administration action won't make them; the federal government buys only 1% to 2% of all paper manufactured in the U.S., and the language in the draft executive order doesn't even specify how much of that will be chlorine-free. But paper companies counter that U.S. government standards, even when vaguely defined as "goals," are quickly adopted by the private sector. And as almost no U.S. companies are equipped right now to make totally chlorine-free pulp, "any significant purchase increase will have to be satisfied by imported paper," says Red Cavaney, president of the American Forest and Paper Association.

The one exception is Louisiana-Pacific. Its Samoa plant is already making some chlorine-free pulp, which it sells to a few small paper manufacturers in the U.S. The plant is also continuing to make pulp bleached with chlorine, but Louisiana-Pacific pledged as part of last year's consent decree to shift it entirely to production of chlorine-free pulp by September 1995.

White House environmental chief McGinty, when asked if she has qualms about helping Louisiana-Pacific with a tough policy on chlorine-treated paper, pleads ignorance of its past environmental run-ins. "I guess I'm kind of recalling something Louisiana-Pacific was involved in," she says when pressed, "but that has not been in my mind at all."

Democrats Currently Hold An Edge in 'Soft Money'

By a WALL STREET JOURNAL *Staff Reporter*

WASHINGTON – In the first half, the Democrats held an advantage over the GOP in so-called soft money, the large contributions for party-building activities that aren't restricted by federal election laws.

According to a study by Common Cause, the Democratic Party took in $6.8 million in soft-money contributions, while Republicans took in $4.2 million. When George Bush occupied the White House, the Republicans often held a 4-1 soft-money advantage, but the trend was reversed in the second half of 1992 when President Clinton appeared likely to win the presidency.

According to the study, the top Democratic contributors were Beneficial Corp., a financial services company, which gave $265,000, and the American Federation of State, County and Municipal Employees, which gave $129,500. The most generous contributors to the GOP were Merrill Lynch & Co., with $205,000, and Atlantic Richfield Co., with $136,000.

Hedging their bets, some big contributors gave to both parties. Arco, for example, also gave $35,000 to the Democrats. Archer-Daniels-Midland Co. gave $46,500 to the Democrats and $30,000 to the GOP, while ADM Chairman Dwayne Andreas gave the Republicans an additional $25,000.

Soft-money contributions would be outlawed in campaign-finance legislation proposed by President Clinton and passed by the Senate. The House has yet to act on the legislation.

Daily Report for Executives - Aug. 2

CRITICS HIT CLINTON DRAFT EXECUTIVE ORDER TO REQUIRE RECYCLED, CHLORINE-FREE PAPER

A draft executive order setting out environmental standards for paper products purchased by the federal government appears to have many critics and few supporters in industry and the environmental community, according to BNA interviews July 29 and 30.

The draft is under review by the White House Office of Management and Budget and Office of Environmental Policy after being circulated among federal departments (144 DER A-25, 7/29/93).

Paper industry officials told BNA they were meeting with administration officials July 29 and 30 to express their opposition to the draft.

A final document is expected to be forwarded to the president in mid-August for his approval, administration officials said The American Forest and Paper Association issued a statement July 30 calling on Clinton to defer consideration of all provisions, except recycling standards, until there has been a public review, cost-benefit analysis, and an environmental impact statement. The recycling ~~standards~~ already ~~are~~ subject to formal public review. ?

AFPA also objected to host of definitions in the draft, which is intended to guide federal procurement officials.

Middle Path, EPA Says

The draft addresses chlorine use in pulp and paper manufacturing and recycled content of paper products. It strikes a middle path between what is currently required in federal procurement regulations and what environmental advocates would like the federal government to require, according to an Environmental Protection Agency recycling official.

For instance, the U.S. paper industry sought a recycled content standard for high-quality copy and printing paper of 10 percent post-consumer material, while environmentalists sought at least a 20 percent standard, Terry Grist, acting chief of the recycling section in the EPA Office of Solid Waste, told BNA.

The administration selected in the draft a middle ground of 15 percent post-consumer material for high-speed copier paper, offset paper, form bond, computer printout paper, and other high-quality stock, according to Grist. The draft would increase minimum content to 20 percent in 1996, and 25 percent in 2000, he noted.

Under the draft, high-quality paper would have to meet only post-consumer content standards.

The draft would require that other printing and writing paper contain at least 50 percent of total paper recovered from the waste stream, including 15 percent post-consumer material.

Critics said these standards are too weak and are already being met or exceeded.

In practice, there currently is no mandatory recycled-content standard for federal procurement of such higher quality stock, but critics cited several instances where the proposed standard is being met anyway. Other classes of paper already are meeting a 50 percent recycled content standard that would be required in the draft, they noted.

But the requirement for ''post-consumer'' materials is new.

Currently, the federal government in its procurement requirements makes no distinction between post-consumer and other paper wastes, such as paper spoiled during manufacturing or printing or unsold remnants.

The draft based its standard for higher quality paper on post-consumer recycled stock and defined it as paper that has served its intended use and been discarded. Recovered materials it defined as all other paper waste products except those that are commonly reused during paper manufacturing. The new definition is tougher than the current federal procurement guideline but critics, including Sen. Max S. Baucus (D-Mont), have questioned if the new standard is adequate without the 50 percent general recovery standard as well.

Content Standards Already Met?

Currently the Government Printing Office and state governments frequently buy high-quality printing stock that is made from 50 percent recovered paper, including 15 percent post-consumer recycled material, Edgar Miller, director of policy in the National Recycling Coalition, told BNA. The coalition consists of a wide range of recycling proponents, including representatives of environmental groups and the recycling industry.

Miller said a better standard for high-grade paper would be in 50 percent range with a 15 percent post-consumer standard, rather than the 15 percent post-consumer standard alone.

He warned that the new federal standard is too low to drive paper producers to make capital expenditures, especially for de-inking equipment, to recycle the huge amount of waste that is being gathered in community trash collection.

However, Barry Polsky, an AFPA spokesman, told BNA the trade association disagrees and supports a minimum standard of 10 percent post-consumer material since it can be met by the industry without disruption. Such a level would encourage use of recycled material adequately, he said. He would not comment on the viability of a phased increase.

In its statement, AFPA warned against the ''high minimum recycled-content'' requirements, noting that they will likely be adopted by state and local governments and would ''have severe adverse impacts'' on the industry.

But, according to Richard Denison, a staff scientist with the Environmental Defense Fund, a 10 percent standard would freeze any move to greater recycling levels since more than half the paper made in the United States already meets this standard. He urged a recycled content standard in the range of 20 to 25 percent post-consumer material.

''The industry would have no problem meeting a 20 percent content standard,'' he said.

A low requirement would be bad for U.S. paper-makers in global competition, Miller added, noting a growing demand for recycled paper throughout the world. A stall in developing new technologies in the United States will eventually hurt U.S. paper manufacturers, he said.

Totally Chlorine Free

The executive order also calls for each federal agency to establish goals for procurement of ''totally-chlorine free'' paper products that must be achieved by 1995. The agencies have to submit the goals within a year to the Council on Environmental Progress, a new oversight body within the administration created by the order. Separate goals would be established for different categories of paper products under the draft order.

Chlorine used in the paper manufacturing process is considered responsible for dioxin in the waste water from paper mills, which environmentalists say poses a health threat.

Speaking for the industry, Polsky said, AFPA opposed ''any mention'' of chlorine-free goals in the executive order.

However, another paper official strongly backed the statement and goals.

An official with Louisiana Pacific Corp., a pulp producer that is phasing out chlorine, told BNA it was ''terrific'' that the draft included goals for the elimination of chlorine.

''For the first time, it would put on paper the administration's beleve that totally chlorine-free pulp has the benefits we think it has,'' Barry Lacter, public relations manager for Louisiana Pacific, said.

Lacter said the company has one mill in Canada that substitutes other technologies to bleach pulp and will use no chlorine in its pulp-making process in its California mill by 1995. The shift is the result of a settlement with EPA and the Surfriders Foundation, he noted.

Louisiana Pacific does not make paper, he noted, and sells its pulp to paper mills. In the United States, mills have been reluctant to buy pulp made without chlorine, he said, and procurement requirements may help overcome this reluctance, he said.

''It's a bit more expensive and some say it is not bright enough,'' he said. Still, he noted, a strong market existed for this pulp in Europe, especially Germany and Swedish pulp mills provide chlorine-free pulp. The goal, he said, may help bring this market to the United States.''

However, EDF's Denison and a Greenpeace official doubted the goal would have that strong an impact.

This is a goal, not a standard, Denison said, adding that it was ''very modest, at that.''

''I'm happy with the concept,'' Denison said. ''It is a positive sign EPA has put chlorine use on the table. But it is unclear what the result may be. A goal of zero could be set, for instance. There is way too much wiggle room.''

Mark Floegel, a leader of Greenpeace's chlorine campaign, agreed, adding that the executive order should lead to a phase-out by the end of the decade, which he said was ''very possible.''

''If you give federal buyers too much discretion, they can put off the standard forever,'' he said.

Letters to Clinton from two U.S. representatives on July 19 and five U.S. senators on July 23 also strongly supported the need to reduce chlorine use and the inclusion of requirements to buy chlorine-free paper by federal agencies. The letters were signed by Reps. Henry Waxman (D-Calif) and Bill Richardson (D-NM) and Sens. Barbara Boxer (D-Calif), Ben Lighthorse Campbell (D-Colo), Thomas Daschle (D-SD), John F. Kerry (D-Mass), and Paul Wellstone (D-Minn).

THE WALL STREET JOURNAL.

Clinton Officials Bow To Paper Companies On U.S. Buying Plan

By a WALL STREET JOURNAL *Staff Reporter*

WASHINGTON – Clinton administration officials, yielding to pressure from major paper companies, are drawing back from a plan to require federal agencies to buy totally chlorine-free paper.

The decision, which awaits final White House approval, represents a defeat for environmentalists and for **Louisiana-Pacific** Corp. The Portland, Ore., paper company is believed to be the only U.S. company whose bleached kraft softwood pulp, a key component in most paper, is totally chlorine-free.

An executive order is expected to be released next month, but final language on the matter hasn't been worked out. However, an administration official said the executive order, while calling on federal agencies to set goals for purchasing paper with reduced chlorine content, won't insist on setting goals for purchase of paper that is totally chlorine-free. The official said the decision was arrived at in a meeting of administration officials late Monday.

Separately, the administration has tentatively decided to lower the required percentage of post-consumer recycled content in paper purchased by the federal government to 10% from 15%. The 10% requirement is expected to appear in the executive order.

Alan Hershkowitz, a senior scientist at the Natural Resources Defense Council, an environmental group, said he opposed dropping the totally chlorine-free standard because pulp mills will continue to discharge dioxin, an end product of the chlorine used to bleach pulp. "The adverse environmental impact associated with dioxin has been well-documented," he said.

JUL 19 '93 12:26 P.1

...ment, Christopher Bell is soon expected to become the first d... bled partner at Jackson, Lewis, Schnitzler & Krupman, says William Krupman, a partner at the big management law firm in New York. Mr. Bell, who is blind, came to the firm last December from the Equal Employment Opportunity Commission, where he helped ... agency guidelines based on the act. ... business

Post-it™ brand fax transmittal memo 7671	# of pages > 1
To Ken Connolly	From
Co.	Co.
Dept.	Phone #
Fax # 456-2710	Fax #

... during the past year. There are ... disabled managers among 558 management people at the specialized insurer's headquarters in Portland, Maine.

...for ways to retain managers when they become disabled, says Rick Douglas, executive director of the President's Committee on Employment of People with Disabilities, a public-private partnership.

But disabled managers still face plenty of obstacles. At one large manufacturer, an engineering vice president underwent treatment for manic depression just when ...ny president needed him to work ...rs. Michael Soltis, a Jackson ...rtner, says he persuaded the ... "to give [the man] a little bit ... off" rather than dismiss him. ...er situations, court rulings may ...rsuader. Experts say the recent ... involving the Chicago company ...mpt other businesses to give ex...eaves or allow flexible work hours ...anagers fall seriously ill. A few similar suits are pending.

In the Chicago case, the first job-bias case to go to trial under the disabilities act, a federal jury awarded 59-year-old Charles H. Wessel damages of $572,000. The EEOC had argued that closely held AIC Security Investigations Ltd. fired Mr. Wessel as executive director last July because of stereotypical fears about his cancer – and without warning him that his treatment-related absences had harmed his performance. AIC contended that Mr. Wessel's full-time attendance was an essential part of his job. Last month, a judge reduced the March jury award to $222,000. AIC is seeking a retrial.

Despite modest gains arising from the act and related suits, disabled managers find that myths about their capabilities still handicap their upward mobility. That has long been true even among advocacy groups. Mr. Douglas, for example, is the first director with a disability at the President's Committee.

"I had to be twice as good as my predecessor" to get hired in 1991, recalls Mr. Douglas, who has multiple sclerosis. Prejudice "has kept generations of [disabled] Americans in institutions and in back rooms," he continues. But "we are in a period of massive change. It's [just] not going to happen overnight."

Groups Seek Probe Of Paper Trade Body Over Antitrust Issue

By a WALL STREET JOURNAL *Staff Reporter*

NEW YORK – Consumer and environmental groups asked the Justice Department to investigate possible antitrust violations by the American Forest and Paper Association and its members, in a political scrimmage over the recycled content of paper used in government printing.

The trade association in March defined the word "recycled" for use by its members as paper having at least 10% post-consumer waste.

The environmental groups, which are pushing for post-consumer – or used and discarded – recycled content of 25% by the year 2000, say the program constitutes "product fixing"; they say it will drive smaller mills, whose factories can accommodate a higher level of post-consumer recycled paper, out of the market.

"The industry's definition of recycled would eliminate the use of most paper collected in recycling programs," said Eleanor Lewis, director of Government Purchasing Project, one of the groups petitioning the department.

In Washington, Red Cavaney, president of the trade group, said the allegations "totally mischaracterize the recycled content initiative," and added "there is nothing secretive about the initiative." The AFPA says its program is designed to maximize recycling by setting a level with which large mills can comply.

The federal government is the nation's largest paper buyer, and its purchasing standards often end up applying in state and local governments and in private industry. The White House is expected to issue an executive order this month dictating a 15% minimum standard.

Pemex Signs Pact With Idesa

MEXICO CITY – Petroleos Mexicanos SA signed a long-term contract with Mexico City-based Grupo Industrial Idesa SA to supply ethylene oxide for the production of ethyl glycol by Idesa.

Mexico's state oil company Pemex will supply 100,000 metric tons of ethylene oxide annually to Idesa's two mono-ethylene glycol plants for a period of 15 years. The two plants will be built in Coatzacoalcos, Veracruz, at a cost of $108 million and will be in operation at the end of 1995.

Pemex recently signed an agreement with Polioles SA to supply ethylene oxide for a period of three years. Polioles is a joint venture between Monterrey-based Grupo Industrial Alfa and the German petrochemical company BASF.

July 1993

Wall St. Journal
7-19-93, P. B2

NEWS RELEASE

For Release:
July 16, 1993

Contact: Ralph Nader or Eleanor Lewis, 202/387-8030; Dan Weiss, 202/675-6275

NADER AND ENVIRONMENTALISTS ASK JUSTICE DEPARTMENT TO INVESTIGATE PRINTING AND WRITING PAPER COMPANIES FOR ANY ANTITRUST VIOLATIONS

Ralph Nader and five environmental groups today called upon Attorney General Janet Reno and Anna Bingaman, Assistant Attorney General for Antitrust, to investigate the American Forest and Paper Association (AFPA) and companies belonging to its printing-writing paper division for possible violation of anti-trust laws relating to product-fixing. Product-fixing involves agreements among companies to market identical products.

Nader also asked Senator Howard Metzenbaum to hold hearings on the AFPA and its printing and writing paper division's anti-competitive practices. Metzenbaum is chairman of the Antitrust, Monopolies and Business Rights Subcommittee of the Senate Judiciary Committee.

Nader stated, "The industry's adoption of a unified position on what should constitute the recycled content of commodity grade printing and writing papers will deprive all consumers, including government agencies, of important marketplace choices between supposed competitors and will deprive government decision makers of competitive marketplace information."

MORE

/

Post-it™ brand fax transmittal memo 7671 | # of pages ▸ 3

To Ken Connolly	From Eleanor Lewis
Co.	Co.
Dept.	Phone # 387-8030

The New York Times

New York: sunny. High Low 70. Ton noon thunder day, high 77.

NEW YORK, THURSDAY, AUGUST 19, 1993

75 cents beyond the Greater New York metropolitan area.

An Alliance of 6 Big Consumers Vows to Use More Recycled Paper

By JOHN HOLUSHA

By the end of the decade, Prudential insurance policies, Johnson & Johnson Band-Aid boxes and Time Warner's billion copies of magazines a year may all be made of recycled paper, under a project announced yesterday by these and other companies working with the Environmental Defense Fund.

The project, which will start with feasibility studies, is aimed at reducing the burden on landfills and pumping up the anemic market for recycled paper by creating demand for billions of dollars worth of secondhand pulp.

The undertaking resembles an effort that the Environmental Defense Fund and the McDonald's Corporation announced in August 1990 to look into packaging disposal in the fast-food business. That led McDonald's to replace its plastic foam hamburger boxes with a less bulky paper wrapper.

A Varied Alliance

McDonald's has also joined the new alliance. The other members are the Nationsbank Corporation, the country's fifth-largest banking company, and Duke University.

Traditionally, environmental groups have relied on lawsuits and influence with regulatory agencies to further their goals. But John Ruston, a solid-waste expert at the Environmental Defense Fund, a leading nonprofit group in the field, said the coalition was formed as a signal to paper companies that if they make environmentally friendly paper, the buyers will come. Customers like Prudential, which spends $300 million a year on paper, are hard to ignore.

"The paper industry is the most capital-intensive one in the United States," he said. "They are not going to invest in new technology without the assurance of demand."

Currently, of the 22 million tons of printing and writing paper produced in the nation each year, only about 6 percent comes from paper that has been recycled from trash.

The alliance is forming as the Clinton Administration is preparing an executive order that is expected to direct Federal agencies to buy paper with increasing levels of recycled material. The Federal Government buys 300,000 tons of paper a year. The Clinton order, expected after Labor Day, may also include incentives against buying paper bleached with chlorine and chlorine compounds. Environmental

Continued on Page D12, Column 5

Some Big Paper Users Unite In Effort to Aid Recycling

Continued From Page A1

groups have been increasingly critical of the use of chlorine in bleaching wood pulp because of the toxic emissions from the process.

Although the Environmental Defense Fund did not address the chlorine issue today, it did say that its effort would include looking at the way paper is made. The group said it was focusing on paper because paper products make up one-third of all municipal trash.

Mr. Ruston said the companies in the group were selected for their size and diversity.

"You have financial services with Prudential and Nationsbank, packagers with Johnson & Johnson and McDonald's, and a full-service publisher with Time, including book publishing," he said. "The real value of the task force is that we are working with actual users of these products. You find what works in a business setting."

Mr. Ruston said the companies, which his group first approached last summer, were the only ones sought out. None declined to participate, he said, "but the courtship for some was longer than others."

The alliance does not include any publishers of newspapers, an industry where the amount of recycled materials used varies greatly. The New York Times Company, for example, uses 12 percent recycled newsprint in The Times and the 31 regional newspapers owned by the company. The company's magazine group, which includes Family Circle and Child magazines, currently uses no recycled paper. But a spokesman for the company said recycled paper was being tested and would be used if it was found to be of acceptable quality and readily available.

Some Disadvantages

The drawbacks to using recycled paper are usually appearance and strength. Recycled paper is often not as bright as virgin paper, because not all the ink is removed in reprocessing, and it is sometimes weaker, causing rolls of paper to break in printing presses.

Given that, the involvement of Time Warner is noteworthy, since its Time Inc. subsidiary requires high-quality paper stock, coated with clay, to produce magazines. Technology is gradually overcoming the problems associated with secondhand paper.

David Refkin, Time Inc.'s director of environmental affairs, said the company already published six of its magazines, including Entertainment Weekly and the Canadian edition of Time, on partly recycled paper.

He said 40,000 of the 250,000 tons of paper the company consumes yearly now has 10 percent wood fiber recovered from trash. "It is only in the last two years that it has become available in quantity," he said.

Several Cost Factors

It is not immediately clear whether buying recycled paper will save the companies in the task force money or add to their costs. That will depend on the availability and price of old paper to be recycled, the costs of de-inking and the economics of the paper mills making the new paper.

But generally, the larger a paper mill, the lower the cost of production. Until now, most recycled paper has been produced at relatively costly small mills. Those costs could drop if efficient large mills add de-inking equipment for recycling.

Paul Brummett, a purchasing manager at Duke University, said the price of paper with 30 percent recycled content dropped about 20 percent about a year ago, making it comparable to virgin paper. "When the price came down, we switched to recycled," he said.

The Environmental Defense Fund said the task force would aim not only to increase its members' use of paper products deemed to be environmentally safer but also to devise a purchasing model applicable to a broad range of companies and organizations. The results will be published within 18 months.

CHLORINE-FREE PAPER: FIRM ENVIROS "LOVE TO HATE" TO CASH IN?

Louisiana-Pacific and enviros are on the same side in a lobbying effort set to encourage the Clinton admin. to establish strict environmental standards for pulp and paper companies. A draft executive order being considered by the admin. includes a provision that calls on federal agencies to establish goals for the purchase of totally chlorine-free paper by 1995. L-P, "the company environmentalists love to hate," stands to benefit because it is believed to be the only US firm making totally chlorine-free bleached kraft softwood pulp -- a key ingredient in most paper. L-P's Barry Lacter said the firm "certainly didn't have anything to do with getting the provision" into the executive order, but "we were pleasantly surprised to see it there and we would love to see it stay as strong as it is now."

KEY DEMOCRATIC ALLIES: Georgia-Pacific Corp., along with other firms such as International Paper Co., are trying to "water down" the proposal. They are assisted by "key Democratic allies," including Senate Majority Leader George Mitchell (D-ME). Finding themselves on the same side as L-P "leaves a few environmentalists feeling queasy." Jonathan Turley, a George Washington U. law professor who advocates more aggressive criminal prosecution of enviro violations: "I'm not exactly comfortable with any policy that would elevate Louisiana-Pacific's current market share. ... When it comes to environmental infractions, Louisiana-Pacific can only be described as an overachiever." Three months ago when Louisiana-Pacific Corp. paid an $11.1 million fine in a pollution case, "many environmentalists complained that the penalty was too small and that criminal charges should have been filed" against L-P's executives" (Timothy Noah, W.S. JOURNAL, 8/24).

Natural Resources Defense Council

News Release

For Immediate Release
September 1, 1993

CONTACT:
Allen Hershkowitz, Karen O'Malley
(212) 727-2700
Jessica Landman, Sarah Silver
(202) 783-7800

NRDC URGES OMB, COUNCIL ON ECONOMIC ADVISORS, SENATE TO GET SMART ON GOVERNMENT RECYCLED PAPER PURCHASES

The Natural Resources Defense Council today urged federal officials to resist the paper industry's assault on a proposed Executive Order designed to increase government purchases of chlorine-free recycled paper. In letters to Vice President Gore; Leon Panetta, Director of the Office of Management and Budget; Laura D'Angela Tyson, Chair of the Council on Economic Advisors; and every U.S. Senator, NRDC warned that if the government did not send strong market signals to the paper industry encouraging the production of chlorine-free recycled paper, America's paper industry would soon become obsolete in the international marketplace. The Order has been significantly weakened over the last several weeks by the lobbying efforts of the American Forest and Paper Association.

"Saving recycling means saving the paper industry," said Allen Hershkowitz, NRDC Senior Scientist and solid waste expert. "The paper industry is today where the auto industry was twenty years ago -- using old, wasteful technologies while our overseas competitors develop advanced, efficient models that pollute less and will soon command a large chunk of the market."

"The strongest economic powers in the world have the highest recycling rates," continued Hershkowitz. "Unfortunately, of the 18 OECD countries, the U.S. ranks 15th in paper recycling. We are already closed out of many European markets because of our reliance on virgin timber and chlorine bleaching."

Hershkowitz explained that encouraging federal purchases of post-consumer recycled content paper is similar to U.S. laws setting national fuel efficiency standards in 1975. "Today, we will again be doing the U.S. economy a great benefit by requiring our obsolete and environmentally destructive paper industry to comply with a high post-consumer content, chlorine-free recycling requirement."

In its letters to the Washington officials, NRDC urged that the Executive Order include the following provisions:

40 West 20th Street
New York, New York 10011
212 727-2700

-- more --

1. That paper purchased by the federal government contain at least 20% post-consumer recycled content by 1996, and 40% by the year 2000;
2. That the government set procurement goals for chlorine-free paper; and
3. That the state and local markets also be opened up to environmentally oriented investing by requiring them to comply with the purchasing criteria set out in the federal Executive Order.

Since April 22nd, when President Clinton announced his intention to issue this Executive Order, NRDC has aggressively pursued a document that would maintain the above standards for recycled paper. NRDC has also signed on to a letter to President Clinton from a coalition of environmental organizations to be delivered today outlining the coalition's concerns over the current Executive Order, and requesting a meeting to address these concerns.

"We'd rather see no Executive Order at all than a bad one," concluded Hershkowitz. "This Executive Order will send a signal to diverse market interests, including state and local governments and the private sector. The Administration has the opportunity to set a national example, and drastically change market forces in favor of environmentally-friendly paper products."

# # #

A copy of NRDC's letter to the federal officials is available upon request.

ECONOMIC IMPACT OF PROPOSED RECYCLED PAPER STANDARDS

Prepared by

Environmental Protection Agency
Office of Solid Waste
Municipal & Industrial Solid Waste Division

August 1993

INTRODUCTION

STATUTORY REQUIREMENTS

Section 6002 of the Resource Conservation and Recovery Act requires Federal agencies to develop affirmative procurement programs that give a preference to the purchase of products that contain recovered materials. Section 6002 requires EPA to designate these items and issue guidelines for use by the agencies in fulfilling their affirmative procurement obligation.

Section 6002 further provides that agencies must maximize the postconsumer recovered materials content of the paper products that they purchase, provided that the paper is available at a reasonable price.

The Section 6002 requirements apply only to Federal agencies, contractors, and state and local recipients of Federal funds. They do not apply to private sector procurement. Also, the minimum content standards in EPA's guidelines are recommendations, not regulations. Therefore, paper companies are not required to make products that meet the guidelines. However, it is our hope that the government's decision to "buy recycled" will encourage the private sector to do the same.

EPA'S PAPER PROCUREMENT GUIDELINE

As required by RCRA Section 6002, EPA issued a paper procurement guideline in 1988. The guideline recommends that procuring agencies specify postconsumer content standards for most categories of paper (i.e., tissue products, newsprint, paperboard, and packaging). However, for printing and writing papers, the guideline recommends a standard of 50% total recycled content because, at the time the guideline was issued, insufficient quantities of printing and writing papers containing postconsumer materials were being made to meet the government's needs.

The guideline recommendations became a *de facto* national recycled content standard for paper products. Subsequently, many states established their own "buy recycled" programs. In addition to the 50% total recycled content, several states require that printing and writing papers contain 10% postconsumer recovered materials.

The recycled content commodity grade papers available today generally contain 50% total recycled content (40% pre-consumer materials plus 10% postconsumer materials). They have been manufactured primarily by small and medium sized, non-integrated mills. The barrier to use of recycled materials by large mills has been economic, rather than technical: at a 50% total recycled content level, it is not economically feasible for a large mill to produce commodity grade printing and writing papers.

The minimum content standards contained in the proposed Executive Order are a change in approach. They fulfill the statutory requirement to promote use of postconsumer materials while also recognizing the industry position that a 50% standard is a barrier to production of recycled content printing and writing papers on the industry's large, fast, papermaking machines. We expect that the change in approach will result in increased availability of competitively priced printing and writing paper containing postconsumer materials.

Ques. 1: **What percentage of commodity mills are capable of making printing and writing paper with a 10% postconsumer content?**

Answer: There is no technical barrier to use of 10% postconsumer materials. Therefore, all mills that manufacture commodity grade papers are capable of making paper with 10% postconsumer content. The total number of mills that produce recycled printing and writing papers at a 10% content level will be dictated by each mill's individual economic situation and by overall demand for this type of paper.

Ques. 2: **What is the capacity of those mills capable of making printing and writing paper with a 10% postconsumer content?**

Answer: As noted in the previous answer, all commodity grade mills are capable of manufacturing printing and writing paper containing 10% postconsumer materials. According to the American and Forest Paper Association[1], the 1992 U.S. capacity to produce printing and writing paper was approximately 25 million tons per year. Of this capacity, approximately 13 million tons per year is uncoated "freesheet," which would include the types of uncoated commodity grade papers specified in the proposed Executive Order. To put this in perspective, according to the General Services Administration (GSA) and the Government Printing Office (GPO), the Federal government purchased just under 300,000 tons of printing and writing paper in 1992.

---

[1] *1992 Statistics of Paper, Paperboard & Wood Pulp*, American Paper Institute (now American Forest and Paper Association), September 1992, Table IX.

Ques. 3: **What percentage of commodity grade mills are capable of making printing and writing paper at a 15% postconsumer content?**

Answer: As with a 10% standard, there is no technical barrier to use of 15% postconsumer materials in most commodity grade papers. The 15% content standard might be a technical constraint for lighter weight coated groundwood papers such as magazine papers. However, the proposed Executive Order does not apply to these papers, because the Federal government does not purchase them.

In order for a mill to use 15% postconsumer materials to produce competitively priced products, it must either substitute purchased deinked pulp for purchased virgin pulp, install deinking capacity, or rebuild its papermaking machines to increase their capacity. Not all of the mills producing uncoated commodity grade papers will have the ideal economic/technical situation that will allow them to make changes in order to produce recycled content paper competitively.

Therefore, while all mills that manufacture uncoated commodity grade papers are technically capable of making paper with 15% postconsumer content, not all of them are economically capable of doing so. The total number of mills that produce recycled printing and writing papers at a 15% content level will be dictated by each mill's individual economic situation and by overall demand for this type of paper.

Ques. 4: **What is the capacity of those mills capable of making printing and writing paper with a 15% postconsumer content?**

Answer: As discussed in the response to Question 2, the U.S. paper industry manufactures approximately 13 million tons per year of uncoated "freesheet," which would include the types of uncoated commodity grade papers specified in the proposed Executive Order. The capacity to produce paper containing 15% postconsumer materials will be somewhat less than 13 million tons, although the exact capacity will depend on which mills are in an economic position to use higher levels of postconsumer materials.

We estimate that 45,000 tons[2] of deinked market pulp are needed to meet the Federal government's demand for printing and writing paper containing 15% postconsumer materials. Both our estimate (588,000 tons) and estimates developed by the Environmental Defense Fund (525,000 tons) indicate that there is more than enough deinked market pulp capacity to supply paper to the Federal government. Both estimates are attached to Question 12.

There also are plenty of postconsumer materials available for use in making printing and writing papers. The National Office Paper Recycling Project estimates that 1.33 million tons of office paper were collected in 1990 and that 3.40 million tons will be collected in 1995[3]. As shown in the attached calculations, we extrapolated from these figures that 2.5 million tons of office paper will be collected in 1993. Less than 3% of this would be required to meet the Federal government's demand for printing and writing papers that contain 15% postconsumer materials. By the end of 1994, there will be over 25 times as much deinked market pulp available than is required to meet the Federal government's demand.

---

[2]The Federal government purchases approximately 300,000 tons of printing and writing paper annually [(300,000)(.15) = 45,000].

[3]*Supply of and Recycling Demand for Office Waste Paper, 1990 to 1995*, prepared for the National Office Paper Recycling Project by Franklin Associates, Ltd., July 1991, Tables 2-6 and 2-8.

Update Collection / Recovery Data for End of 1993:

NOPKP (million tons/yr)	Generation	Collection	
	8.1	1.33	1990
	9.2	3.40	1995
	8.76	2.57	1993

Interpolation for 1993

$(9.2 - 8.1) = 1.1$ million tons

Gen. 1993 is 60% of way to 1995.

$1.1 \times .6 = .66$

$8.1 + .66 = 8.76$ million tpy in 1993

Rec:

$3.40 - 1.33 = 2.07$

$(2.07)(.6) = 1.242$

$1.242 + 1.33 = 2.572$ million tons

$\cancel{\frac{6 \times 10^4}{2.57 \times 10^6}} = \frac{60,000}{2,570,000} = 2.3\%$

Ques. 5: **Who are the likely producers of printing and writing papers containing 10% postconsumer content (provide size and location)?**

Answer: The EPA paper procurement guideline currently recommends a 50% total recycled content standard for printing and writing paper, and the current *de facto* market standard is 50% total recycled content/10% postconsumer content. Because a 10% postconsumer only content standard is a significant change, we have no way of knowing who the producers of paper containing 10% postconsumer materials will be. Nor has industry shared such information with us.

Clearly, each of the mills currently producing a 50/10 product can produce a product containing 10% postconsumer materials. Attachment A is a list of these mills. There is sufficient deinked market pulp available to feed these mills with pulp made from postconsumer materials; see the response to Question 12 for additional information about deinked market pulp.

The mills with postconsumer deinking capacity also can produce printing and writing papers containing 10% postconsumer materials. Attachment B is a list of these mills, including mills with deinking capacity scheduled to come on line in the near future. Attachment B includes such major deinking facilities as the Union Camp mill in Franklin, VA (300,000 tons/year), the James River facility in Halsey, Oregon (48-80,000 tons/year), and the recently announced International Paper mill in Selma, AL (140,000 tons/year). Each of these facilities has sufficient capacity to meet the Federal government's needs.

Beyond these mills, each company will make a decision based on mill economics and market demand for printing and writing paper containing 10% postconsumer materials.

COMPANIES PRODUCING RECYCLED CONTENT PRINTING/WRITING PAPERS

Appleton Paper Company
Ohio

Badger Paper Mills, Inc.
Wisconsin

Boise Cascade
Various locations

Champion International Corp.
Various locations

Consolidated Papers, Inc.
Wisconsin

CPM, Inc.
New Hampshire

Cross Pointe Paper Corp.
Ohio

Eastern Fine Paper, Inc.
Maine

Esleeck Manufacturing Co., Inc.
Massachusetts

Fletcher Paper Company
Michigan

Fox River Paper Company
Wisconsin

Fraser Paper Ltd.
Maine

French Paper Company
Michigan

George Whiting Paper Company
Wisconsin

Georgia Pacific Corporation
Various locations

Gilbert Paper Company
New York

P.H. Glatfelter Company
Wisconsin

Hennepin Paper Company
Minnesota

Hopper Paper Company
Georgia

International Paper Co.
Various locations

James River Corp.
Various locations

Lyons Falls Pulp & Paper
New York

Mead Papers
Ohio

Mohawk Paper Mills
New York

Monadnock Paper Mills, Inc.
New Hampshire

Neenah Paper Company
Wisconsin

Niagara Paper Co. of Wis.
Wisconsin

Potlatch Corp., Northwest
Minnesota

Silver Leaf Paper Corp.
Michigan

Simpson Paper Company
California

Stora Papyrus Newton Falls
Wisconsin

Strathmore Paper Company
Massachusetts

Union Camp
Virginia

S.D. Warren Company
Maine, Michigan

Wausau Papers
Wisconsin

Westvaco Corporation
Various locations

Weyerhaeuser Corporation
Various locations

PAPER MILLS WITH POSTCONSUMER DEINKING FACILITIES

Name/Location	Postconsumer Deinking Capacity (000 tons per year)
Appleton Papers Inc. Ohio	11 - 68
Boise Cascade Corp. Washington	35
Burrows Paper New York	18 (1995)
Cross Pointe Paper Co. Ohio	19
Cross Pointe Paper Co. Wisconsin	18 (1995)
Ecofibre (Riverside) Wisconsin	28
Georgia-Pacific Corp. Michigan	70 (groundwood)
International Paper Co. Alabama	140
International Paper Co. New York	18 (1995)
International Paper Co. Pennsylvania	90 (1995 -- groundwood)
James River Oregon	48 - 80
Union Camp Virginia	300 (1995)

Sources: *Recovered Paper Deinking Facilities*, February 1993, American Forest and Paper Association, Economics Department; August 5, 1993 memorandum to Ken Connolly from Richard Denison, Environmental Defense Fund; *1990 Lockwood-Post's Directory*; *Pulp & Paper Week*, August 9-13, 1993 (Vol. 15, No. 30); EPA research.

Ques. 6: **Who are the likely producers of printing and writing papers with a 15% postconsumer content (provide size and location)?**

Answer: See answer to previous question.

Ques. 7: **Provide data reflecting overall Federal printing and writing paper procurement (present).**

Answer: GSA and GPO reported printing and writing paper purchases of 278,473 tons for FY 92. This figure includes Department of Defense (DOD) purchases from GSA and GPO but excludes DOD's direct purchases, the size of which is unknown. Based on these purchasing statistics, Federal government purchases of printing and writing paper account for approximately 2% of the national paper market.

Ques. 8: **Provide data or discussion to explain the assumption that there will be no cost for commodity mills to make paper with postconsumer content.**

Answer: EPA has never said that there will be no cost to mills. In fact, we expect that, in the short run, it will cost mills more to use postconsumer materials than to use virgin materials. This is because many high speed mills will need to purchase deinked market pulp, which will cost them more than it costs them to make their own pulp from virgin materials. We estimate that incremental production costs will increase as the amount of recycled content increases, as follows:

- 10% postconsumer content: 5 to 8%
- 15% postconsumer content: 8 to 12%

Attached are our calculations of the economics of using recycled fiber to meet a 50/10 standard and 10% and 15% postconsumer materials standards.

In the case of a mill without deinking equipment, there need not be any *initial* capital costs in order to produce printing and writing paper meeting a 10% or 15% postconsumer content standard. Instead, the mill will be able to purchase deinked market pulp and feed it directly into its papermaking process. The mill can subsequently add deinking equipment or continue to purchase market pulp.

Over the long term, as companies make the decision to build their own deinking plants (as International Paper, Union Camp, James River, Boise Cascade, and other large and small mills have done), their costs will decrease because they can make deinked pulp at a lower cost than they must pay to have someone make it for them. For example, in the attached article from *Pulp & Paper Week*, an International Paper spokesperson states that a newly announced deinked paper machine to be built in Selma, Alabama will lower costs.

COST ANALYSES

AUG 13 1993

ASSUMPTIONS USED IN ECONOMIC ANALYSIS OF RECYCLED CONTENT STANDARDS

Cost of Deinked Market Pulp: $500 to $550 per ton; used $525.

Source: Paper company's comments subsequent to EPA's March 1993 public meeting and from the literature.

Cost of High Quality Preconsumer Recovered Materials: $350 per ton.

Source: Paper company's comments subsequent to EPA's March 1993 public meeting.

Capitalization Factor: 15 %

Source: OW economic staff working on pulp and paper industry rulemaking.

Replacement Cost for 1000 TPD Pulp Mill: $300 million

Source: Private conversation with AFPA staff.

Operating Days for Integrated Pulp Mill: 350 per year

Source: Personal knowledge of paper industry operating practices.

Cost of Unconverted Commodity Grade Printing Paper: $650 to $700; used $675

Source: Private conversation with AFPA staff.

Increased Energy Costs Due to Shutdown of Part of Pulp Mill: $7 million for a 1200 per day kraft mill introducing 20 % postconsumer materials by curtailing 20 % of pulp production and pulping and cleaning waste paper. Thus, the figure is likely to overstate the increased energy cost associated with curtailing production and substituting market deinked pulp for virgin pulp made on-site, in that a mill not processing waste paper would require less energy than one that did. This cost, on a per ton basis, equals ($7 million)/(1200 t/d)(350 d/y) = $16.67/t at 20 % postconsumer content.

Source: Private conversation with mill personnel who recently made a conversion to postconsumer content by curtailing pulp production.

My computations assume this cost varies proportionally with the percentage of recycled materials used to replace existing virgin pulp.

For example, at a 10 % content, the cost would be (\$16.67/t)(10 %)/(20%) = \$8.33/t.

At 15 %, the cost would be (\$16.67/t)(15 %)/(20%) = \$12.50/t.

At 50 %, the cost would be (\$16.67/t)(50 %)/(20 %) = \$41.68/t.

Bob Dellinger

Bob Dellinger

ECONOMICS OF ATTAINING 50/10 PERCENT RECYCLED CONTENT

AT A

1000 TON PER DAY INTEGRATED VIRGIN PULP AND PAPER MILL

An integrated[1] virgin pulp and paper mill would have to purchase 100 tons per day of deinked market pulp to meet a 10% postconsumer requirement. Additionally, the mill would have to purchase 440 tons per day of unprinted preconsumer scrap paper (accounting for 10 % weight loss resulting from processing of the scrap paper) to enable it to meet a 50% total recycled content level. While adding these new materials, the mill would also have to close down half of its wood yard and pulp mill, which has a replacement value of about $300 million.

To meet a 50/10 recycled content standard, we estimate that a 1000 ton per day integrated virgin pulp and paper mill will incur increased production costs of $223 per ton of production, or 33% of the $675 per ton wholesale price of commodity grade paper. Our estimate is shown below:

Additional Annual Costs		($ million)
Cost of deinked market pulp:	(100 tpd)($525/t)(350 d/yr)=	$ 18.38
Cost of unprinted scrap paper:	(440 tpd)($350/t)(350 d/yr)=	$ 53.90
Increased energy cost:	($16.67/t)(50/20)(1000 t/d)(350 d/y)=	$ 14.59
Annual cost of closing one-half of wood yard and pulp mill:	($300 million)(0.5)(0.15)[2]=	$ 22.50
Total additional costs:		**$109.37**

[1]There are two types of mills, integrated and non-integrated. An integrated mill produces its own pulp from wood chips. A non-integrated mill does not produce pulp; rather, it purchases market pulp from others.

[2]The 0.15 figure is the capitalization factor used to convert capital costs to total annual costs.

Annual Savings

There would be **savings of $23.63 million** resulting from no longer having to operate one-half of the wood yard and pulp mill. Our estimate of savings is shown below:

Annual savings from closing
one-half of wood yard
and pulp mill: ($135/t)(500 t/d)(350 d/yr)= $23.63 million

Incremental Cost Increase ($ per ton)

The difference between the above two figures represents the incremental cost, on an annual basis, of achieving a 50% total recycled content, including 10% postconsumer recovered materials. Dividing this figure by total annual production (taking into account 10 % addition of fillers, etc.) yields the incremental increase in the cost of the mill's final product. This calculation is shown below:

Cost
Increase: ($109.37-$23.63 million)/(1100 tpd)(350 d/yr)=
$223/t[3]

[3]One industry estimate of the total incremental cost is $225/ton. Thus, our methodology and estimate seem reasonable.

ECONOMICS OF ATTAINING A 15 PERCENT POSTCONSUMER RECOVERED MATERIALS CONTENT STANDARD AT A 1000 TON PER DAY INTEGRATED VIRGIN PULP AND PAPER MILL

An integrated[1] virgin pulp and paper mill would have to purchase 150 tons per day of deinked market pulp to meet a 15% postconsumer requirement. The mill could take one of two approaches:

SCENARIO 1

Under this scenario, the mill would choose to produce recycled paper continuously, meaning that the mill would have to close down fifteen per cent of its wood yard and pulp mill, which has a replacement value of about $300 million.

Under this scenario, to meet a 15 % postconsumer content standard, we estimate that a 1000 ton per day integrated virgin pulp and paper mill would incur increased production costs of $82 per ton of production, or 12 % of the $675 per ton wholesale price of commodity grade paper. Our estimate is shown below:

Additional Annual Costs		($ million)
Cost of deinked market pulp:	(150 tpd)($525/t)(350 d/yr)=	$ 27.56
Increased energy cost:	($16.67/t)(15/20)(1000 t/d)(350 d/y)=	$ 4.38
Annual cost of closing fifteen % of wood yard and pulp mill:	($300 million)(0.15)(0.15)[2]=	$ 6.75
Total additional costs:		**$ 38.69**

---

[1]There are two types of mills, integrated and non-integrated. An integrated mill produces its own pulp from wood chips. A non-integrated mill does not produce pulp; rather, it purchases market pulp from others.

[2]The 0.15 figure is the capitalization factor used to convert capital costs to total annual costs.

Annual Savings

There would be **savings of $ 7.09 million** resulting from no longer having to operate one-tenth of the wood yard and pulp mill. Our estimate of savings is shown below:

Annual savings from closing
one-tenth of wood yard
and pulp mill: ($135/t)(150 t/d)(350 d/yr)= $ 7.09 million

Incremental Cost Increase ($ per ton)

The difference between the above two figures represents the incremental cost, on an annual basis, of achieving a 15 % postconsumer recovered materials content. Dividing this figure by total annual production (taking into account 10 % addition of fillers, etc.) yields the incremental increase in the cost of the mill's final product. This calculation is shown below:

Cost Increase: ($38.69-$7.09 million)/(1100 tpd)(350 d/yr)=
$82.1/t

SCENARIO 2

Under this approach, a mill would make recycled paper only on a periodic basis, when it became convenient to do so (e.g., the pulp mill is scheduled for a slowdown due to maintenance or repair). Incremental costs resulting from curtailing pulp mill production would not be attributable to production of recycled paper.

Under this scenario, to meet a 15 % postconsumer content standard, we estimate that a 1000 ton per day integrated virgin pulp and paper mill would incur increased production costs of $53 per ton of production, or 8 % of the $675 per ton wholesale price of commodity grade paper. Our estimate is shown below:

The cost increase would be the difference between purchased deinked market pulp and pulp produced on site, ($525/t - $135/t), or $390/t, for 150 tons of pulp. To compute the incremental cost per ton requires that we spread this incremental cost over the entire mill's production. The incremental cost per ton of production is thus equal to:

($390/t)(150t/d)/(1100t/d) = $53.18/t

Percentage cost increase = $53.18/$675 = 7.9 %

ECONOMICS OF ATTAINING A 10 PERCENT POSTCONSUMER RECOVERED MATERIALS CONTENT STANDARD AT A 1000 TON PER DAY INTEGRATED VIRGIN PULP AND PAPER MILL

An integrated[1] virgin pulp and paper mill would have to purchase 100 tons per day of deinked market pulp to meet a 10% postconsumer requirement. The mill could take one of two approaches:

SCENARIO 1

Under this scenario, the mill would choose to produce recycled paper continuously, meaning that the mill would have to close down ten per cent of its wood yard and pulp mill, which has a replacement value of about $300 million.

Under this scenario, to meet a 10 % postconsumer content standard, we estimate that a 1000 ton per day integrated virgin pulp and paper mill would incur increased production costs of $55 per ton of production, or 8 % of the $675 per ton wholesale price of commodity grade paper. Our estimate is shown below:

Additional Annual Costs		($ million)
Cost of deinked market pulp:	(100 tpd)($525/t)(350 d/yr)=	$ 18.38
Increased energy cost:	($16.67/t)(10/20)(1000 t/d)(350 d/y)=	$ 2.92
Annual cost of closing one-tenth of wood yard and pulp mill:	($300 million)(0.1)(0.15)[2]=	$ 4.50
Total additional costs:		**$ 25.80**

[1]There are two types of mills, integrated and non-integrated. An integrated mill produces its own pulp from wood chips. A non-integrated mill does not produce pulp; rather, it purchases market pulp from others.

[2]The 0.15 figure is the capitalization factor used to convert capital costs to total annual costs.

Annual Savings

There would be **savings of $ 4.73 million** resulting from no longer having to operate one-tenth of the wood yard and pulp mill. Our estimate of savings is shown below:

Annual savings from closing
one-tenth of wood yard
and pulp mill: ($135/t)(100 t/d)(350 d/yr)= $ 4.73 million

Incremental Cost Increase ($ per ton)

The difference between the above two figures represents the incremental cost, on an annual basis, of achieving a 10% postconsumer recovered materials content. Dividing this figure by total annual production (taking into account 10 % addition of fillers, etc.) yields the incremental increase in the cost of the mill's final product. This calculation is shown below:

Cost Increase: ($25.80-$4.73 million)/(1100 tpd)(350 d/yr)=
$54.7/t

SCENARIO 2

Under this approach, a mill would make recycled paper only on a periodic basis, when it became convenient to do so (e.g., the pulp mill is scheduled for a slowdown due to maintenance or repair). Incremental costs resulting from curtailing pulp mill production would not be attributable to production of recycled paper.

Under this scenario, to meet a 10 % postconsumer content standard, we estimate that a 1000 ton per day integrated virgin pulp and paper mill would incur increased production costs of $35 per ton of production, or 5 % of the $675 per ton wholesale price of commodity grade paper. Our estimate is shown below:

The cost increase would be the difference between purchased deinked market pulp and pulp produced on site, ($525/t - $135/t), or $390/t, for 100 tons of pulp. To compute the incremental cost per ton requires that we spread this incremental cost over the entire mill's production. The incremental cost per ton of production is thus equal to:

($390/t)(100t/d)/(1100t/d) = $35.45/t

Percentage cost increase = $35.45/$675 = 5.25 %

PULP & PAPER WEEK

News for the paper industry on PRICES ■ ECONOMICS ■ TECHNOLOGY ■ POLITICS

For the week of
August 9–13, 1993
Vol. 15, No. 30

960,000
- 360,000
600,000 = 2 times gov't demand of 300,000

400 t/d) 350 d = 140,000 t/y

140,000 / 600,000 = ~23.3%

Stone Container, IP announce containerboard price increases for Oct. 1 as downtime mounts

Two major U.S. containerboard producers have recently launched a new attempt to raise prices this fall and improve badly squeezed profit margins. Stone Container Corp. announced a $40/ton price increase for all containerboard grades effective with shipments Sept. 1. And International Paper Co. last week told its customers that it was raising containerboard prices by $25/ton in the East and West, effective with orders on or after Sept. 1. No mention of a specific price level was made in Stone Container's announcement, although an IP spokesman said their increase was designed to restore a list price of $350/ton on linerboard (42-lb) and $340 on corrugating medium in the eastern U.S.

The variation between the two announcements reflects the current confusion in U.S. containerboard markets. Prices on 42-lb linerboard in the eastern U.S. reportedly go from the $320 range *(Continued on p. 5)*

IP builds 360,000-tpy uncoated free-sheet machine at Selma, Ala., after labor agreement

Three months after "postponing" a new uncoated free-sheet paper machine, International Paper Co. announced it will now proceed with a 360,000-tpy unit at its Riverdale mill in Selma, Ala., and throw in a 400-tpd deinking plant along with it. Also included are two sheeters and a gas turbine generator. The mill currently has one 240,000-tpy white papers machine. Riverdale now produces various grades of market pulp, copy papers, and publishing papers. Suppliers and costs will be announced at a later date, a spokesman said. Startup of the new machine is set for mid-1995.

Last May, IP announced it would delay construction of the machine because of the inability of management and workers to agree on a labor contract (*P&PW*, May 3, p. 3). At the time, a mill spokeswoman said the project would not be presented to IP's board of directors. Union negotiators did not agree with a management request to extend the current labor agreement. IP started up the current machine in 1986 and had long planned to add at least one more. *(Continued on p. 2)*

Canadians make money from wood in B.C.; papermakers' losses swelling in the East

Canadian forest products companies turned in diverse earnings reports in the second quarter—large losses in the East and solid profits out West. In sum, results were at their best since early 1990. Once again, paper prices, by and large, remained depressed, with pulp prices actually weakening as the quarter progressed, but the wood products sector remained highly profitable. In addition, the declining value of the Canadian dollar relative to its U.S. counterpart continued to prop up net income at export-oriented Canadian firms. The Canadian dollar averaged US78.7¢ in second quarter 1993 compared with 83.7¢ in the year-ago period and 79.3¢ in first-quarter 1993.

For the three months ending June 30, 1993, a *Pulp & Paper Week* Survey of 18 companies shows a net loss of C$10 million, excluding net nonrecurring charges of $7 million. In comparison, the same 18 companies posted adjusted losses (net income before nonrecurring items) of $230 million in the year-ago period and a *(Continued on p. 4)*

This WEEK:

PULP & PAPER WEEK

***IP BUILDS MACHINE AT SELMA** (Continued from p. 1)*

This time around, mill manager J.W. Hilton said the decision to go ahead was made possible by the union members' agreement to a 40-month extension of their labor agreements with the company, along with "the reprographic and printing papers market capacity [and] the favorable local business climate." Workers at the mill are represented by United Paperworkers International Union locals 1441 and 1444 and the International Brotherhood of Electrical Workers local 2362. Riverdale currently employs about 700 people and will add at least 120 permanent new jobs.

The deinking plant will be similar to the one recently brought online at the company's Hudson River mill in Corinth, N.Y. That plant uses a "new" deinking process developed by the company that strips ink from non-impact laser-printed papers. It is not based on the Steinbeis deinking technology the company licensed from the German company in 1991, but rather is an unidentified proprietary process (Oct. 12, 1992, p. 6). The company said the Riverdale deinking plant "is expected to be one of the largest of its kind in the United States, and is an element in International Paper's program to extend the use of recycled fiber."

Addition of the new paper machine "will substantially lower the company's overall uncoated papers cost position and will allow us to re the expanding market for recycled papers," according to C. Wesley Smith, IP's executive vice president of printing papers. This will be one of the three largest paper machines in the world, leading Georgia-Pacific Corp.'s 325,000-tpy machine at Ashdown, Ark., brought online in 1991, and Boise Cascade Corp.'s 300,000-tpy unit at International Falls, Minn., which started up a year earlier.

Despite the fact that two new uncoated free-sheet machines are coming online over the next six months (Champion International Corp. at Courtland, Ala., this month, and Willamette Industries Inc. at Johnsonburg, Pa., in fourth-quarter 1993 or first-quarter 1994), no significant expansion is scheduled for the next few years.

John Maine, vice president of Resource Information Systems Inc., said as long as there are not several announcements of new machines, the market will welcome IP's addition. "I don't think there will be a major impact on the market if just [this] one new machine comes online, because we're going to need the capacity somewhere around that timeframe," he said. "The uncoated free-s market is an 11-million-ton market growing at 3-4%/year; you need at least a new machine every year to meet that kind of growth."

A major market competitor said he thought the deinking plant is "pretty nifty. I would not be surprised if another major company announced a deinking plant at a printing and writing mill" soon. As for the paper machine, he noted that the industry expects markets to be strong in the 1994-95 period.

ENVIRONMENT

Industry assails Great Lakes toxics rules

While saying the paper industry is committed to reducing persistent toxic materials in the Great Lakes Basin, industry representatives last week testified that proposed Environmental Protection Agency guidelines may be inflexible, and in some cases, flawed. The EPA has proposed the Great Lakes Water Quality Initiative, uniform toxics control guidelines that go beyond current regulations for improvement of the Great Lakes and their tributaries.

Among those testifying was Guy Griffin, manager of corporate environmental services for Potlatch Corp. He said the pulp and paper industry has invested more than $5 billion since 1972 to comply with federal and state clean water requirements for control of point sources, and plans to spend more. Griffin, who's also chairman of the American Forest & Paper Assn.'s Great Lakes Task Force, said that "imposing uniform water quality criteria on all uses and in all circumstances—without incorporating flexibility into the system—effectively eliminates the essential state role. The guidance should reflect a range of options designed to assist the states in meeting their objectives." He said that existing legislation does not require that all states develop identical guidance, though The Great Lakes Critical Programs Act of 1990 does mandate that EPA provide states with directions and options on how to clean up their waters.

Wisconsin mills pledge to cut emissions

Twenty-eight of Wisconsin's 29 pulp and paper companies have pledged to voluntarily reduce emissions of potentially dangerous substances. Acting through the Wisconsin Paper Council, the mills have created the Pollution Prevention Partnership with the Wisconsin Dept. of Natural Resources.

Target areas, using 1987 as a baseline year, include air emissions, wastewater discharges, and solid waste management. Specific goals are expected to be established in early January next year. Kimberly-Clark Corp., which is not a member of the council, didn't join the pledge. Wisconsin mills plan to spend about $187 million on environmental protection equipment in the 1992-94 time period, according to the council.

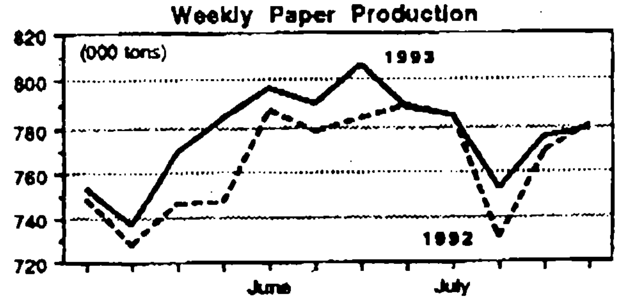
•**Georgia-Pacific Corp.** will invest more than $16 million at its Woodland, Maine, pulp and paper mill to cut pollution and make its products more environmentally friendly, according to government officials there. The investment will reduce chloroform emissions by eliminating sodium hypochlorite as a bleaching agent, replacing it with a sodium hydroxide stage that uses oxygen and hydrogen peroxide, G-P said. The company plans to begin construction in the summer of 1994.

"We believe [the improvements] will help us produce a product the market will want to buy," said mill general manager Chester Williams. He said the change will allow the mill to pursue "eco-labeling" certification in the European Community.

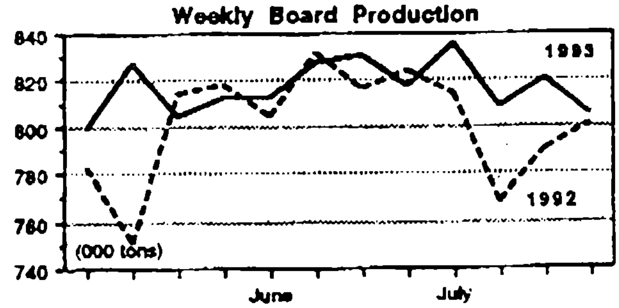
WEEK IN STATISTICS

Current week	Paper (000 tons)	Paperboard (000 tons)
Ended July 24	779	805
Ended July 17	776	820
Ended July 10	753	808
Year-to-date	22,853	23,775
% change from previous year	2.0%	2.1%

Weekly Paper Production



Weekly Board Production



Ques. 9: **Provide data reflecting the anticipated changes in overall Federal procurement of printing and writing paper (future).**

Answer: According to GPO, printing procurements historically have increased by 2 - 4% annually. This trend might not continue in light of down-sizing by the Department of Defense and other agencies.

GSA has recorded 30% fluctuations in its sales to other agencies through its schedules and stock program. GSA attributes these fluctuations to variations in the purchasing price it pays to its vendors, rather than to changes in agency demand. The tonnage of paper sold to other agencies by GSA has remained relatively constant. GSA does not know how its sales will be affected by agency down-sizing.

Down-sizing at DOD and other agencies will continue in FY 94 and beyond. Therefore, it is too early to predict whether overall Federal procurement of paper products will increase, decrease, or remain constant in the future.

Ques. 10: Discuss the impact of the paper provisions on the Federal budget, generally.

Answer: The major impact of the paper provisions in the proposed Executive Order could be a short term increase in paper prices over the price of comparable virgin items. As shown in the attachment to Question 8, we anticipate that a 10% postconsumer content provision could result in production cost increases of 5 - 8%, while the 15% postconsumer content provision could result in it costing a typical mill 8 to 12% more to produce commodity grade printing and writing papers. Under a worst case scenario, the production cost increases could result in increased procurement costs of $15 - 24 million for paper containing 10% postconsumer materials and $24 - 36 million for paper containing 15% postconsumer materials.

We would not expect to incur such budget increases, however, because of competition for the Federal market and new deinking capacity coming on line at several large commodity mills (see response to Question 5). For example, as reported in the attached memorandum to Ken Connolly from Vaughn Profit-Breaux, the City of Seattle purchased xerographic paper containing 50% *postconsumer* materials at a lower cost than it previously paid for virgin xerographic paper, principally because of the addition of a large, new deinking facility at James River's Halsey, Oregon pulp mill.

To ensure that Federal agencies make significant purchases of recycled xerographic and computer paper, the proposed Executive Order would direct agencies to purchase recycled paper even if it costs more. However, the Order caps agencies' paper purchases at average annual spending levels.

Provisions are included that allow agencies to exceed average spending levels for good cause.

We anticipate that any increased paper costs would be offset by reductions in the amount of paper used by the agencies. For example, if 30% of the photocopies made by the Federal government were two-sided, paper use would decrease by 15%. Private sector examples show that such reductions are achievable: AT&T's New Jersey Customer Information Center and Seagate Technologies report reductions in paper use of 41% and 33%, respectively, through two-sided copying and other paper reduction activities. Similarly, Bell Communications and New York City estimate that reductions on the order of 11 to 55% are attainable, depending on the aggressiveness of their outreach and education programs.

Thus, even if paper mills pass on their increased production costs, and even if those costs are as much as 12% higher under a worst case scenario, the net impact on the Federal budget could be negligible. Based on private sector experience, a 12% reduction in paper usage should be readily achievable. Thus, there is good reason to believe that the recycled paper provisions will be, at a minimum, revenue neutral. Additionally, the recycled paper provisions provide a very real incentive for agencies to identify and implement waste prevention techniques that may result in significant savings to the Federal government.

City of Seattle
Department of Administrative Services

Purchasing Services Section

Kenneth J. Nakatsu, Director
Norman B. Rice, Mayor

MEMORANDUM

DATE: August 10, 1993

TO: Ken Connoly, White House Office on Environmental Policy

FROM: Vaughn Profit-Breaux, Administrator, Buy Recycle Program VB.

SUBJECT: Usage of high post-consumer paper

Per our conversation last week I am faxing you a brief history of the usage in the City of Seattle of xerographic paper containing a high post-consumer rate. I might add that I have just read the story from *The New York Times* on the controversy that is continuing to brew over the definition of recycled content. I can emphatically say that a minimum post-consumer content of 25% works well for the City of Seattle.

Approximately fourteen months ago when we first began trying to convert the entire City government to recycled paper we found a few pockets, primarily one print shop, where recycled paper containing a minimum of 10% post-consumer content was being used. At that time, the E.P.A. had issued a standard of 10% post and most recycled papers only contained that amount and the price was just starting to even out in relationship to that of virgin paper. Also, most of the recycled papers were manufactured back east in Wisconsin.

There has been a tremendous boom in development of new recycled papers with varying post-consumer contents. Because of our Buy Recycled Ordinance we required all paper products purchased to be made from recycled paper. We tested papers for all printing and copy applications, including the printing of our utility bills. The one paper that worked in every application was James River Eureka! which contains between 25 - 30% post-consumer wastes. This paper is manufactured in Northern California and in early July they doubled their capacity to manufacture Eureka!. There are other high post-consumer with varying degrees of brightness.

Earlier this summer before James River increased their capacity there were shortages of regular Eureka! that caused us to test other papers. James River had just come out with Eureka! 100 with a 50% post-consumer content and is not bleached with chlorine in de-inking. This paper worked well in all our stand alone copiers but did not collate well in the high-speed copy centers. Our Central Stores Section began substituting Eureka! 100 for orders of copy paper to all our offices. No one has noticed because the labels are similar. Interestingly, because our Central Stores was recently placed into competition with any office by allowing them to purchase off the same contracts, Central Stores re negotiated their price and Eureka! 100 is bought at the same rate as Eureka! and $.22 per ream less than our previous contract for virgin copy paper. We pay $2.44 per ream through Central Stores and use approximately 168,059 reams of white 20# 8 1/2 x 11 copy paper per year. This saves us $36,973 annually.

As I stated in our conversation, while copy paper is important, don't get bogged down on this issue. As you see, the discussion alone is all consuming. Architectural and construction products are where the government can make the largest contribution. Tax incentives for market development should also be a component.

If I can be of any further help on any category, please don't hesitate to call me at (206)684-0457. I look forward to working with you once G.S.A. makes up its mind to do appointments out here.

Ques. 11: **Provide data supporting the cost assumptions and implications for the Federal government which would occur with the proposed Executive Order in place. If cost saving, how and where? If cost increases, how, where, and why?**

Answer: Worst Case Cost Increases. The data supporting the industry impacts are attached to the response to Question 8. The worst case impacts on the Federal budget are calculated as follows:

(.05)(300,000 tons)($1,000/ton) = $15 million
(.08)(300,000 tons)($1,000/ton) = $24 million
(.12)(300,000 tons)($1,000/ton) = $36 million

where

.05, .08, and .12 are the potential increased production costs,

300,000 tons is the amount of paper purchased by the Federal government in 1992, and

$1,000/ton is the average cost/ton paid by the Federal government for printing and writing paper in 1992.

Savings Achievable through Source Reduction. Attached is a memorandum from Mia Zmud of EPA's Source Reduction Section to Robert Dellinger, Deputy Director of the Municipal & Industrial Solid Waste Division, documenting the cost savings from implementation of source reduction actions that were described in the answer to the previous question. The private sector and local government examples demonstrate that significant reductions in paper use are achievable through implementation of source reduction techniques.

Bob: **New Paper Reduction Info.**

AT&T (New Jersey operations/50,000 employees)

- **Several departments have <u>easily</u> met 15% paper reduction goal by practicing different paper reduction activities (in addition to duplexed copying)**

- **Verification that their Customer Information Center reduced paper usage by 41%**

Gina

PAPER REDUCTION SAVINGS ESTIMATES
(detailed information)

<u>Bell communications</u> **Ron Hutchinson (908) 699-3959**

employees = 8,700

Practice: Duplex copying in reproduction center

Savings: **12.5% - 45%**
- Annual copying rate: 70 million copies
- 25% to 90% duplexing rate
  - 25% = 8.75 million pages reduced (@ $.005 per page = $43,750)
  - 90% = 31.5 million pages reduced (@ $.005 per page = $ 157,000)

<u>INFORM, Inc. Report Estimating Savings from Duplexing</u>

▪ **AT&T**

Base-line Data:
- 46 million pages/month [522 million/year]
- 22% duplex rate

Projected Savings: **14%**
- if increase duplex rate to 50%
- will reduce paper usage by 77 million sheets/year
- estimated savings in paper purchases = $385,000

Verification: **Ann Dulosh (908) 221-2224 George Perry (908) 771-4211**
- Established a Quality Team for Paper Reduction; have obtained measurable results
- Waiting for call back 8/12

▪ **New York City**

Base-line Data:
- uses 1.8 billion sheets/yr
- spends $9 million per year ($25/carton of 5000 sheets)
- no duplexing

Projected Savings: **11% - 55%**
- @ 50% duplexing rate = $1 million/year purchase savings = 11% reduction
- @ 50% duplexing rate + 20% reduction in # of copies = $3 million savings = 33%
- @ max duplixing rate + 33% reduction in # of copies = $5 million savings = 55%

Verification: **Dave Klectner (Recycling Division) 212-837-8178 or Carolyn Gelb (8177)**
- Since study, issued a directive to all government offices to practice paper red.
- Recently completed a follow-up survey; have preliminary results; will discuss 8/17

Seagate Technologies Rob Clark (408) 439-7371
- Base year photocopy paper purchases: $14,500/mo (174,000/yr)
- Second year photocopy paper purchases: $10,000/mo (120,000/yr)

Practices:
- Double-sided copying
- Routing system

Savings: **33%**
- Cut paper usage by one third
- Saves $54,000 in purchasing costs
- Saves $12,000 in disposal costs

Itasca County Courthouse (MN) **Ken Brown (612) 649-5750**

- # employees: 350
- Copy paper purchase February - April 1989: 1,053 reams
- Copy paper purchase February - April 1990: 1,000 reans

Practices:
- Duplex copying
- Reuse of paper used on one side

Savings: **5%**
- 5% reduction in copy paper purchases
- $739.88 per year

Herald Review Newspaper (MN) **Ken Brown (612) 649-5750**
Practice: Reuse the remaining blank side of used paper for note pads and bundle labels.

Savings:
- volume of waste avoided: .15 cu yd
- weight of waste avoided: 120 lbs
- cost savings (not including disposal savings): $180/year

Ques. 12: **Provide data supporting the essential assumptions about the impact of the proposed Executive Order on industry.**

Answer: The impacts on industry pertain to materials, operating, and capital costs. Related factors are availability of deinked market pulp and supply of sufficient postconsumer materials to feed deinking systems.

Impact on Industry. Refer to the attachment to Question 8, which provides the assumptions and engineering calculations of the economics of meeting a 50/10 recycled content standard and 10% and 15% postconsumer content standards. The assumptions include: the costs of deinked market pulp, high quality preconsumer recovered materials, and unconverted commodity grade printing paper; the capitalization factor used in agency pulp and paper industry rulemakings; mill replacement costs; the typical number of days that mills operate; and changes in energy costs due to substitution of market pulp.

Availability of Deinked Market Pulp. Attached are the data used to support our calculations of deinked market pulp availability. We used data developed by an industry publication, subtracted out capacity located in Canada or unavailable due to mill closure, and separated the remainder based on the year in which it is available (1993, 1994, or 1995). Independently from EPA, the Environmental Defense Fund calculated deinked market pulp availability based on American Forest and Paper Association (AFPA) data and mill surveys. EDF's data, also attached, corroborate our calculations. The EDF data includes the AFPA data, which shows even *greater* capacity than calculated by us or EDF.

Supply of Postconsumer Materials. In the response to Question 4, we addressed the availability of an adequate supply of postconsumer materials to produce printing and writing paper to meet the Federal government's annual requirement of approximately 300,000 tons. The attachment to that response contains our calculations of the tonnage that will be collected in 1993 -- 2.57 million tons. As explained in the following discussion, to produce the 300,000 tons of printing and writing paper used by the Federal government, only 1% of the 2.57 million tons is required to produce printing and writing paper at a 10% postconsumer content standard, and only 2% is required to produce printing and writing paper containing 15% postconsumer.

The yield loss when postconsumer materials are deinked and pulped is approximately 30%.[4] In other words, an additional 30 tons of postconsumer materials are required for each 100 tons of deinked pulp produced. This means that if all of the printing and writing paper purchased by GSA and GPO contained 15% postconsumer materials, approximately 58,500 tons of postconsumer materials would be needed [(300,000 tons

---

[4]Table 9, *Evaluation of Proposed New Recycled Paper Standards and Definitions*, prepared for Recycling Advisory Council by Franklin Associates, Ltd., October 8, 1991.

purchased) x (.15 postconsumer content) x (1.3 yield factor)]. To meet a 10% postconsumer content standard, approximately 39,000 tons of materials would be needed [(300,000 tons purchased) x (.10 postconsumer content) x (1.3 yield factor)]. There should be more than enough postconsumer materials available to produce recycled content printing and writing paper for the Federal government.

Market Deinked Pulp

ATTACHMENT I

150 tpd
180
250
240
~~110~~ Canada
360
~~50~~ closed
130

(1680 tpd)(350 d/y) = 588,000 tpy

220
150 Now
~~60~~ Canada
400
200
300

(1400 tpd)(350 d/y) = 490,000 t/y

500 End of 1994 = Total = 1,183,000 tpy

340
400
400

(1610)(350) = 563,500 tpd

470 End of 1995 = Total = 1,746,500 tpy

PAPER RECYCLER

April 1993 Vol. 4, No. 4

Old newspapers is rising star in otherwise overcast market

While prices for most other grades of wastepaper stabilized or dropped in March, old newspapers (ONP) prices continued a slow but steady advance. Since last summer, ONP prices have gradually risen and are now between 65% and 82% higher than they were a year ago (see table, p. 3). Domestic demand for ONP has improved as a result of both new deinking operations and better running times at traditional users such as recycled paperboard mills. On the export market, ONP was the only category that improved from 1992, by a substantial 21.9% (see table, p. 4).

Market observers reported in March that ONP was probably the strongest grade. Dealers who weren't handling it several months ago are handling it now. Last March, mills in the Northeast were getting No. 6 news for free or being paid $5/ton to take it because ONP suppliers would otherwise have had to pay higher tipping fees at the landfill. In March, mills paid $10-$15/ton. This is still not enough, though, to cover baling costs of $25/ton

(Continued on p. 4)

Deinked pulp capacity floods market, but appears to find a home—for now

While some planned deinked market pulp projects have been delayed beyond initial projections and some existing facilities have been closed, sources in the business remain fairly bullish. About a dozen mills are currently onstream, and at least as many more are due online by 1995 (see table, p. 6). Current North American industry capacity is estimated at about 1,750 short tpd (not including joint-venture deinked newsprint pulp mills).

Some producers also have converted existing equipment to making deinked market pulp. Statler Tissue Co. revamped an existing tissue machine to produce about 200 tpd of air dried, 50% postconsumer-content deinked market pulp that is sold to supercalender, groundwood printing, coated and uncoated free-sheet, and some tissue customers.

The American Forest & Paper Assn. (AFPA) recently reported that over the 1992-97 period, 24 projects from 20 companies totaling 1.6 million metric tons are slated for completion. The average annual growth rate over the five-year period—should these projects actually be completed—would be almost 31.0% compared with 2.1% for chemical paper-grade market pulp capacity growth for the 1992-95 period, according to Joseph C. Nicolello, manager of AFPA's pulp group.

Capacity that has recently come online includes EcoFibre Inc.'s facility in DePere, Wis., which started up in August 1992. It supplies about 10% of its output to Riverside Paper Corp.'s Kerwin Paper Co. unit, and the other 90% is available on the market and has been contracted for. EcoFibre will not reveal its capacity or customers. The company is considering expansion tar-

(Continued on p. 6)

Printing/writing papers dominate EPA hearings on procurement

A two-day public meeting to discuss revisions to the Environmental Protection Agency's (EPA) "Guideline for Federal Procurement of Paper and Paper Products" was held on Apr. 17-18 in Washington, D.C. Comments were heard from representatives of 30 principal groups involved in the long-running battle over recycled-content standards and requirements, including the **American Forest & Paper Assn. (AFPA), the Recycling Advisory Council (RAC), the National Recycling Coalition (NRC), the American Society for Testing & Materials (ASTM), and the Paper Definitions Working Group** (PDWG). Following the comment period, Bob Dellinger, Deputy Director for EPA's Municipal and Industrial Solid Waste Div., posed five questions and invited the audience to respond to these questions in writing (see sidebar, p. 7).

(Continued on p. 7)

IN THIS ISSUE

DEINKED PULP FINDS A HOME *(Continued from p. 1)*

geted for startup in 1994. **Kieffer Paper Mills Inc.**—which brought a 110-tpd mill online in Brownstown, Ind., in May 1992—said it is looking to debottleneck current capacity, leading to an anticipated capacity of about 130 tpd.

Superior Recycled Fiber Industries broke ground on its 250-tpd mill in Duluth, Minn., in June 1992 and is aiming for a September 1993 startup. **Burrows Paper Corp.** began site work last August on a 100-tpd deinked pulp mill in Little Falls, N.Y. The company will use about half the mill's output to make lightweight specialty papers and will market the remainder. Startup is slated for November 1993. **Minnesota Pacific Pulp & Paper Inc.**'s 200-tpd project in Port of Duluth, Minn., is due online in fourth-quarter 1994 rather than sometime in 1993 (*PR*, August 1993, p. 1).

DeNovo Corp.'s project with Southern Electric International in Fredericksburg, Va., has been put on the back burner, though DeNovo expects its 150-tpd effort with **Consumers Paper Corp.** in Redcliff, Alta., to go online in 1994 after a year-long construction phase beginning this spring. About 60% of the mill's output will be used in Consumers' tissue facility, and the rest of the deinked pulp will be marketed. **Pencor Inc.** has raised capacity at its planned Hagerstown, Md., mill—due onstream in third-quarter 1994—to 400 tpd. Pencor is also looking at two potential sites for deinking facilities similar to the one in Hagerstown.

Solar International Trading Corp. also increased its planned capacity for a mill in Morrisville, Pa., to 840 tpd. Groundbreaking is expected this April, startup at the end of 1994, and pulp production in first-quarter 1995. **Scott Paper Co.** has contracted to take 40,000 tpy of the pulp; the balance will go on the market. Solar is also planning to install a 400-tpd "gray pulp" line (pulping without deinking) at the mill, with startup expected about a year after the deinking line goes onstream. The gray pulp would be used to make industrial towels, bags, fiberboard, etc. Solar said it will separate mixed office waste into high-quality material for the deinking mill, medium quality for the gray pulp line, and the rest will be used as fuel to make steam and electricity for the pulp mill.

Capacity of **American Power Recyclers L.P.**'s Barrackville, W. Va., mill has been bumped up to 470 tpd, but startup has been delayed until spring 1995 instead of 1994. **Ponderosa Fibres of America Inc.** has moved back startup of its 400-tpd mill in Northampton, Pa., to first-quarter 1995.

One new project on the drawing board is being initiated by **International Resource Recycling**, which is based in Richmond, Va. The company is negotiating to lease space at South Jersey Port Corp.'s Camden, N.J., terminal. The terminal is on the Delaware River across from Philadelphia. If the company can get the appropriate permits, construction on the $85-million mill could begin by mid-year. The mill would convert 400 to 500 tpd of wastepaper, including about 100 tpd of old newspapers and old magazines. As the proposal now stands, Scott would take 50% of the mill's deinked pulp.

Market prospects. Despite the deluge of new capacity, market observers are optimistic that it will continue to be absorbed by the market. The strength in deinked market pulp has persisted even though "deinked pulp is currently selling at a premium to a lot of virgin fiber," noted a source. He added that "there should be a sellers' market for the next five to seven years, provided people can make a product of quality."

Another supplier said that "as paper mills gain confidence in the quality of their supply of market deinked pulp, they are introducing it into new grade lines and/or expanding it into

DEINKED MARKET PULP PRODUCERS, EXISTING AND PROPOSED

COMPANY/LOCATION	DEINKED PULP CAPACITY (SHORT TPD)	INITIAL STARTUP DATE
Ponderosa, Santa Ana, Calif.	150	1966
Ponderosa, Augusta, Ga.	180	1970
Ponderosa, Oshkosh, Wis.	250	1972
Ponderosa, Memphis, Tenn.	240	1974
Desencrage Cascades, Breakeyville, Que.	110	1986
Mississippi River, Natchez, Miss.	360e.	1990
Prime Fiber, Appleton, Wis.[1]	50	1991
Kieffer Paper Mills, Brownstown, Ind.	110 → 130	1992
EcoFibre/Riverside Paper, De Pere, Wis.[2]	n.a.	1992
Fox River, De Pere, Wis.	220	1992
Dynamis, Sanger, Calif.[3]	150	1993
Superior Recycled Fiber, Duluth, Minn.	250	Sept. 1993
Burrows Paper, Little Falls, N.Y.[4]	50	Nov. 1993
DeNovo/Consumers Paper, Redcliff, Alta.[5]	60	Spring 1994 ?
Pencor, Hagerstown, Md.	400	3Q 1994
Solar International Trading, Morrisville, Pa.	340	4Q 1994
Minnesota Pacific, Port of Duluth, Minn.	200	4Q 1994
North American Recycling Systems, Fort Edward, N.Y.	300	late 1994
Great Lakes Pulp & Fibre, Menominee, Mich.	500	1994
Green Bay, Vancouver, Wash.	400	Jan. 1995
Ponderosa, Northampton, Pa.	400	1Q 1995
American Power, Barrackville, W. Va.	470	Spring 1995
Caithness King, Michigan	300	n.a.
International Resource Recycling, Camden, N.J.	n.a. 400-500	n.a.

1870 – 1890 tpd

300 tpd

1Q 1995

e = Estimate. n.a. = Not available.
1. Mill closed Dec. 16, 1992. Company is seeking new financing.
2. EcoFibre provides about 10% of its pulp to Riverside's Kerwin Paper unit; the other 90% is marketed. EcoFibre will not reveal its capacity.
3. Ink in pulp will be dispersed but not removed.
4. Burrows will use an additional 50 tpd in paper production.
5. Consumers will use an additional 90 tpd in tissue production.
Source: Paper Recycler.

1994 = 1460 tpd

1995 = ~~1270~~ 1610 tpd

@ 350 days = 1,974,000 tpy

5240 tpd
+ 400 IRR
5640

grade lines so they can meet various recycled-content standards." Papermakers are using recycled fiber in papeteries, cover, text, coated grades, and cast coated grades, he added.

Other suppliers agreed that deinked pulp is gaining ground in coated papers. The market could also get a boost from the apparently pro-environment bent of the Clinton/Gore Administration, especially from legislation enacted to promote the use of recycled fiber. For now, however, deinked pulp producers have by no means exhausted their potential market. "My experience is that the market is not nearly as vertical as we had anticipated," said a source at a company currently building a deinked pulp mill. Customers "are not buying nearly as much as I had thought individually . . . I see a lot of people making little commitments. An awful lot of people are getting their fingers wet," he said, indicating that this broad base could develop into strong demand as the market picks up.

Customers are demanding a higher percentage of postconsumer fiber in deinked market pulp so they can buy less pulp to achieve a specific postconsumer content, noted one supplier. Another supplier said customers want "better quality out of recycled pulp manufacturers. They want it closer to virgin pulp." But suppliers can sometimes go too far in cleaning up deinked pulp. "We have had people use our pulp and say it's too clean, and they have purchased laser ledger, for example, and put it right in their system to dirty up the pulp." He explained that some customers complain that pulp that is too clean doesn't look recycled.

Market factors. Deinked pulp specs vary from producer to producer, and it is difficult to find a representative grade. **Pulp with a higher postconsumer content is more expensive.** One supplier said 20% postconsumer content deinked pulp (with the remainder deinked preconsumer) is going for $440/a.d. short ton f.o.b. mill, and 50%-postconsumer content is at about $460. He said these tabs were the same as in fourth-quarter 1992. Another supplier said prime 75%-postconsumer content pulp is selling for $530/ton, while a more "normal" quality 75%-postconsumer pulp is at $500, and 100%-postconsumer pulp sells for about 10% more. These prices were flat from fourth-quarter 1992, according to some contacts. However, a third contact said 100%-postconsumer pulp is selling for more than $500/ton currently vs $450-$475 in fourth-quarter 1992. Producers said that prices could go up in second-quarter 1993. ■

FOCUS ON PRINTING/WRITING (*Continued from p. 1*)

Those attending the meeting reported that printing/writing papers were the topic of the day. "Most time was spent deciding how printing/writing guidelines should be altered, but 'how' was the issue of the day," said Jane Erkenswick, who represented **Fiber Options Div., Recycling Services Inc.** There was considerable discussion about how to get big commodity paper machines involved in recycling, with the general feeling being that large, integrated commodity machines can make a difference. Further discussion focused on the differences between coated and uncoated printing/writing papers and whether or not the standards for the two grades should vary.

EPA POSES QUESTIONS

EPA's Bob Dellinger posed the following questions to attendees of the two-day meeting and invited them to reply in writing:

- Will the requirement of postconsumer fiber increase the costs of producing recycled paper? Will it make recycled paper cost prohibitive?
- Can manufacturers use more than 10% processed fiber in uncoated printing/writing paper?
- How can EPA assure it is maximizing the postconsumer content in products purchased if a total recycled-content standard is used? (EPA has a statutory requirement that says when procuring agencies purchase products, they must maximize use of postconsumer materials.)
- Are any mills producing recycled printing/writing paper with 50% recycled content, or do all papers have 50% recycled with 10% postconsumer fiber (or higher)? If the AFPA proposal was accepted, would there be postconsumer fiber shifting? Would postconsumer fiber be shifted from tissue and [illegible] grades to printing/writing paper, for example, with no net increase in postconsumer fiber use?
- If 50% recycled/10% postconsumer is the de facto standard, why are federal agencies buying so little recycled commodity paper? Is the 50%/10% standard only for states and the private sector?

Those wishing to respond should forward comments to: U.S. EPA, c/o Docket Clerk, 401 M St. S.W., Reference [illegible] RCRA Docket No. OS-305, Washington, D.C. 20460. The deadline to reply is Apr. 16, 1993. ■

Other key issues included measurement by total fiber weight, elimination of the term wastepaper for definitions, how to certify content and what processes are needed by paper mills to track content, and labeling. The message from state governments seemed to be that the federal government needs to become a stronger leader in this realm, although no state appeared to be willing to back down on its own legislation—even if federal standards change.

Focus on printing/writing. AFPA's Printing/Writing Div.—which includes 17 companies such as **International Paper Co., Cross Pointe Paper Corp., and P.H. Glatfelter Co.**, and which was represented by **Westvaco Corp.** senior vice president Lee Andrews—presented its proposal for a new recycled-content standard for printing/writing paper. The proposed standard calls for a minimum 50% recovered paper or a minimum of 10% postconsumer/processed recovered fiber (measured by weight). Postconsumer is included in current EPA definitions, and processed recovered fiber (which is paper requiring removal of materials such as ink) is in current ASTM definitions.

Andrews explained that the majority of recovered fiber use in printing papers has been at nonintegrated mills on smaller paper machines, while larger commodity producers have shied away from recycling, largely due to the current 50% recycled-content requirement. The definition would open up recycling to bigger paper machines, and AFPA estimated that if only 25% of the large printing/writing producing machines (200+ short tpd) used 10% recovered fiber, it would increase

ENVIRONMENTAL DEFENSE FUND

Capital Office
1875 Connecticut Ave., N.W.
Washington, DC 20009
(202) 387-3500
Fax: 202-234-6049

MEMORANDUM

FAX 456-2710
10 pages

To: Ken Connolly
From: Richard Denison RAD
Date: August 5, 1993
Subject: Comparison of EDF and AFPA estimates for post-consumer deinked pulp capacity in the U.S.

After we sent our letter to you and Katie last week, we obtained a copy of a new (March 1993) report from AFPA listing existing and expected 1995 capacity for producing deinked pulp in the U.S. A copy of this report is attached.

We have compared the pulp capacity estimate we sent you in our last letter to that in the AFPA report. The comparison indicates that, for total post-consumer deinked pulp capacity used or suitable for use in printing and writing papers, the AFPA estimates for both present capacity and capacity expected in 1995 are actually substantially greater than the conservative estimates we provided you. A table is attached showing the comparison.

More specifically:

1. EDF and AFPA estimates of existing deinked market pulp capacities are very similar. AFPA has included 3 extra mills for a total of 12 existing mills that produce deinked market pulp. Our capacity numbers differ by about 10%.

2. Relative to the EDF estimate for new market deinked pulp capacity, AFPA projects two additional deinking mills to come on-line by 1995 and that Ponderosa will increase capacity in its three existing deinked pulp mills. The AFPA estimate for deinked market pulp capacity in 1995 is thus almost 25% larger than ours.

3. The AFPA and EDF estimates differ significantly for existing deinked pulp capacity at integrated mills, with the AFPA estimate being much higher. The AFPA estimate includes all, not just post-consumer, deinked pulp capacity, however. In addition, some of these mills listed by AFPA are presently closed, and two of the operating mills produce groundwood deinked pulp, which we did not include in our estimate. EDF's estimates for deinked post-consumer pulp in this category were confirmed through telephone interviews with mill personnel, while AFPA's are based on published sources.

In sum, because AFPA's estimates for deinked pulp capacity are actually higher than EDF's, the industry's own figures support our contention that more than sufficient capacity currently exists in the U.S. to produce printing and writing paper meeting a 15% post-consumer recycled content standard.

Please call me (202/387-3500) if you have any questions about this.

DEINKED PULP CAPACITY FOR PRINTING AND WRITING PAPERS IN THE U.S.
A COMPARISON OF EDF AND AFPA ESTIMATES
Present and expected additional capacity by 1995

DEINKED MARKET PULP Company	Location	EDF estimate Annual deinked pulp capacity (1,2) Thousands of tons	AFPA estimate Annual deinked pulp capacity Thousands of tons
UNITED STATES 8/93			
Ponderosa	Santa Ana, CA	53	50
Ponderosa	Augusta, GA	63	60
Ponderosa	Oshkosh, WI	88	80
Ponderosa	Memphis, TN	84	75
Mississippi River	Natchez, MS	88	64
Prime Fiber	Appleton, WI	18	20
Kieffer Paper Mills	Brownstown, IN	39	40
Ecofibre/Riverside Paper	DePere, WI	35	35
Fox River	DePere, WI	77	70
FSC Paper Co.	Alsip, IL		10
Ohio Paper Mills Inc.	Cincinnati, OH		13
Reprocell	Sun Valley, CA		85
TOTAL 1993		543	602
UNITED STATES 1995			
Dynamis	Sanger, CA	53	53
Superior Recycled Fiber	Duluth, MN	88	90
Burrows Paper	Little Falls, NY	18	18
Pencor	Hagerstown, MD	140	100
Solar International Trading	Morrisville, PA	119	100
Minnesota Pacific	Port of Duluth, MN	70	
N. American Recycling Systems	Fort Edward, NY	105	105
Great Lakes Pulp & Fibre	Menominee, MI	175	175
Green Bear	Vancouver, WA	140	155
Ponderosa	Northampton, PA	140	135
American Power	Barrackville, WV	165	140
Caithness King Co.	Midland, MI		100
Fox River Fibre Co.	DePere, WI		70
International Resource Recycling	Camden, NJ		135
Mississippi River Corp.	Natchez, MS		100
Ponderosa	Oshkosh, WI		30
Ponderosa	Memphis, TN		8
Ponderosa	Augusta, GA		7
Stone & Webster	Auburn, ME		70
TOTAL UNITED STATES 1995		1,754	2,123

INTEGRATED DEINKED PULP CAPACITY (US ONLY) Company	Location	EDF estimate Annual deinked pulp capacity (1) Thousands of tons	AFPA estimate Annual deinked pulp capacity Thousands of tons
CAPACITY AS OF 8/93 (3)			
Appleton Papers (4)	West Carrollton, OH	11	68
Boise Cascades (4)	Vancouver, WA	35	53
James River (4)	Halsey, OR	48	105
Cross Pointe (4)	West Carrollton, OH	19	54
Cross Point Paper Co. (4)	Park Falls, WI	--	9
Daishowa America Co., Ltd.	Port Angeles, WA	--	65
Georgia Pacific Corp. (5)	Kalamazoo, MI	--	70
International Paper (6)	Merrill, WI	--	20
Mead Corp.	Chillicothe, OH	--	18
Patriot Paper Co. (6)	Hyde Park, MA	--	80
P.H. Gladfelter Co. (7)	Neenah, WI	--	90
Simpson Paper Co. (6)	Pomona, CA	--	25
TOTAL INTEGRATED CAPACITY AS OF 8/93		112	657
INTEGRATED CAPACITY AS OF 1995			
Cross Pointe	Park Falls, WI	18	35
Burrows Paper	Little Falls, NY	18	18
Union Camp	Franklin, VA	105	105
International Paper	Corinth, NY	18	
International Paper (5)	Lock Haven, PA		90
ADDITIONAL POTENTIAL CAPACITY AVAILABLE (8)			
Appleton Papers	West Carrollton, OH	68	
James River	Halsey, OR	32	
TOTAL INTEGRATED CAPACITY AS OF 1995		370	905
TOTAL CAPACITY 8/93		655	1,259
TOTAL CAPACITY 1995		2,123	3,027

Sources: Recovered Paper Deinking Facilities March 1993, AFPA Economics; Pulp and Paper Week, 1992 North American Pulp and 1993 Lockwood-Post's Directory; Paper Recycler, March 1993; Resource Recycling, April 1993; interviews.

Notes:
(1) All deinked fiber is post-consumer
(2) Annual capacity is based on a 350 day year
(3) Integrated deinked pulp is produced for internal consumption.
(4) AFPA estimate includes pre-consumer or industrial waste paper
(5) Deinked pulp is mostly groundwood
(6) Mill is currently shut down
(7) Mill produces no post-consumer deinked fiber
(8) Additional potential capacity is capacity that can be switched to produce post-consumer deinked pulp should demand warrant it.

RECOVERED PAPER DEINKING FACILITIES

MARCH, 1993

AMERICAN FOREST & PAPER ASSOCIATION
ECONOMICS & MATERIALS DEPARTMENT

PAPER
Information Center
1-800-878-8878

AFPA

RECOVERED PAPER DEINKING FACILITIES: A SPECIAL REPORT

The first section of this report contains a listing by company, location, product grade and estimated annual capacity of 74 existing recovered paper deinking facilities.

To preserve the confidentiality of statistical and capacity data supplied to AFPA by its members, the AFPA Economics & Materials Department has been careful to obtain all the information in this report from public sources. Consequently, the entries may not comprise a complete record of all deinking plants in the U.S. pulp and paper industry, and thus the report probably understates existing deinking capacity.

The second section of the report lists 51 publicly announced expansions or new recovered paper deinking facilities reported to be planned between 1993-1995. The list includes entries ranging from firm commitments to preliminary engineering and feasibility studies. No attempt has been made to judge the likelihood that any of these projects will be completed as described.

The table below summarizes the number of existing and planned projects by end product.

End Product	Existing	Planned
Newsprint	13	12
Paperboard	3	-
Printing/Writing	12	6
Tissue	32	8
Deinked Market Pulp	12	24
Deinked Pulp	2	1
Total	74	51

CAP001:016DEI51.WP

SECTION I

Existing Recovered Paper Deinking Facilities

ECONOMICS DEPARTMENT

FEBRUARY 1993

> Information in this report is obtained from trade periodicals, company press releases and other public sources. Entries may not comprise a complete record of all deinking plants in the pulp & paper industry.

RECOVERED PAPER DEINKING FACILITIES

Existing Facilities 1992

MILL OR COMPANY NAME	LOCATION	STATE	PRODUCT GRADE[1/]	ESTIMATED ANNUAL DEINKING CAPACITY[2/] (thousands short tons)
Augusta Newsprint Co.	Augusta	GA	Newsprint	90
Bowater Inc.	Calhoun	TN	Newsprint	110
FSC Corp.	Alsip	IL	Newsprint	135
Garden State Paper Co.	Garfield	NJ	Newsprint	250
Inland Empire Co.	Millwood	WA	Newsprint	40
Jefferson Smurfit Corp.	Oregon City	OR	Newsprint	120
Jefferson Smurfit Corp.	Newberg	OR	Newsprint	220
Jefferson Smurfit Corp.	Pomona	CA	Newsprint	150
Kimberly-Clark Corp.	Coosa Pines	AL	Newsprint	40
Manistique Papers Inc.	Manistique	MI	Newsprint/Directory Papers	150
North Pacific Paper Co.	Longview	WA	Newsprint	165
Southeast Paper Co.	Dublin	GA	Newsprint	450
Stone Container Corp.	Snowflake	AZ	Newsprint	230
Celotex Corp.	Quincy	IL	Paperboard	17
Green Bay Packaging Inc.	Morrilton	AR	Paperboard	105
Newark Boxboard Corp.	Stockton	CA	Paperboard	6
Appleton Papers Inc.	West Carrollton	OH	Printing/Writing Papers	68
Boise Cascade Corp.	Vancouver	WA	Printing/Writing Papers	53
Cross Pointe Paper Co. (sub. Pentair)	Park Falls	WI	Printing/Writing Papers	9
Daishowa America Co., Ltd.	Port Angeles	WA	Printing/Writing Papers	65
Georgia-Pacific Corp.	Kalamazoo	MI	Printing/Writing Papers	70
International Paper Co.	Merrill	WI	Printing/Writing Papers	20
M Corp.	Chillicothe	OH	Printing/Writing Papers	18
Miami Paper Corp. (sub. Pentair)	West Carrollton	OH	Printing/Writing Papers	54
Patriot Paper Co.	Hyde Park	MA	Printing/Writing Papers	80
P.H. Glatfelter Co.	Neenah	WI	Printing/Writing Papers	90
Simpson Paper Co.	Pomona	CA	Printing/Writing Papers	25
Simpson Paper Co.	West Linn	OR	Printing/Writing Papers	n.a.
Ashuelot Paper Co.	Hinsdale	NH	Tissue	20
Atlas Paper Co.	Hialeah	FL	Tissue	18
American Tissue Corp.	Baldwinville	MA	Tissue	50
Bay West Paper Corp.	Middletown	OH	Tissue	90
Cascades Industries Inc.	Rockingham	NC	Tissue	20
Chesapeake Corp.(Wisconsin Tissue)	Menasha	WI	Tissue	200
Crystal Tissue Co.	Middletown	OH	Tissue	25
Encore Paper Co.	South Glens Falls	NY	Tissue	46
Erving Paper Mills	Erving	MA	Tissue	40
Flower City Tissue Mills	Rochester	NY	Tissue	10
Fort Howard Corp.	Muskogee	OK	Tissue	245
Fort Howard Corp.	Rincon	GA	Tissue	290
Fort Howard Corp.	Green Bay	WI	Tissue	420
FSC Corp.	Alsip	IL	Tissue	70
Georgia-Pacific Corp.	Gary	IN	Tissue	27
James River Corp.	Ashland	WI	Tissue	23
James River Corp.	Green Bay	WI	Tissue	70
James River Corp.	Carthage	NY	Tissue	14
Kimberly-Clark Corp.	Loudon	TN	Tissue	75
Laurel Hill Co.	Cordova	NC	Tissue	18
Marcal Paper Mills Inc.	Elmwood Park	NJ	Tissue	97
Orchids Paper Products	Flagstaff	AZ	Tissue	30

n.a. - not available

1/ - Conforms to product grades for paper and paperboard as published in AFPA annual Capacity Surveys.

2/ - Estimated capacity to produce deinked pulp, not gross recovered paper consumption.

RECOVERED PAPER DEINKING FACILITIES

Existing Facilities 1992

MILL OR COMPANY NAME	LOCATION	STATE	PRODUCT GRADE[1/]	ESTIMATED ANNUAL DEINKING CAPACITY[2/] (thousands short tons)
Orchids Paper Products	Pryor	OK	Tissue	35
Paper Service Mills Inc.	Hinsdale	NH	Tissue	15
Pope & Talbot Inc.	Ransom	PA	Tissue	58
Pope & Talbot Inc.	Eau Claire	WI	Tissue	100
Pope & Talbot Inc.	Ladysmith	WI	Tissue	32
Putney Paper Co.	Putney	VT	Tissue	18
Scott Paper Co.	Winslow	ME	Tissue	50
Statler Tissue Corp.	Augusta	ME	Tissue	70
Stevens & Thompson Paper Co.	Greenwich	NY	Tissue	28
Tagsons Paper Co.	Mechanicville	NY	Tissue	71
EcoFibre Inc.	De Pere	WI	Deinked Market Pulp	35
FSC Paper Co.	Alsip	IL	Deinked Market Pulp	10
Fox River Fibre Co.	De Pere	WI	Deinked Market Pulp	70
Kieffer Paper Mills	Brownstown	IN	Deinked Market Pulp	40
Mississippi River Corp.	Natchez	MS	Deinked Market Pulp	64
Ohio Paper Mills Inc.	Cincinnati	OH	Deinked Market Pulp	13
Ponderosa Fibres of America Inc.	Oshkosh	WI	Deinked Market Pulp	80
Ponderosa Fibres of America Inc.	Memphis	TN	Deinked Market Pulp	75
Ponderosa Fibres of America Inc.	Augusta	GA	Deinked Market Pulp	60
Ponderosa Fibres of America Inc.	Santa Ana	CA	Deinked Market Pulp	50
Prime Fibre Corp.	Appleton	WI	Deinked Market Pulp	20
Reprocell	Sun Valley	CA	Deinked Market Pulp	85
James River Corp.	Halsey	OR	Deinked Pulp	105
Scott Paper Co.	Oconto Falls	WI	Deinked Pulp	n.a.

n.a. - not available

1/ - Conforms to product grades for paper and paperboard as published in AFPA annual Capacity Surveys.
2/ - Estimated capacity to produce deinked pulp, not gross recovered paper consumption.

SECTION II

Publicly Announced Recovered Paper

Deinking Facility Expansions and

New Projects

1993 - 1995

Information in this report is obtained from trade periodicals, company press releases and other public sources. Entries include projects ranging from firm commitments to engineering and feasibility studies.

ECONOMICS DEPARTMENT

FEBRUARY 1993

RECOVERED PAPER DEINKING FACILITIES

Publicly Announced Expansions and New Projects 1993 - 1995

MILL OR COMPANY NAME	LOCATION	STATE	PRODUCT GRADE 1/	ESTIMATED ANNUAL DEINKING CAPACITY (thousands short tons)	ANNOUNCED START-UP DATE 2/	COMMENTS
Alabama River Newsprint Co.	Claiborne	AL	Newsprint	55	1993	Flotation deinking plant. 20-40% recycled content sheet.
Augusta Newsprint Co.	Augusta	GA	Newsprint	45	1993	Expansion.
Bear Island Paper Co.	Ashland	VA	Newsprint	45	1993	New flotation deinking plant. 20% recycled content sheet.
Boise Cascade Corp.	West Tacoma	WA	Newsprint	75	1993	Flotation deinking plant. 40% recycled content sheet.
Bowater Inc.	East Millinocket	ME	Newsprint	100	1993	New flotation deinking plant. 40% recycled content sheet.
Champion International Corp.	Sheldon	TX	Newsprint	140	1993/1995	Flotation deinking plant. 40% recycled content sheet.
Daishowa America Ltd. (Sub. San Joaquin Paper Co.)	Stockton	CA	Newsprint	250	n.a.	Proposal for 100% recycled mill.
Evergreen Pulp & Paper Co.	Redrock	AR	Newsprint	250	1995/1996	Plan for new mill and flotation deinking plant. 100% recycled sheet. Tentative.
MacMillan Bloedel/Haindl Paper	W. Sacramento	CA	Newsprint	310	n.a.	New mill and flotation deinking plant. 100% recycled sheet. Originally planned for 1994.
Ponderosa Fibres of America Inc.	Albany	NY	Newsprint	105	n.a.	New mill and flotation deinking plant. 100% recycled sheet. Originally planned for 1993.
Ponderosa Fibres of America Inc.	South Bronx	NY	Newsprint	105	n.a.	New mill and flotation deinking plant. 100% recycled sheet. Originally planned for 1993.
Stone-Consolidated Inc.	Shawinigan	Canada	Newsprint	80	1993	Flotation deinking plant. Fiber source mostly N.E. USA.
Cross Pointe Paper Co. (Sub. Pentair)	Park Falls	WI	Printing/Writing	35	1993	Deinking plant expansion.
Fox River Paper Co.	Urbana	OH	Printing/Writing	n.a.	n.a.	Studying deinking plant. Possible joint venture.
International Paper Co.	Corinth	NY	Printing/Writing	n.a.	1993	New deinking plant. Up to 50% post-consumer sheet.
International Paper Co.	Lock Haven	PA	Printing/Writing	n.a.	1993	New modified flotation deinking plant. May ship excess production.
Stora Papyrus Newton Falls Inc.	Newton Falls	NY	Printing/Writing	n.a.	n.a.	Studying deinking plant reactivation.
Union Camp Corp.	Franklin	VA	Printing/Writing	105	1994	Studying deinking plant. Up to 50% post-consumer sheet.
Ashuelot Paper Co.	Hinsdale	NH	Tissue	n.a.	1993	Upgrade deinking plant.
Encore Paper Co.	South Glens Falls	NY	Tissue	20	1993	Expansion.
Fort Howard Corp.	Western U.S.	-	Tissue	n.a.	n.a.	Considering new recycling mill and deinking plant.
Fort Howard Corp.	Muskogee	OK	Tissue	65	1994	Install fifth p.m.
Fort Howard Corp.	Rincon	GA	Tissue	65	1995	Install fifth p.m.
James River Corp.	Green Bay	WI	Tissue	18	1993	Considering deinking plant expansion and pulp mill shutdown.
James River Corp.	Old Town	ME	Tissue	n.a.	n.a.	Considering new p.m. and deinking plant. Originally planned for 1992.
Scott Paper Co.	Owensboro	KY	Tissue	n.a.	1995	Considering new mill and deinking plant.

n.a. - not available

1/ - Conforms to product grades for paper and paperboard as published in AFPA annual Capacity Surveys.
2/ - Learning curve and other factors may delay full utilization until following year.

Information in this report is obtained from trade periodicals, company press releases and other public sources. Entries include projects ranging from firm commitments to engineering and feasibility studies.

ECONOMICS DEPARTMENT

FEBRUARY 1993

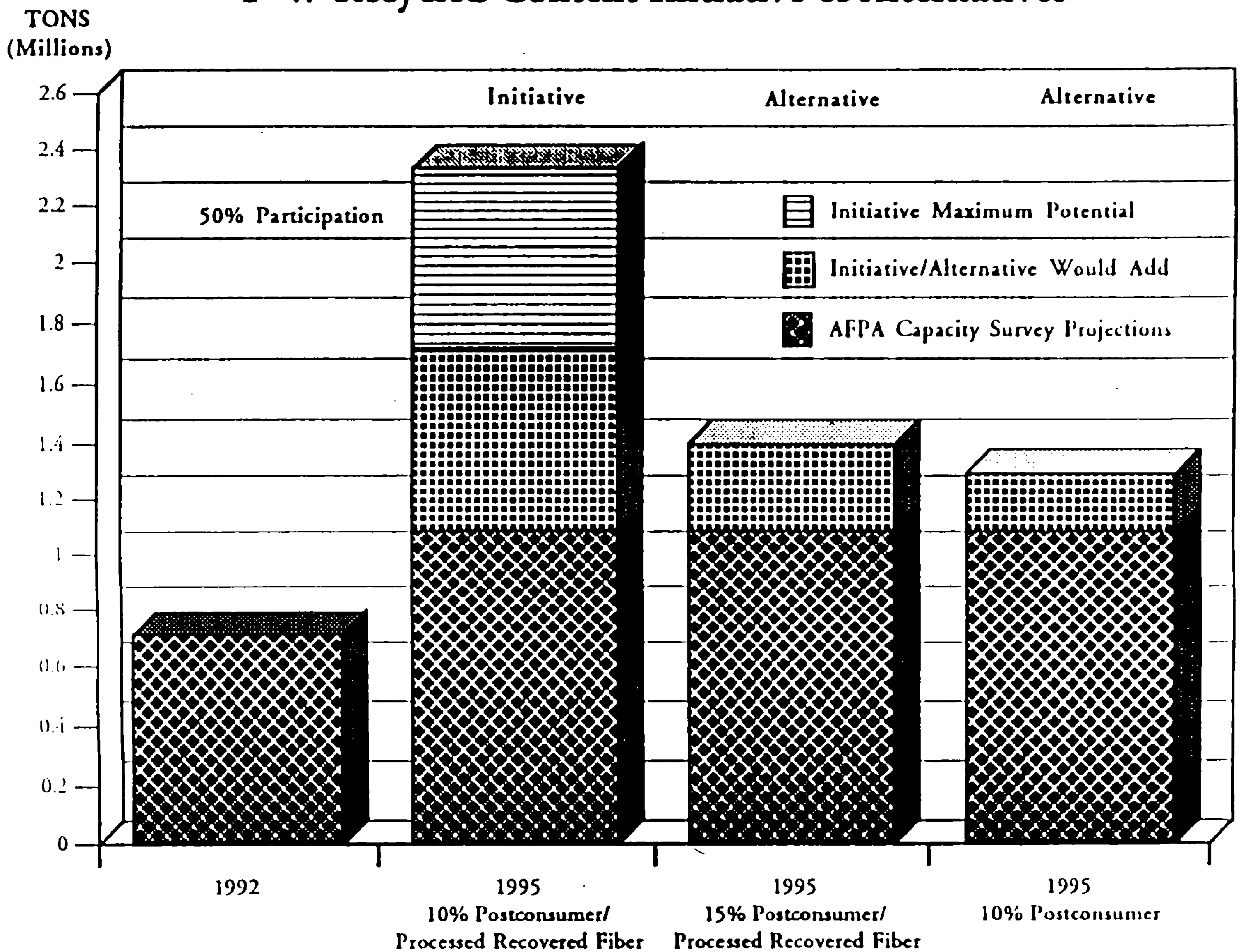
RECOVERED PAPER DEINKING FACILITIES
Publicly Announced Expansions and New Projects 1993 - 1995

MILL OR COMPANY NAME	LOCATION	STATE	PRODUCT GRADE 1/	ESTIMATED ANNUAL DEINKING CAPACITY (thousands short tons)	ANNOUNCED START-UP DATE 2/	COMMENTS
American Power Corp.	Barrackville	WV	Deinked Market Pulp	140	1994/1995	New mill and deinking plant.
Burrows Paper Corp.	Little Falls	NY	Deinked Market Pulp	35	1993	New deinking plant. 100% mixed office waste. For own use and sale to tissue and p/w mills.
Caithness King Co.	Midland	MI	Deinked Market Pulp	100	1994/1995	Considering new mill and flotation deinking plant. Delayed from 1992.
DeNovo/Southern Electric	Fredericksburg	VA	Deinked Market Pulp	50	1994	Feasibility study. Will supply pulp for tissue mills.
DeNovo/Southern Electric	Seattle/Tacoma	WA	Deinked Market Pulp	53	n.a.	Proposal for new recycling/cogeneration plant.
Dynamis Inc.	Sanger	CA	Deinked Market Pulp	53	1993	Plan for new Recoupe steam explosion plant in existing power plant.
FSC Paper Co.	Alsip	IL	Deinked Market Pulp	20	n.a.	Considering expansion.
Fox River Fibre Co.	De Pere	WI	Deinked Market Pulp	70	1993/1994	Considering doubling capacity in new mill.
Great Lakes Pulp & Fibre Inc.	Menominee	MI	Deinked Market Pulp	175	1994/1995	Plan for new mill. 100% office waste.
Green Bear Inc.	Vancouver	WA	Deinked Market Pulp	155	1995	Proposal for 100% post-consumer wet lap mill.
International Resource Recycling	Camden	NJ	Deinked Market Pulp	135	1993/1994	Plan for new mill.
Mississippi River Corp.	Natchez	MS	Deinked Market Pulp	100	1993/1995	Three-year expansion program.
North American Recycling Systems	Fort Edward	NY	Deinked Market Pulp	105	1994	Plan for new mill to supply tissue producers.
Pencor Inc.	Hagerstown	MD	Deinked Market Pulp	100	1994	New mill. Stake/Recoupe process using mixed office waste.
Ponderosa Fibres of America Inc.	Oshkosh	WI	Deinked Market Pulp	30	1992/1993	Mill expansion.
Ponderosa Fibres of America Inc.	Memphis	TN	Deinked Market Pulp	8	1992/1993	Mill expansion.
Ponderosa Fibres of America Inc.	Augusta	GA	Deinked Market Pulp	7	1993	Mill expansion.
Ponderosa Fibres/U.S. Generating Co.	Northhampton	PA	Deinked Market Pulp	135	1994/1995	New mill and cogeneration plant.
Prime Fibre Corp.	Appleton	WI	Deinked Market Pulp	20	1993/1995	Three-year expansion program.
Resource Conversion Systems Inc.	Maywood	IL	Deinked Market Pulp	n.a.	n.a.	Possible mini-mill in town industrial park.
Solar International Trading Corp.	Morrisville	PA	Deinked Market Pulp	100	1994	Plan for new mill. 80% for sale to tissue mills, 20% export.
Stone & Webster Inc.	Auburn	ME	Deinked Market Pulp	70	1994	New mill. Pulp for sale to printing/writing mills.
Superior Recycling Co. (Minnesota Power/Pentair)	Duluth	MN	Deinked Market Pulp	90	1993	New mill will produce high quality pulp from office waste.
Chesapeake Corp./ De Novo Corp.	West Point	VA	Deinked Pulp	53	1993	Considering new Stake/Recoupe process deinking plant. Possible market sale.

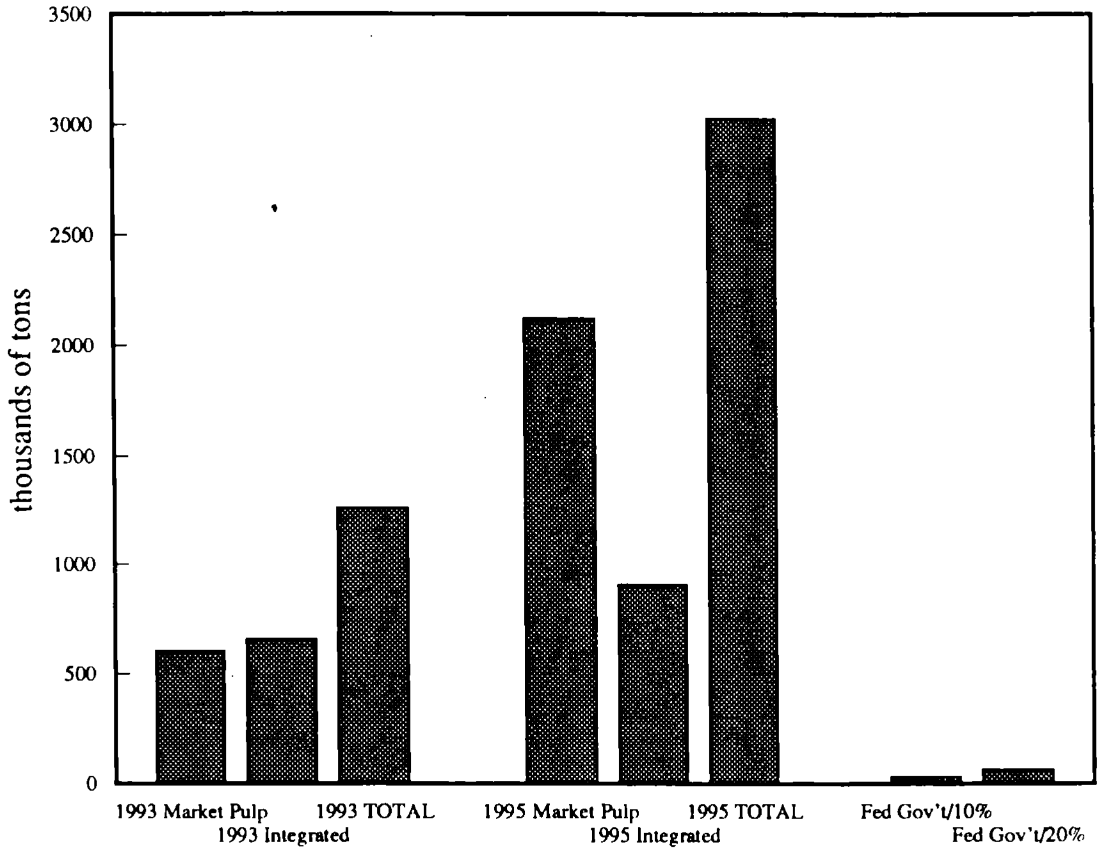
n.a. - not available

1/ - Conforms to product grades for paper and paperboard as published in AFPA annual Capacity Surveys.
2/ - Learning curve and other factors may delay full utilization until following year.

P-W Recycled Content Initiative & Alternatives



AFPA ESTIMATES OF CAPACITY FOR PRODUCING DEINKED PULP USED OR SUITABLE FOR USE IN PRINTING AND WRITING PAPER 1993 AND 1995



NOTE:

Deinked market pulp is produced by pulp mills and sold on the market for purchase by paper producers, while integrated pulp capacity refers to pulp produced and used at the same site by an integrated pulp and paper mill.

SOURCE: AFPA, *Recovered Paper Deinking Facilities*, March 1993, AFPA Economics, Washington, DC.

ECONOMIC IMPACT OF PROPOSED RECYCLED PAPER STANDARDS

Prepared by

Environmental Protection Agency
Office of Solid Waste
Municipal & Industrial Solid Waste Division

August 1993

INTRODUCTION

STATUTORY REQUIREMENTS

Section 6002 of the Resource Conservation and Recovery Act requires Federal agencies to develop affirmative procurement programs that give a preference to the purchase of products that contain recovered materials. Section 6002 requires EPA to designate these items and issue guidelines for use by the agencies in fulfilling their affirmative procurement obligation.

Section 6002 further provides that agencies must maximize the postconsumer recovered materials content of the paper products that they purchase, provided that the paper is available at a reasonable price.

The Section 6002 requirements apply only to Federal agencies, contractors, and state and local recipients of Federal funds. They do not apply to private sector procurement. Also, the minimum content standards in EPA's guidelines are recommendations, not regulations. Therefore, paper companies are not required to make products that meet the guidelines. However, it is our hope that the government's decision to "buy recycled" will encourage the private sector to do the same.

EPA'S PAPER PROCUREMENT GUIDELINE

As required by RCRA Section 6002, EPA issued a paper procurement guideline in 1988. The guideline recommends that procuring agencies specify postconsumer content standards for most categories of paper (i.e., tissue products, newsprint, paperboard, and packaging). However, for printing and writing papers, the guideline recommends a standard of 50% total recycled content because, at the time the guideline was issued, insufficient quantities of printing and writing papers containing postconsumer materials were being made to meet the government's needs.

The guideline recommendations became a *de facto* national recycled content standard for paper products. Subsequently, many states established their own "buy recycled" programs. In addition to the 50% total recycled content, several states require that printing and writing papers contain 10% postconsumer recovered materials.

The recycled content commodity grade papers available today generally contain 50% total recycled content (40% pre-consumer materials plus 10% postconsumer materials). They have been manufactured primarily by small and medium sized, non-integrated mills. The barrier to use of recycled materials by large mills has been economic, rather than technical: at a 50% total recycled content level, it is not economically feasible for a large mill to produce commodity grade printing and writing papers.

The minimum content standards contained in the proposed Executive Order are a change in approach. They fulfill the statutory requirement to promote use of postconsumer materials while also recognizing the industry position that a 50% standard is a barrier to production of recycled content printing and writing papers on the industry's large, fast, papermaking machines. We expect that the change in approach will result in increased availability of competitively priced printing and writing paper containing postconsumer materials.

Ques. 1: **What percentage of commodity mills are capable of making printing and writing paper with a 10% postconsumer content?**

Answer: There is no technical barrier to use of 10% postconsumer materials. Therefore, <u>all</u> mills that manufacture commodity grade papers are capable of making paper with 10% postconsumer content. The total number of mills that produce recycled printing and writing papers at a 10% content level will be dictated by each mill's individual economic situation and by overall demand for this type of paper.

Ques. 2: **What is the capacity of those mills capable of making printing and writing paper with a 10% postconsumer content?**

Answer: As noted in the previous answer, all commodity grade mills are capable of manufacturing printing and writing paper containing 10% postconsumer materials. According to the American and Forest Paper Association[1], the 1992 U.S. capacity to produce printing and writing paper was approximately 25 million tons per year. Of this capacity, approximately 13 million tons per year is uncoated "freesheet," which would include the types of uncoated commodity grade papers specified in the proposed Executive Order. To put this in perspective, according to the General Services Administration (GSA) and the Government Printing Office (GPO), the Federal government purchased just under 300,000 tons of printing and writing paper in 1992.

---

[1] *1992 Statistics of Paper, Paperboard & Wood Pulp*, American Paper Institute (now American Forest and Paper Association), September 1992, Table IX.

Ques. 3: **What percentage of commodity grade mills are capable of making printing and writing paper at a 15% postconsumer content?**

Answer: As with a 10% standard, there is no technical barrier to use of 15% postconsumer materials in most commodity grade papers. The 15% content standard might be a technical constraint for lighter weight coated groundwood papers such as magazine papers. However, the proposed Executive Order does not apply to these papers, because the Federal government does not purchase them.

In order for a mill to use 15% postconsumer materials to produce competitively priced products, it must either substitute purchased deinked pulp for purchased virgin pulp, install deinking capacity, or rebuild its papermaking machines to increase their capacity. Not all of the mills producing uncoated commodity grade papers will have the ideal economic/technical situation that will allow them to make changes in order to produce recycled content paper competitively.

Therefore, while all mills that manufacture uncoated commodity grade papers are technically capable of making paper with 15% postconsumer content, not all of them are economically capable of doing so. The total number of mills that produce recycled printing and writing papers at a 15% content level will be dictated by each mill's individual economic situation and by overall demand for this type of paper.

Ques. 4: **What is the capacity of those mills capable of making printing and writing paper with a 15% postconsumer content?**

Answer: As discussed in the response to Question 2, the U.S. paper industry manufactures approximately 13 million tons per year of uncoated "freesheet," which would include the types of uncoated commodity grade papers specified in the proposed Executive Order. The capacity to produce paper containing 15% postconsumer materials will be somewhat less than 13 million tons, although the exact capacity will depend on which mills are in an economic position to use higher levels of postconsumer materials.

We estimate that 45,000 tons[2] of deinked market pulp are needed to meet the Federal government's demand for printing and writing paper containing 15% postconsumer materials. Both our estimate (588,000 tons) and estimates developed by the Environmental Defense Fund (525,000 tons) indicate that there is more than enough deinked market pulp capacity to supply paper to the Federal government. Both estimates are attached to Question 12.

There also are plenty of postconsumer materials available for use in making printing and writing papers. The National Office Paper Recycling Project estimates that 1.33 million tons of office paper were collected in 1990 and that 3.40 million tons will be collected in 1995[3]. As shown in the attached calculations, we extrapolated from these figures that 2.5 million tons of office paper will be collected in 1993. Less than 3% of this would be required to meet the Federal government's demand for printing and writing papers that contain 15% postconsumer materials. By the end of 1994, there will be over 25 times as much deinked market pulp available than is required to meet the Federal government's demand.

---

[2]The Federal government purchases approximately 300,000 tons of printing and writing paper annually [(300,000)(.15) = 45,000].

[3]*Supply of and Recycling Demand for Office Waste Paper, 1990 to 1995*, prepared for the National Office Paper Recycling Project by Franklin Associates, Ltd., July 1991, Tables 2-6 and 2-8.

Update Collection / Recovery Data for End of 1993:

NOFKP (million tons/yr)	Generation	Collection	
	8.1	1.33	1990
	9.2	3.40	1995
	8.76	2.57	1993

Interpolation for 1993

$(9.2 - 8.1) = 1.1$ million tons

Gen. 1993 is 60% of way to 1995.

$1.1 \times .6 = .66$

$8.1 + .66 = 8.76$ million tpy in 1993

Rec:

$3.40 - 1.33 = 2.07$

$(2.07)(.6) = 1.242$

$1.242 + 1.33 = 2.572$ million tons

$\cancel{\frac{6 \times 10^4}{2.57 \times 10^6}} = \frac{60{,}000}{2{,}570{,}000} = 2.3\%$

Ques. 5: **Who are the likely producers of printing and writing papers containing 10% postconsumer content (provide size and location)?**

Answer: The EPA paper procurement guideline currently recommends a 50% total recycled content standard for printing and writing paper, and the current *de facto* market standard is 50% total recycled content/10% postconsumer content. Because a 10% postconsumer only content standard is a significant change, we have no way of knowing who the producers of paper containing 10% postconsumer materials will be. Nor has industry shared such information with us.

Clearly, each of the mills currently producing a 50/10 product can produce a product containing 10% postconsumer materials. Attachment A is a list of these mills. There is sufficient deinked market pulp available to feed these mills with pulp made from postconsumer materials; see the response to Question 12 for additional information about deinked market pulp.

The mills with postconsumer deinking capacity also can produce printing and writing papers containing 10% postconsumer materials. Attachment B is a list of these mills, including mills with deinking capacity scheduled to come on line in the near future. Attachment B includes such major deinking facilities as the Union Camp mill in Franklin, VA (300,000 tons/year), the James River facility in Halsey, Oregon (48-80,000 tons/year), and the recently announced International Paper mill in Selma, AL (140,000 tons/year). Each of these facilities has sufficient capacity to meet the Federal government's needs.

Beyond these mills, each company will make a decision based on mill economics and market demand for printing and writing paper containing 10% postconsumer materials.

COMPANIES PRODUCING RECYCLED CONTENT PRINTING/WRITING PAPERS

Appleton Paper Company
Ohio

Badger Paper Mills, Inc.
Wisconsin

Boise Cascade
Various locations

Champion International Corp.
Various locations

Consolidated Papers, Inc.
Wisconsin

CPM, Inc.
New Hampshire

Cross Pointe Paper Corp.
Ohio

Eastern Fine Paper, Inc.
Maine

Esleeck Manufacturing Co., Inc.
Massachusetts

Fletcher Paper Company
Michigan

Fox River Paper Company
Wisconsin

Fraser Paper Ltd.
Maine

French Paper Company
Michigan

George Whiting Paper Company
Wisconsin

Georgia Pacific Corporation
Various locations

Gilbert Paper Company
New York

P.H. Glatfelter Company
Wisconsin

Hennepin Paper Company
Minnesota

Hopper Paper Company
Georgia

International Paper Co.
Various locations

James River Corp.
Various locations

Lyons Falls Pulp & Paper
New York

Mead Papers
Ohio

Mohawk Paper Mills
New York

Monadnock Paper Mills, Inc.
New Hampshire

Neenah Paper Company
Wisconsin

Niagara Paper Co. of Wis.
Wisconsin

Potlatch Corp., Northwest
Minnesota

Silver Leaf Paper Corp.
Michigan

Simpson Paper Company
California

Stora Papyrus Newton Falls
Wisconsin

Strathmore Paper Company
Massachusetts

Union Camp
Virginia

S.D. Warren Company
Maine, Michigan

Wausau Papers
Wisconsin

Westvaco Corporation
Various locations

Weyerhaeuser Corporation
Various locations

PAPER MILLS WITH POSTCONSUMER DEINKING FACILITIES

Name/Location	Postconsumer Deinking Capacity (000 tons per year)
Appleton Papers Inc. Ohio	11 - 68
Boise Cascade Corp. Washington	35
Burrows Paper New York	18 (1995)
Cross Pointe Paper Co. Ohio	19
Cross Pointe Paper Co. Wisconsin	18 (1995)
Ecofibre (Riverside) Wisconsin	28
Georgia-Pacific Corp. Michigan	70 (groundwood)
International Paper Co. Alabama	140
International Paper Co. New York	18 (1995)
International Paper Co. Pennsylvania	90 (1995 -- groundwood)
James River Oregon	48 - 80
Union Camp Virginia	300 (1995)

Sources: *Recovered Paper Deinking Facilities*, February 1993, American Forest and Paper Association, Economics Department; August 5, 1993 memorandum to Ken Connolly from Richard Denison, Environmental Defense Fund; *1990 Lockwood-Post's Directory*; *Pulp & Paper Week*, August 9-13, 1993 (Vol. 15, No. 30); EPA research.

Ques. 6: **Who are the likely producers of printing and writing papers with a 15% postconsumer content (provide size and location)?**

Answer: See answer to previous question.

Ques. 7: **Provide data reflecting overall Federal printing and writing paper procurement (present).**

Answer: GSA and GPO reported printing and writing paper purchases of 278,473 tons for FY 92. This figure includes Department of Defense (DOD) purchases from GSA and GPO but excludes DOD's direct purchases, the size of which is unknown. Based on these purchasing statistics, Federal government purchases of printing and writing paper account for approximately 2% of the national paper market.

Ques. 8: **Provide data or discussion to explain the assumption that there will be no cost for commodity mills to make paper with postconsumer content.**

Answer: EPA has never said that there will be no cost to mills. In fact, we expect that, in the short run, it will cost mills more to use postconsumer materials than to use virgin materials. This is because many high speed mills will need to purchase deinked market pulp, which will cost them more than it costs them to make their own pulp from virgin materials. We estimate that incremental production costs will increase as the amount of recycled content increases, as follows:

- 10% postconsumer content: 5 to 8%
- 15% postconsumer content: 8 to 12%

Attached are our calculations of the economics of using recycled fiber to meet a 50/10 standard and 10% and 15% postconsumer materials standards.

In the case of a mill without deinking equipment, there need not be any *initial* capital costs in order to produce printing and writing paper meeting a 10% or 15% postconsumer content standard. Instead, the mill will be able to purchase deinked market pulp and feed it directly into its papermaking process. The mill can subsequently add deinking equipment or continue to purchase market pulp.

Over the long term, as companies make the decision to build their own deinking plants (as International Paper, Union Camp, James River, Boise Cascade, and other large and small mills have done), their costs will decrease because they can make deinked pulp at a lower cost than they must pay to have someone make it for them. For example, in the attached article from *Pulp & Paper Week*, an International Paper spokesperson states that a newly announced deinked paper machine to be built in Selma, Alabama will lower costs.

COST ANALYSES

AUG 13 1993

ASSUMPTIONS USED IN ECONOMIC ANALYSIS OF RECYCLED CONTENT STANDARDS

Cost of Deinked Market Pulp: $500 to $550 per ton; used $525.

Source: Paper company's comments subsequent to EPA's March 1993 public meeting and from the literature.

Cost of High Quality Preconsumer Recovered Materials: $350 per ton.

Source: Paper company's comments subsequent to EPA's March 1993 public meeting.

Capitalization Factor: 15 %

Source: OW economic staff working on pulp and paper industry rulemaking.

Replacement Cost for 1000 TPD Pulp Mill: $300 million

Source: Private conversation with AFPA staff.

Operating Days for Integrated Pulp Mill: 350 per year

Source: Personal knowledge of paper industry operating practices.

Cost of Unconverted Commodity Grade Printing Paper: $650 to $700; used $675

Source: Private conversation with AFPA staff.

Increased Energy Costs Due to Shutdown of Part of Pulp Mill: $7 million for a 1200 per day kraft mill introducing 20 % postconsumer materials by curtailing 20 % of pulp production and pulping and cleaning waste paper. Thus, the figure is likely to overstate the increased energy cost associated with curtailing production and substituting market deinked pulp for virgin pulp made on-site, in that a mill not processing waste paper would require less energy than one that did. This cost, on a per ton basis, equals ($7 million)/(1200 t/d)(350 d/y) = $16.67/t at 20 % postconsumer content.

Source: Private conversation with mill personnel who recently made a conversion to postconsumer content by curtailing pulp production.

My computations assume this cost varies proportionally with the percentage of recycled materials used to replace existing virgin pulp.

For example, at a 10 % content, the cost would be ($16.67/t)(10 %)/(20%) = $8.33/t.

At 15 %, the cost would be ($16.67/t)(15 %)/(20%) = $12.50/t.

At 50 %, the cost would be ($16.67/t)(50 %)/(20 %) = $41.68/t.

Bob Dellinger

Bob Dellinger

ECONOMICS OF ATTAINING 50/10 PERCENT RECYCLED CONTENT

AT A

1000 TON PER DAY INTEGRATED VIRGIN PULP AND PAPER MILL

An integrated[1] virgin pulp and paper mill would have to purchase 100 tons per day of deinked market pulp to meet a 10% postconsumer requirement. Additionally, the mill would have to purchase 440 tons per day of unprinted preconsumer scrap paper (accounting for 10 % weight loss resulting from processing of the scrap paper) to enable it to meet a 50% total recycled content level. While adding these new materials, the mill would also have to close down half of its wood yard and pulp mill, which has a replacement value of about $300 million.

To meet a 50/10 recycled content standard, we estimate that a 1000 ton per day integrated virgin pulp and paper mill will incur increased production costs of $223 per ton of production, or 33% of the $675 per ton wholesale price of commodity grade paper. Our estimate is shown below:

Additional Annual Costs		($ million)
Cost of deinked market pulp:	(100 tpd)($525/t)(350 d/yr)=	$ 18.38
Cost of unprinted scrap paper:	(440 tpd)($350/t)(350 d/yr)=	$ 53.90
Increased energy cost:	($16.67/t)(50/20)(1000 t/d)(350 d/y)=	$ 14.59
Annual cost of closing one-half of wood yard and pulp mill:	($300 million)(0.5)(0.15)[2]=	$ 22.50
Total additional costs:		**$109.37**

[1] There are two types of mills, integrated and non-integrated. An integrated mill produces its own pulp from wood chips. A non-integrated mill does not produce pulp; rather, it purchases market pulp from others.

[2] The 0.15 figure is the capitalization factor used to convert capital costs to total annual costs.

Annual Savings

There would be **savings of $23.63 million** resulting from no longer having to operate one-half of the wood yard and pulp mill. Our estimate of savings is shown below:

Annual savings from closing
one-half of wood yard
and pulp mill: ($135/t)(500 t/d)(350 d/yr)= $23.63 million

Incremental Cost Increase ($ per ton)

The difference between the above two figures represents the incremental cost, on an annual basis, of achieving a 50% total recycled content, including 10% postconsumer recovered materials. Dividing this figure by total annual production (taking into account 10 % addition of fillers, etc.) yields the incremental increase in the cost of the mill's final product. This calculation is shown below:

Cost
Increase: ($109.37-$23.63 million)/(1100 tpd)(350 d/yr)=
$223/t[3]

[3] One industry estimate of the total incremental cost is $225/ton. Thus, our methodology and estimate seem reasonable.

ECONOMICS OF ATTAINING A 15 PERCENT POSTCONSUMER RECOVERED MATERIALS CONTENT STANDARD AT A 1000 TON PER DAY INTEGRATED VIRGIN PULP AND PAPER MILL

An integrated[1] virgin pulp and paper mill would have to purchase 150 tons per day of deinked market pulp to meet a 15% postconsumer requirement. The mill could take one of two approaches:

SCENARIO 1

Under this scenario, the mill would choose to produce recycled paper continuously, meaning that the mill would have to close down fifteen per cent of its wood yard and pulp mill, which has a replacement value of about $300 million.

Under this scenario, to meet a 15 % postconsumer content standard, we estimate that a 1000 ton per day integrated virgin pulp and paper mill would incur increased production costs of $82 per ton of production, or 12 % of the $675 per ton wholesale price of commodity grade paper. Our estimate is shown below:

Additional Annual Costs		($ million)
Cost of deinked market pulp:	(150 tpd)($525/t)(350 d/yr)=	$ 27.56
Increased energy cost:	($16.67/t)(15/20)(1000 t/d)(350 d/y)=	$ 4.38
Annual cost of closing fifteen % of wood yard and pulp mill:	($300 million)(0.15)(0.15)[2]=	$ 6.75
Total additional costs:		**$ 38.69**

---

[1]There are two types of mills, integrated and non-integrated. An integrated mill produces its own pulp from wood chips. A non-integrated mill does not produce pulp; rather, it purchases market pulp from others.

[2]The 0.15 figure is the capitalization factor used to convert capital costs to total annual costs.

Annual Savings

There would be **savings of $ 7.09 million** resulting from no longer having to operate one-tenth of the wood yard and pulp mill. Our estimate of savings is shown below:

Annual savings from closing
one-tenth of wood yard
and pulp mill: ($135/t)(150 t/d)(350 d/yr)= $ 7.09 million

Incremental Cost Increase ($ per ton)

The difference between the above two figures represents the incremental cost, on an annual basis, of achieving a 15 % postconsumer recovered materials content. Dividing this figure by total annual production (taking into account 10 % addition of fillers, etc.) yields the incremental increase in the cost of the mill's final product. This calculation is shown below:

Cost Increase: ($38.69-$7.09 million)/(1100 tpd)(350 d/yr)=
$82.1/t

SCENARIO 2

Under this approach, a mill would make recycled paper only on a periodic basis, when it became convenient to do so (e.g., the pulp mill is scheduled for a slowdown due to maintenance or repair). Incremental costs resulting from curtailing pulp mill production would not be attributable to production of recycled paper.

Under this scenario, to meet a 15 % postconsumer content standard, we estimate that a 1000 ton per day integrated virgin pulp and paper mill would incur increased production costs of $53 per ton of production, or 8 % of the $675 per ton wholesale price of commodity grade paper. Our estimate is shown below:

The cost increase would be the difference between purchased deinked market pulp and pulp produced on site, ($525/t - $135/t), or $390/t, for 150 tons of pulp. To compute the incremental cost per ton requires that we spread this incremental cost over the entire mill's production. The incremental cost per ton of production is thus equal to:

($390/t)(150t/d)/(1100t/d) = $53.18/t

Percentage cost increase = $53.18/$675 = 7.9 %

ECONOMICS OF ATTAINING A 10 PERCENT POSTCONSUMER RECOVERED MATERIALS CONTENT STANDARD AT A 1000 TON PER DAY INTEGRATED VIRGIN PULP AND PAPER MILL

An integrated[1] virgin pulp and paper mill would have to purchase 100 tons per day of deinked market pulp to meet a 10% postconsumer requirement. The mill could take one of two approaches:

SCENARIO 1

Under this scenario, the mill would choose to produce recycled paper continuously, meaning that the mill would have to close down ten per cent of its wood yard and pulp mill, which has a replacement value of about $300 million.

Under this scenario, to meet a 10 % postconsumer content standard, we estimate that a 1000 ton per day integrated virgin pulp and paper mill would incur increased production costs of $55 per ton of production, or 8 % of the $675 per ton wholesale price of commodity grade paper. Our estimate is shown below:

Additional Annual Costs		($ million)
Cost of deinked market pulp:	(100 tpd)($525/t)(350 d/yr)=	$ 18.38
Increased energy cost:	($16.67/t)(10/20)(1000 t/d)(350 d/y)=	$ 2.92
Annual cost of closing one-tenth of wood yard and pulp mill:	($300 million)(0.1)(0.15)[2]=	$ 4.50
Total additional costs:		**$ 25.80**

---

[1]There are two types of mills, integrated and non-integrated. An integrated mill produces its own pulp from wood chips. A non-integrated mill does not produce pulp; rather, it purchases market pulp from others.

[2]The 0.15 figure is the capitalization factor used to convert capital costs to total annual costs.

Annual Savings

There would be **savings of $ 4.73 million** resulting from no longer having to operate one-tenth of the wood yard and pulp mill. Our estimate of savings is shown below:

Annual savings from closing
one-tenth of wood yard
and pulp mill: ($135/t)(100 t/d)(350 d/yr)= $ 4.73 million

Incremental Cost Increase ($ per ton)

The difference between the above two figures represents the incremental cost, on an annual basis, of achieving a 10% postconsumer recovered materials content. Dividing this figure by total annual production (taking into account 10 % addition of fillers, etc.) yields the incremental increase in the cost of the mill's final product. This calculation is shown below:

Cost Increase: ($25.80-$4.73 million)/(1100 tpd)(350 d/yr)=
$54.7/t

SCENARIO 2

Under this approach, a mill would make recycled paper only on a periodic basis, when it became convenient to do so (e.g., the pulp mill is scheduled for a slowdown due to maintenance or repair). Incremental costs resulting from curtailing pulp mill production would not be attributable to production of recycled paper.

Under this scenario, to meet a 10 % postconsumer content standard, we estimate that a 1000 ton per day integrated virgin pulp and paper mill would incur increased production costs of $35 per ton of production, or 5 % of the $675 per ton wholesale price of commodity grade paper. Our estimate is shown below:

The cost increase would be the difference between purchased deinked market pulp and pulp produced on site, ($525/t - $135/t), or $390/t, for 100 tons of pulp. To compute the incremental cost per ton requires that we spread this incremental cost over the entire mill's production. The incremental cost per ton of production is thus equal to:

($390/t)(100t/d)/(1100t/d) = $35.45/t

Percentage cost increase = $35.45/$675 = 5.25 %

PULP & PAPER WEEK

News for the paper industry on PRICES ■ ECONOMICS ■ TECHNOLOGY ■ POLITICS

For the week of
August 9–13, 1993
Vol. 15, No. 30

Stone Container, IP announce containerboard price increases for Oct. 1 as downtime mounts

Two major U.S. containerboard producers have recently launched a new attempt to raise prices this fall and improve badly squeezed profit margins. Stone Container Corp. announced a $40/ton price increase for all containerboard grades effective with shipments Sept. 1. And International Paper Co. last week told its customers that it was raising containerboard prices by $25/ton in the East and West, effective with orders on or after Sept. 1. No mention of a specific price level was made in Stone Container's announcement, although an IP spokesman said their increase was designed to restore a list price of $350/ton on linerboard (42-lb) and $340 on corrugating medium in the eastern U.S.

The variation between the two announcements reflects the current confusion in U.S. containerboard markets. Prices on 42-lb linerboard in the eastern U.S. reportedly go from the $320 range *(Continued on p. 5)*

360,000
+ 240,000
600,000 = 2 times govt demand of 300,000

(400 t/d)(350 d/y) = 140,000 t/y

140,000 / 600,000 = 23.3%

IP builds 360,000-tpy uncoated free-sheet machine at Selma, Ala., after labor agreement

Three months after "postponing" a new uncoated free-sheet paper machine, International Paper Co. announced it will now proceed with a 360,000-tpy unit at its Riverdale mill in Selma, Ala., and throw in a 400-tpd deinking plant along with it. Also included are two sheeters and a gas turbine generator. The mill currently has one 240,000-tpy white papers machine. Riverdale now produces various grades of market pulp, copy papers, and publishing papers. Suppliers and costs will be announced at a later date, a spokesman said. Startup of the new machine is set for mid-1995.

Last May, IP announced it would delay construction of the machine because of the inability of management and workers to agree on a labor contract (*P&PW*, May 3, p. 3). At the time, a mill spokeswoman said the project would not be presented to IP's board of directors. Union negotiators did not agree with a management request to extend the current labor agreement. IP started up the current machine in 1986 and had long planned to add at least one more. *(Continued on p. 2)*

Canadians make money from wood in B.C.; papermakers' losses swelling in the East

Canadian forest products companies turned in diverse earnings reports in the second quarter—large losses in the East and solid profits out West. In , results were at their best since early 1990. Once again, paper prices, by and large, remained depressed, with pulp prices actually weakening as the quarter progressed, but the wood products sector remained highly profitable. In addition, the declining value of the Canadian dollar relative to its U.S. counterpart continued to prop up net income at export-oriented Canad firms. The Canadian dollar averaged US78.7¢ in second quarter 1993 compared with 83.7¢ in the year-ago period and 79.3¢ in first-quarter 1993.

For the three months ending June 30, 1993, a *Pulp & Paper Week* Survey of 18 companies shows a net loss of C$10 million, excluding net nonrecurring charges of $7 million. In comparison, the same 18 companies posted adjusted losses (net income before nonrecurring items) of $230 million in the year-ago period and a *(Continued on p. 4)*

This WEEK:

PULP & PAPER WEEK

***IP BUILDS MACHINE AT SELMA** (Continued from p. 1)*

This time around, mill manager J.W. Hilton said the decision to go ahead was made possible by the union members' agreement to a 40-month extension of their labor agreements with the company, along with "the reprographic and printing papers market capacity [and] the favorable local business climate." Workers at the mill are represented by United Paperworkers International Union locals 1441 and 1444 and the International Brotherhood of Electrical Workers local 2362. Riverdale currently employs about 700 people and will add at least 120 permanent new jobs.

The deinking plant will be similar to the one recently brought online at the company's Hudson River mill in Corinth, N.Y. That I uses a "new" deinking process developed by the company that strips ink from non-impact laser-printed papers. It is not based on the Steinbeis deinking technology the company licensed from the German company in 1991, but rather is an unidentified proprietary process (Oct. 12, 1992, p. 6). The company said the Riverdale deinking plant "is expected to be one of the largest of its kind in the United States, and is an element in International Paper's program to extend the use of recycled fiber."

Addition of the new paper machine "will substantially lower the company's overall uncoated papers cost position and will allow us to serve the expanding market for recycled papers," according to C. Wesley Smith, IP's executive vice president of printing papers. This will be one of the three largest paper machines in the world, leading Georgia-Pacific Corp.'s 325,000-tpy machine at Ashdown, Ark., brought online in 1991, and Boise Cascade Corp.'s 300,000-tpy unit at International Falls, Minn., which started up a year earlier.

Despite the fact that two new uncoated free-sheet machines are coming online over the next six months (Champion International Corp. at Courtland, Ala., this month, and Willamette Industries Inc. at Johnsonburg, Pa., in fourth-quarter 1993 or first-quarter 1994), no significant expansion is scheduled for the next few years.

John Maine, vice president of Resource Information Systems Inc., said as long as there are not several announcements of new machines, the market will welcome IP's addition. "I don't think there will be a major impact on the market if just [this] one new machine comes online, because we're going to need the capacity somewhere around that timeframe," he said. "The uncoated free-sheet market is an 11-million-ton market growing at 3-4%/year; you need at least a new machine every year to meet that kind of growth."

A major market competitor said he thought the deinking plant is "pretty nifty. I would not be surprised if another major company announced a deinking plant at a printing and writing mill" soon. As for the paper machine, he noted that the industry expects markets to be strong in the 1994-95 period.

ENVIRONMENT

Industry assails Great Lakes toxics rules

While saying the paper industry is committed to reducing persistent toxic materials in the Great Lakes Basin, industry representatives last week testified that proposed Environmental Protection Agency guidelines may be inflexible, and in some cases, flawed. The EPA has proposed the Great Lakes Water Quality Initiative, uniform toxics control guidelines that go beyond current regulations for improvement of the Great Lakes and their tributaries.

Among those testifying was Guy Griffin, manager of corporate environmental services for Potlatch Corp. He said the pulp and paper industry has invested more than $5 billion since 1972 to comply with federal and state clean water requirements for control of point sources, and plans to spend more. Griffin, who's also chairman of the American Forest & Paper Assn.'s Great Lakes Task Force, said that "imposing uniform water quality criteria on all uses and in all circumstances—without incorporating flexibility into the system—effectively eliminates the essential state role. The guidance should reflect a range of options designed to assist the states in meeting their objectives." He said that existing legislation does not require that all states develop identical guidance, though The Great Lakes Critical Programs Act of 1990 does mandate that EPA provide states with directions and options on how to clean up their waters.

Wisconsin mills pledge to cut emissions

Twenty-eight of Wisconsin's 29 pulp and paper companies have pledged to voluntarily reduce emissions of potentially dangerous substances. Acting through the Wisconsin Paper Council, the mills have created the Pollution Prevention Partnership with the Wisconsin Dept. of Natural Resources.

Target areas, using 1987 as a baseline year, include air emissions, wastewater discharges, and solid waste management. Specific goals are expected to be established in early January next year. Kimberly-Clark Corp., which is not a member of the council, didn't join the pledge. Wisconsin mills plan to spend about $187 million on environmental protection equipment in the 1992-94 time period, according to the council.

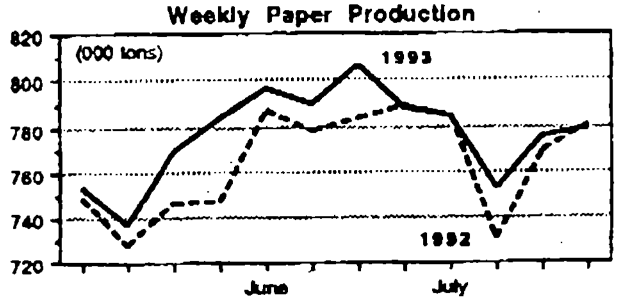
•**Georgia-Pacific Corp.** will invest more than $16 million at its Woodland, Maine, pulp and paper mill to cut pollution and make its products more environmentally friendly, according to government officials there. The investment will reduce chloroform emissions by eliminating sodium hypochlorite as a bleaching agent, replacing it with a sodium hydroxide stage that uses oxygen and hydrogen peroxide, G-P said. The company plans to begin construction in the summer of 1994.

"We believe [the improvements] will help us produce a product the market will want to buy," said mill general manager Chester Williams. He said the change will allow the mill to pursue "eco-labeling" certification in the European Community.

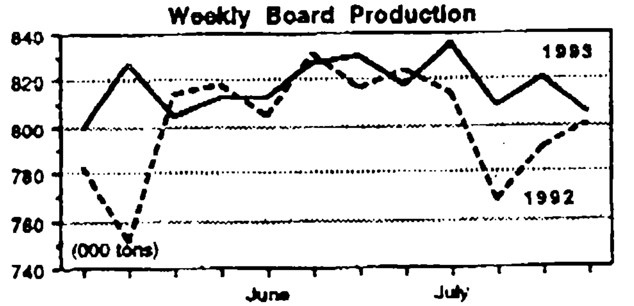
WEEK IN STATISTICS

Current week	Paper (000 tons)	Paperboard (000 tons)
Ended July 24	779	805
Ended July 17	776	820
Ended July 10	753	808
Year-to-date	22,853	23,775
% change from previous year	2.0%	2.1%

Weekly Paper Production



Weekly Board Production



Ques. 9: **Provide data reflecting the anticipated changes in overall Federal procurement of printing and writing paper (future).**

Answer: According to GPO, printing procurements historically have increased by 2 - 4% annually. This trend might not continue in light of down-sizing by the Department of Defense and other agencies.

GSA has recorded 30% fluctuations in its sales to other agencies through its schedules and stock program. GSA attributes these fluctuations to variations in the purchasing price it pays to its vendors, rather than to changes in agency demand. The tonnage of paper sold to other agencies by GSA has remained relatively constant. GSA does not know how its sales will be affected by agency down-sizing.

Down-sizing at DOD and other agencies will continue in FY 94 and beyond. Therefore, it is too early to predict whether overall Federal procurement of paper products will increase, decrease, or remain constant in the future.

Ques. 10: **Discuss the impact of the paper provisions on the Federal budget, generally.**

Answer: The major impact of the paper provisions in the proposed Executive Order could be a short term increase in paper prices over the price of comparable virgin items. As shown in the attachment to Question 8, we anticipate that a 10% postconsumer content provision could result in production cost increases of 5 - 8%, while the 15% postconsumer content provision could result in it costing a typical mill 8 to 12% more to produce commodity grade printing and writing papers. Under a worst case scenario, the production cost increases could result in increased procurement costs of $15 - 24 million for paper containing 10% postconsumer materials and $24 - 36 million for paper containing 15% postconsumer materials.

We would not expect to incur such budget increases, however, because of competition for the Federal market and new deinking capacity coming on line at several large commodity mills (see response to Question 5). For example, as reported in the attached memorandum to Ken Connolly from Vaughn Profit-Breaux, the City of Seattle purchased xerographic paper containing 50% *postconsumer* materials at a lower cost than it previously paid for virgin xerographic paper, principally because of the addition of a large, new deinking facility at James River's Halsey, Oregon pulp mill.

To ensure that Federal agencies make significant purchases of recycled xerographic and computer paper, the proposed Executive Order would direct agencies to purchase recycled paper even if it costs more. However, the Order caps agencies' paper purchases at average annual spending levels.

Provisions are included that allow agencies to exceed average spending levels for good cause.

We anticipate that any increased paper costs would be offset by reductions in the amount of paper used by the agencies. For example, if 30% of the photocopies made by the Federal government were two-sided, paper use would decrease by 15%. Private sector examples show that such reductions are achievable: AT&T's New Jersey Customer Information Center and Seagate Technologies report reductions in paper use of 41% and 33%, respectively, through two-sided copying and other paper reduction activities. Similarly, Bell Communications and New York City estimate that reductions on the order of 11 to 55% are attainable, depending on the aggressiveness of their outreach and education programs.

Thus, even if paper mills pass on their increased production costs, and even if those costs are as much as 12% higher under a worst case scenario, the net impact on the Federal budget could be negligible. Based on private sector experience, a 12% reduction in paper usage should be readily achievable. Thus, there is good reason to believe that the recycled paper provisions will be, at a minimum, revenue neutral. Additionally, the recycled paper provisions provide a very real incentive for agencies to identify and implement waste prevention techniques that may result in significant savings to the Federal government.

MEMORANDUM

City of Seattle
Department of Administrative Services

Purchasing Services Section

Kenneth J. Nakatsu, Director
Norman B. Rice, Mayor

DATE: August 10, 1993

TO: Ken Connoly, White House Office on Environmental Policy

FROM: Vaughn Profit-Breaux, Administrator, Buy Recycle Program VB.

SUBJECT: Usage of high post-consumer paper

Per our conversation last week I am faxing you a brief history of the usage in the City of Seattle of xerographic paper containing a high post-consumer rate. I might add that I have just read the story from *The New York Times* on the controversy that is continuing to brew over the definition of recycled content. I can emphatically say that a minimum post-consumer content of 25% works well for the City of Seattle.

Approximately fourteen months ago when we first began trying to convert the entire City government to recycled paper we found a few pockets, primarily one print shop, where recycled paper containing a minimum of 10% post-consumer content was being used. At that time, the E.P.A. had issued a standard of 10% post and most recycled papers only contained that amount and the price was just starting to even out in relationship to that of virgin paper. Also, most of the recycled papers were manufactured back east in Wisconsin.

There has been a tremendous boom in development of new recycled papers with varying post-consumer contents. Because of our Buy Recycled Ordinance we required all paper products purchased to be made from recycled paper. We tested papers for all printing and copy applications, including the printing of our utility bills. The one paper that worked in every application was James River Eureka! which contains between 25 - 30% post-consumer wastes. This paper is manufactured in Northern California and in early July they doubled their capacity to manufacture Eureka!. There are other high post-consumer with varying degrees of brightness.

Earlier this summer before James River increased their capacity there were shortages of regular Eureka! that caused us to test other papers. James River had just come out with Eureka! 100 with a 50% post-consumer content and is not bleached with chlorine in de-inking. This paper worked well in all our stand alone copiers but did not collate well in the high-speed copy centers. Our Central Stores Section began substituting Eureka! 100 for orders of copy paper to all our offices. No one has noticed because the labels are similar. Interestingly, because our Central Stores was recently placed into competition with any office by allowing them to purchase off the same contracts, Central Stores re negotiated their price and Eureka! 100 is bought at the same rate as Eureka! and $.22 per ream less than our previous contract for virgin copy paper. We pay $2.44 per ream through Central Stores and use approximately 168,059 reams of white 20# 8 1/2 x 11 copy paper per year. This saves us $36,973 annually.

As I stated in our conversation, while copy paper is important, don't get bogged down on this issue. As you see, the discussion alone is all consuming. Architectural and construction products are where the government can make the largest contribution. Tax incentives for market development should also be a component.

If I can be of any further help on any category, please don't hesitate to call me at (206)684-0457. I look forward to working with you once G.S.A. makes up its mind to do appointments out here.

Ques. 11: **Provide data supporting the cost assumptions and implications for the Federal government which would occur with the proposed Executive Order in place. If cost saving, how and where? If cost increases, how, where, and why?**

Answer: Worst Case Cost Increases. The data supporting the industry impacts are attached to the response to Question 8. The worst case impacts on the Federal budget are calculated as follows:

(.05)(300,000 tons)($1,000/ton) = $15 million
(.08)(300,000 tons)($1,000/ton) = $24 million
(.12)(300,000 tons)($1,000/ton) = $36 million

where

.05, .08, and .12 are the potential increased production costs,

300,000 tons is the amount of paper purchased by the Federal government in 1992, and

$1,000/ton is the average cost/ton paid by the Federal government for printing and writing paper in 1992.

Savings Achievable through Source Reduction. Attached is a memorandum from Mia Zmud of EPA's Source Reduction Section to Robert Dellinger, Deputy Director of the Municipal & Industrial Solid Waste Division, documenting the cost savings from implementation of source reduction actions that were described in the answer to the previous question. The private sector and local government examples demonstrate that significant reductions in paper use are achievable through implementation of source reduction techniques.

Bob: **New Paper Reduction Info.**

AT&T (New Jersey operations/50,000 employees)

• Several departments have easily met 15% paper reduction goal by practicing different paper reduction activities (in addition to duplexed copying)

• Verification that their Customer Information Center reduced paper usage by 41%

Ernie

PAPER REDUCTION SAVINGS ESTIMATES
(detailed information)

<u>Bell communications</u> **Ron Hutchinson (908) 699-3959**

employees = 8,700

Practice: Duplex copying in reproduction center

Savings: **12.5% - 45%**
- Annual copying rate: 70 million copies
- 25% to 90% duplexing rate
  - 25% = 8.75 million pages reduced (@ $.005 per page = $43,750)
  - 90% = 31.5 million pages reduced (@ $.005 per page = $ 157,000)

<u>INFORM, Inc. Report Estimating Savings from Duplexing</u>

- **AT&T**

  Base-line Data:
  - 46 million pages/month [522 million/year]
  - 22% duplex rate

  Projected Savings: **14%**
  - if increase duplex rate to 50%
  - will reduce paper usage by 77 million sheets/year
  - estimated savings in paper purchases = $385,000

  Verification: **Ann Dulosh (908) 221-2224 George Perry (908) 771-4211**
  - Established a Quality Team for Paper Reduction; have obtained measurable results
  - Waiting for call back 8/12

- **New York City**

  Base-line Data:
  - uses 1.8 billion sheets/yr
  - spends $9 million per year ($25/carton of 5000 sheets)
  - no duplexing

  Projected Savings: **11% - 55%**
  - @ 50% duplexing rate = $1 million/year purchase savings = 11% reduction
  - @ 50% duplexing rate + 20% reduction in # of copies = $3 million savings = 33%
  - @ max duplixing rate + 33% reduction in # of copies = $5 million savings = 55%

  Verification: **Dave Klectner (Recycling Division) 212-837-8178 or Carolyn Gelb (8177)**
  - Since study, issued a directive to all government offices to practice paper red.
  - Recently completed a follow-up survey; have preliminary results; will discuss 8/17

Seagate Technologies **Rob Clark (408) 439-7371**

- Base year photocopy paper purchases: $14,500/mo (174,000/yr)
- Second year photocopy paper purchases: $10,000/mo (120,000/yr)

Practices:
- Double-sided copying
- Routing system

Savings: **33%**
- Cut paper usage by one third
- Saves $54,000 in purchasing costs
- Saves $12,000 in disposal costs

Itasca County Courthouse (MN) **Ken Brown (612) 649-5750**

- # employees: 350
- Copy paper purchase February - April 1989: 1,053 reams
- Copy paper purchase February - April 1990: 1,000 reans

Practices:
- Duplex copying
- Reuse of paper used on one side

Savings: **5%**
- 5% reduction in copy paper purchases
- $739.88 per year

Herald Review Newspaper (MN) **Ken Brown (612) 649-5750**

Practice: Reuse the remaining blank side of used paper for note pads and bundle labels.

Savings:
- volume of waste avoided: .15 cu yd
- weight of waste avoided: 120 lbs
- cost savings (not including disposal savings): $180/year

Ques. 12: **Provide data supporting the essential assumptions about the impact of the proposed Executive Order on industry.**

Answer: The impacts on industry pertain to materials, operating, and capital costs. Related factors are availability of deinked market pulp and supply of sufficient postconsumer materials to feed deinking systems.

Impact on Industry. Refer to the attachment to Question 8, which provides the assumptions and engineering calculations of the economics of meeting a 50/10 recycled content standard and 10% and 15% postconsumer content standards. The assumptions include: the costs of deinked market pulp, high quality preconsumer recovered materials, and unconverted commodity grade printing paper; the capitalization factor used in agency pulp and paper industry rulemakings; mill replacement costs; the typical number of days that mills operate; and changes in energy costs due to substitution of market pulp.

Availability of Deinked Market Pulp. Attached are the data used to support our calculations of deinked market pulp availability. We used data developed by an industry publication, subtracted out capacity located in Canada or unavailable due to mill closure, and separated the remainder based on the year in which it is available (1993, 1994, or 1995). Independently from EPA, the Environmental Defense Fund calculated deinked market pulp availability based on American Forest and Paper Association (AFPA) data and mill surveys. EDF's data, also attached, corroborate our calculations. The EDF data includes the AFPA data, which shows even *greater* capacity than calculated by us or EDF.

Supply of Postconsumer Materials. In the response to Question 4, we addressed the availability of an adequate supply of postconsumer materials to produce printing and writing paper to meet the Federal government's annual requirement of approximately 300,000 tons. The attachment to that response contains our calculations of the tonnage that will be collected in 1993 -- 2.57 million tons. As explained in the following discussion, to produce the 300,000 tons of printing and writing paper used by the Federal government, only 1% of the 2.57 million tons is required to produce printing and writing paper at a 10% postconsumer content standard, and only 2% is required to produce printing and writing paper containing 15% postconsumer.

The yield loss when postconsumer materials are deinked and pulped is approximately 30%.[4] In other words, an additional 30 tons of postconsumer materials are required for each 100 tons of deinked pulp produced. This means that if all of the printing and writing paper purchased by GSA and GPO contained 15% postconsumer materials, approximately 58,500 tons of postconsumer materials would be needed [(300,000 tons

[4]Table 9, *Evaluation of Proposed New Recycled Paper Standards and Definitions*, prepared for Recycling Advisory Council by Franklin Associates, Ltd., October 8, 1991.

purchased) x (.15 postconsumer content) x (1.3 yield factor)]. To meet a 10% postconsumer content standard, approximately 39,000 tons of materials would be needed [(300,000 tons purchased) x (.10 postconsumer content) x (1.3 yield factor)]. There should be more than enough postconsumer materials available to produce recycled content printing and writing paper for the Federal government.

Market Deinked Pulp

ATTACHMENT I

150 tpd
180
250
240
~~110~~ Canada
360
~~50~~ closed
130

(1680 tpd)(350 d/y) = 588,000 tpy

220
150 — — Now
~~60~~ Canada
400
200
300

(1400 tpd)(350 d/y) = 490,000 t/y

500 — End of 1994 = Total = 1,183,000 tpy
340
400
400

(1610)(350) = 563,500 tpd

470 — End of 1995 = Total = 1,746,500 tpy

PAPER RECYCLER

April 1993 Vol. 4, No. 4

Old newspapers is rising star in otherwise overcast market

While prices for most other grades of wastepaper stabilized or dropped in March, old newspapers (ONP) prices continued a slow but steady advance. Since last summer, ONP prices have gradually risen and are now between 65% and 82% higher than they were a year ago (see table, p. 3). Domestic demand for ONP has improved as a result of both new deinking operations and better running times at traditional users such as recycled paperboard mills. On the export market, ONP was the only category that improved from 1992, by a substantial 21.9% (see table, p. 4).

Market observers reported in March that ONP was probably the strongest grade. Dealers who weren't handling it several months ago are handling it now. Last March, mills in the Northeast were getting No. 6 news for free or being paid $5/ton to take it because ONP suppliers would otherwise have had to pay higher tipping fees at the landfill. In March, mills paid $10-$15/ton. This is still not enough, though, to cover baling costs of $25/ton

(Continued on p. 4)

Deinked pulp capacity floods market, but appears to find a home—for now

While some planned deinked market pulp projects have been delayed beyond initial projections and some existing facilities have been closed, sources in the business remain fairly bullish. About a dozen mills are currently onstream, and at least as many more are due online by 1995 (see table, p. 6). Current North American industry capacity is estimated at about 1,750 short tpd (not including joint-venture deinked newsprint pulp mills).

Some producers also have converted existing equipment to making deinked market pulp. Statler Tissue Co. revamped an existing tissue machine to produce about 200 tpd of air dried, 50% postconsumer-content deinked market pulp that is sold to supercalender, groundwood printing, coated and uncoated free-sheet, and some tissue customers.

The American Forest & Paper Assn. (AFPA) recently reported that over the 1992-97 period, 24 projects from 20 companies totaling 1.6 million metric tons are slated for completion. The average annual growth rate over the five-year period—should these projects actually be completed—would be almost 31.0% compared with 2.1% for chemical paper-grade market pulp capacity growth for the 1992-95 period, according to Joseph C. Nicolello, manager of AFPA's pulp group.

Capacity that has recently come online includes EcoFibre Inc.'s facility in DePere, Wis., which started up in August 1992. It supplies about 10% of its output to Riverside Paper Corp.'s Kerwin Paper Co. unit, and the other 90% is available on the market and has been contracted for. EcoFibre will not reveal its capacity or customers. The company is considering expansion tar-

(Continued on p. 6)

Printing/writing papers dominate EPA hearings on procurement

A two-day public meeting to discuss revisions to the Environmental Protection Agency's (EPA) "Guideline for Federal Procurement of Paper and Paper Products" was held on Apr. 17-18 in Washington, D.C. Comments were heard from representatives of 30 principal groups involved in the long-running battle over recycled-content standards and requirements, including the American Forest & Paper Assn. (AFPA), the Recycling Advisory Council (RAC), the National Recycling Coalition (NRC), the American Society for Testing & Materials (ASTM), and the Paper Definitions Working Group (PDWG). Following the comment period, Bob Dellinger, Deputy Director for EPA's Municipal and Industrial Solid Waste Div., posed five questions and invited the audience to respond to these questions in writing (see sidebar, p. 7).

(Continued on p. 7)

IN THIS ISSUE

DEINKED PULP FINDS A HOME *(Continued from p. 1)*

geted for startup in 1994. **Kieffer Paper Mills Inc.**—which brought a 110-tpd mill online in Brownstown, Ind., in May 1992—said it is looking to debottleneck current capacity, leading to an anticipated capacity of about 130 tpd.

Superior Recycled Fiber Industries broke ground on its 250-tpd mill in Duluth, Minn., in June 1992 and is aiming for a September 1993 startup. **Burrows Paper Corp.** began site work last August on a 100-tpd deinked pulp mill in Little Falls, N.Y. The company will use about half the mill's output to make lightweight specialty papers and will market the remainder. Startup is slated for November 1993. **Minnesota Pacific Pulp & Paper Inc.**'s 200-tpd project in Port of Duluth, Minn., is due online in fourth-quarter 1994 rather than sometime in 1993 (*PR*, August 1993, p. 1).

DeNovo Corp.'s project with Southern Electric International in Fredericksburg, Va., has been put on the back burner, though DeNovo expects its 150-tpd effort with **Consumers Paper Corp.** in Redcliff, Alta., to go online in 1994 after a year-long construction phase beginning this spring. About 60% of the mill's output will be used in Consumers' tissue facility, and the rest of the deinked pulp will be marketed. **Pencor Inc.** has raised capacity at its planned Hagerstown, Md., mill—due onstream in third-quarter 1994—to 400 tpd. Pencor is also looking at two potential sites for deinking facilities similar to the one in Hagerstown.

Solar International Trading Corp. also increased its planned capacity for a mill in Morrisville, Pa., to 340 tpd. Groundbreaking is expected this April, startup at the end of 1994, and pulp production in first-quarter 1995. **Scott Paper Co.** has contracted to take 40,000 tpy of the pulp; the balance will go on the market. Solar is also planning to install a 400-tpd "gray pulp" line (pulping without deinking) at the mill, with startup expected about a year after the deinking line goes onstream. The gray pulp would be used to make industrial towels, bags, fiberboard, etc. Solar said it will separate mixed office waste into high-quality material for the deinking mill, medium quality for the gray pulp line, and the rest will be used as fuel to make steam and electricity for the pulp mill.

Capacity of **American Power Recyclers L.P.**'s Barrackville, W. Va., mill has been bumped up to 470 tpd, but startup has been delayed until spring 1995 instead of 1994. **Ponderosa Fibres of America Inc.** has moved back startup of its 400-tpd mill in Northampton, Pa., to first-quarter 1995.

One new project on the drawing board is being initiated by **International Resource Recycling**, which is based in Richmond, Va. The company is negotiating to lease space at South Jersey Port Corp.'s Camden, N.J., terminal. The terminal is on the Delaware River across from Philadelphia. If the company can get the appropriate permits, construction on the $85-million mill could begin by mid-year. The mill would convert 400 to 500 tpd of wastepaper, including about 100 tpd of old newspapers and old magazines. As the proposal now stands, Scott would take 50% of the mill's deinked pulp.

Market prospects. Despite the deluge of new capacity, market observers are optimistic that it will continue to be absorbed by the market. The strength in deinked market pulp has persisted even though "deinked pulp is currently selling at a premium to a lot of virgin fiber," noted a source. He added that "there should be a sellers' market for the next five to seven years, provided people can make a product of quality."

Another supplier said that "as paper mills gain confidence in the quality of their supply of market deinked pulp, they are introducing it into new grade lines and/or expanding it into

DEINKED MARKET PULP PRODUCERS, EXISTING AND PROPOSED

COMPANY/LOCATION	DEINKED PULP CAPACITY (SHORT TPD)	INITIAL STARTUP DATE
Ponderosa, Santa Ana, Calif.	150	1966
Ponderosa, Augusta, Ga.	180	1970
Ponderosa, Oshkosh, Wis.	250	1972
Ponderosa, Memphis, Tenn.	240	1974
Desencrage Cascades, Breakeyville, Que.	110	1986
Mississippi River, Natchez, Miss.	360e	1990
Prime Fiber, Appleton, Wis.[1]	50	1991
Kieffer Paper Mills, Brownstown, Ind.	110 → 130	1992
EcoFibre/Riverside Paper, De Pere, Wis.[2]	n.a.	1992
Fox River, De Pere, Wis.	220	1992
Dynamis, Sanger, Calif.[3]	150	1993
Superior Recycled Fiber, Duluth, Minn.	250	Sept. 1993
Burrows Paper, Little Falls, N.Y.[4]	50	Nov. 1993
DeNovo/Consumers Paper, Redcliff, Alta.[5]	60	Spring 1994 ?
Pencor, Hagerstown, Md.	400	3Q 1994
Solar International Trading, Morrisville, Pa.	340	4Q 1994
Minnesota Pacific, Port of Duluth, Minn.	200	4Q 1994
North American Recycling Systems, Fort Edward, N.Y.	300	late 1994
Great Lakes Pulp & Fibre, Menominee, Mich.	500	1994
Green Bear, Vancouver, Wash.	400	Jan. 1995
Ponderosa, Northampton, Pa.	400	1Q 1995
American Power, Barrackville, W. Va.	470	Spring 1995
Caithness King, Michigan	300	n.a.
International Resource Recycling, Camden, N.J.	n.a. 400-500	n.a.

1870 – 1890 tpd

300 tpd

1Q 1995

e = Estimate. n.a. = Not available.
1. Mill closed Dec. 16, 1992. Company is seeking new financing.
2. EcoFibre provides about 10% of its pulp to Riverside's Korwin Paper unit; the other 90% is marketed. EcoFibre will not reveal its capacity.
3. Ink in pulp will be dispersed but not removed.
4. Burrows will use an additional 50 tpd in paper production.
5. Consumers will use an additional 90 tpd in tissue production.
Source: Paper Recycler.

1994 = 1460 tpd

1995 = ~~1270~~ tpd 1610

@ 350 days = 1,974,000 tpy

5240 tpd
+ 400 IRR
5640

[illegible] grade lines so they can meet various recycled-content standards." Papermakers are using recycled fiber in papeteries, cover, text, coated grades, and cast coated grades, he added.

Other suppliers agreed that deinked pulp is gaining ground in coated papers. The market could also get a boost from the apparently pro-environment bent of the Clinton/Gore Administration, especially from legislation enacted to promote the use of recycled fiber. For now, however, deinked pulp producers have by no means exhausted their potential market. "My experience is that the market is not nearly as vertical as we had anticipated," said a source at a company currently building a deinked pulp mill. Customers "are not buying nearly as much as I had thought individually... I see a lot of people making little commitments. An awful lot of people are getting their fingers wet," he said, indicating that this broad base could develop into strong demand as the market picks up.

Customers are demanding a higher percentage of postconsumer fiber in deinked market pulp so they can buy less pulp to achieve a specific postconsumer content, noted one supplier. Another supplier said customers want "better quality out of recycled pulp manufacturers. They want it closer to virgin pulp." But suppliers can sometimes go too far in cleaning up deinked pulp. "We have had people use our pulp and say it's too clean, and they have purchased laser ledger, for example, and put it right in their system to dirty up the pulp." He explained that some customers complain that pulp that is too clean doesn't look recycled.

Market factors. Deinked pulp specs vary from producer to producer, and it is difficult to find a representative grade. **Pulp with a higher postconsumer content is more expensive.** One supplier said 20% postconsumer content deinked pulp (with the remainder deinked preconsumer) is going for $440/a.d. short ton f.o.b. mill, and 50%-postconsumer content is at about $460. He said these tabs were the same as in fourth-quarter 1992. Another supplier said prime 75%-postconsumer content pulp is selling for $530/ton, while a more "normal" quality 75%-postconsumer pulp is at $500, and 100%-postconsumer pulp sells for about 10% more. These prices were flat from fourth-quarter 1992, according to some contacts. However, a third contact said 100%-postconsumer pulp is selling for more than $500/ton currently vs $450-$475 in fourth-quarter 1992. Producers said that prices could go up in second-quarter 1993. ■

FOCUS ON PRINTING/WRITING *(Continued from p. 1)*

Those attending the meeting reported that printing/writing papers were the topic of the day. "Most time was spent deciding how printing/writing guidelines should be altered, but 'how' was the issue of the day," said Jane Erkenswick, who represented **Fiber Options Div., Recycling Services Inc.** There was considerable discussion about how to get big commodity paper machines involved in recycling, with the general feeling being that large, integrated commodity machines can make a difference. Further discussion focused on the differences between coated and uncoated printing/writing papers and whether or not the standards for the two grades should vary.

EPA POSES QUESTIONS

EPA's Bob Dellinger posed the following questions to attendees of the two-day meeting and invited them to reply in writing:

- Will the requirement of postconsumer fiber increase the costs of producing recycled paper? Will it make recycled paper cost prohibitive?
- Can manufacturers use more than 10% processed fiber in uncoated printing/writing papers?
- How can EPA assure it is maximizing the postconsumer content in products purchased if a total recycled-content standard is used? (EPA has a statutory requirement that says when procuring agencies purchase products, they must maximize use of postconsumer materials.)
- Are any mills producing recycled printing/writing paper with 50% recycled content, or do all papers have 50% recycled with 10% postconsumer fiber (or higher)? If the AFPA proposal was accepted, would there be postconsumer fiber shifting (would postconsumer fiber be shifted from tissue and towel grades to printing/writing paper, for example, with no net increase in postconsumer fiber use)?
- If 50% recycled/10% postconsumer is the "de facto" standard, why are federal agencies buying so little recycled commodity paper? Is the 50%/10% standard only for states and the private sector?

Those wishing to respond should forward comments to: U.S. EPA, RCRA Docket Clerk, 401 M St. S.W., Reference [illegible], RCRA Docket No. OS-305, Washington, D.C. 20460. The deadline to reply is Apr. 16, 1993. ■

Other key issues included measurement by total fiber weight, elimination of the term wastepaper for definitions, how to certify content and what processes are needed by paper mills to track content, and labeling. The message from state governments seemed to be that the federal government needs to become a stronger leader in this realm, although no state appeared to be willing to back down on its own legislation—even if federal standards change.

Focus on printing/writing. AFPA's Printing/Writing Div.—which includes 17 companies such as **International Paper Co., Cross Pointe Paper Corp., and P.H. Glatfelter Co.**, and which was represented by **Westvaco Corp.** senior vice president Lee Andrews—presented its proposal for a new recycled-content standard for printing/writing paper. The proposed standard calls for a minimum 50% recovered paper or a minimum of 10% postconsumer/processed recovered fiber (measured by weight). Postconsumer is included in current EPA definitions, and processed recovered fiber (which is paper requiring removal of materials such as ink) is in current ASTM definitions.

Andrews explained that the majority of recovered fiber use in printing papers has been at nonintegrated mills on smaller paper machines, while larger commodity producers have shied away from recycling, largely due to the current 50% recycled-content requirement. The definition would open up recycling to bigger paper machines, and AFPA estimated that if only 25% of the large printing/writing producing machines (200+ short tpd) used 10% recovered fiber, it would increase

ENVIRONMENTAL DEFENSE FUND

Capital Office
1875 Connecticut Ave., N.W.
Washington, DC 20009
(202) 387-3500
Fax: 202-234-6049

MEMORANDUM

FAX 456-2710
10 pages

To: Ken Connolly
From: Richard Denison RAD
Date: August 5, 1993
Subject: Comparison of EDF and AFPA estimates for post-consumer deinked pulp capacity in the U.S.

After we sent our letter to you and Katie last week, we obtained a copy of a new (March 1993) report from AFPA listing existing and expected 1995 capacity for producing deinked pulp in the U.S. A copy of this report is attached.

We have compared the pulp capacity estimate we sent you in our last letter to that in the AFPA report. The comparison indicates that, for total post-consumer deinked pulp capacity used or suitable for use in printing and writing papers, the AFPA estimates for both present capacity and capacity expected in 1995 are actually substantially <u>greater</u> than the conservative estimates we provided you. A table is attached showing the comparison.

More specifically:

1. EDF and AFPA estimates of <u>existing</u> deinked market pulp capacities are very similar. AFPA has included 3 extra mills for a total of 12 existing mills that produce deinked market pulp. Our capacity numbers differ by about 10%.

2. Relative to the EDF estimate for <u>new</u> market deinked pulp capacity, AFPA projects two additional deinking mills to come on-line by 1995 and that Ponderosa will increase capacity in its three existing deinked pulp mills. The AFPA estimate for deinked market pulp capacity in 1995 is thus almost 25% larger than ours.

3. The AFPA and EDF estimates differ significantly for existing deinked pulp capacity at <u>integrated</u> mills, with the AFPA estimate being much higher. The AFPA estimate includes all, not just post-consumer, deinked pulp capacity, however. In addition, some of these mills listed by AFPA are presently closed, and two of the operating mills produce <u>groundwood</u> deinked pulp, which we did not include in our estimate. EDF's estimates for deinked post-consumer pulp in this category were confirmed through telephone interviews with mill personnel, while AFPA's are based on published sources.

In sum, because AFPA's estimates for deinked pulp capacity are actually higher than EDF's, the industry's own figures support our contention that more than sufficient capacity currently exists in the U.S. to produce printing and writing paper meeting a 15% post-consumer recycled content standard.

Please call me (202/387-3500) if you have any questions about this.

DEINKED PULP CAPACITY FOR PRINTING AND WRITING PAPERS IN THE U.S.
A COMPARISON OF EDF AND AFPA ESTIMATES
Present and expected additional capacity by 1995

DEINKED MARKET PULP Company	Location	EDF estimate Annual deinked pulp capacity (1,2) Thousands of tons	AFPA estimate Annual deinked pulp capacity Thousands of tons
UNITED STATES 8/93			
Ponderosa	Santa Ana, CA	53	50
Ponderosa	Augusta, GA	63	60
Ponderosa	Oshkosh, WI	88	80
Ponderosa	Memphis, TN	84	75
Mississippi River	Natchez, MS	88	64
Prime Fiber	Appleton, WI	18	20
Kieffer Paper Mills	Brownstown, IN	39	40
Ecofibre/Riverside Paper	DePere, WI	35	35
Fox River	DePere, WI	77	70
FSC Paper Co.	Alsip, IL		10
Ohio Paper Mills Inc.	Cincinnati, OH		13
Reprocell	Sun Valley, CA		85
TOTAL 1993		543	602
UNITED STATES 1995			
Dynamis	Sanger, CA	53	53
Superior Recycled Fiber	Duluth, MN	88	90
Burrows Paper	Little Falls, NY	18	18
Pencor	Hagerstown, MD	140	100
Solar International Trading	Morrisville, PA	119	100
Minnesota Pacific	Port of Duluth, MN	70	
N. American Recycling Systems	Fort Edward, NY	105	105
Great Lakes Pulp & Fibre	Menominee, MI	175	175
Green Bear	Vancouver, WA	140	155
Ponderosa	Northampton, PA	140	135
American Power	Barrackville, WV	165	140
Caithness King Co	Midland, MI		100
Fox River Fibre Co.	DePere, WI		70
International Resource Recycling	Camden, NJ		135
Mississippi River Corp.	Natchez, MS		100
Ponderosa	Oshkosh, WI		30
Ponderosa	Memphis, TN		8
Ponderosa	Augusta, GA		7
Stone & Webster	Auburn, ME		70
TOTAL UNITED STATES 1995		1,754	2,123

INTEGRATED DEINKED PULP CAPACITY (US ONLY) Company	Location	EDF estimate Annual deinked pulp capacity (1) Thousands of tons	AFPA estimate Annual deinked pulp capacity Thousands of tons
CAPACITY AS OF 8/93 (3)			
Appleton Papers (4)	West Carrollton, OH	11	68
Boise Cascades (4)	Vancouver, WA	35	53
James River (4)	Halsey, OR	48	105
Cross Pointe (4)	West Carrollton, OH	19	54
Cross Point Paper Co. (4)	Park Falls, WI	--	9
Daishowa America Co., Ltd.	Port Angeles, WA	--	65
Georgia Pacific Corp. (5)	Kalamazoo, MI	--	70
International Paper (6)	Merrill, WI	--	20
Mead Corp.	Chillicothe, OH	--	18
Patriot Paper Co. (6)	Hyde Park, MA	--	80
P.H. Gladfelter Co. (7)	Neenah, WI	--	90
Simpson Paper Co. (6)	Pomona, CA	--	25
TOTAL INTEGRATED CAPACITY AS OF 8/93		112	657
INTEGRATED CAPACITY AS OF 1995			
Cross Pointe	Park Falls, WI	18	35
Burrows Paper	Little Falls, NY	18	18
Union Camp	Franklin, VA	105	105
International Paper	Corinth, NY	18	
International Paper (5)	Lock Haven, PA		90
ADDITIONAL POTENTIAL CAPACITY AVAILABLE (8)			
Appleton Papers	West Carrollton, OH	68	
James River	Halsey, OR	32	
TOTAL INTEGRATED CAPACITY AS OF 1995		370	905
TOTAL CAPACITY 8/93		655	1,259
TOTAL CAPACITY 1995		2,123	3,027

Sources: Recovered Paper Deinking Facilities March 1993, AFPA Economics; Pulp and Paper Week, 1992 North American Pulp and 1993 Lockwood-Post's Directory; Paper Recycler, March 1993; Resource Recycling, April 1993; interviews.

Notes:
(1) All deinked fiber is post-consumer
(2) Annual capacity is based on a 350 day year
(3) Integrated deinked pulp is produced for internal consumption.
(4) AFPA estimate includes pre-consumer or industrial waste paper
(5) Deinked pulp is mostly groundwood
(6) Mill is currently shut down
(7) Mill produces no post-consumer deinked fiber
(8) Additional potential capacity is capacity that can be switched to produce post-consumer deinked pulp should demand warrant it.

RECOVERED PAPER DEINKING FACILITIES

MARCH, 1993

AMERICAN FOREST & PAPER ASSOCIATION
ECONOMICS & MATERIALS DEPARTMENT

PAPER
Information Center
1-800-878-8878

AFPA

RECOVERED PAPER DEINKING FACILITIES: A SPECIAL REPORT

The first section of this report contains a listing by company, location, product grade and estimated annual capacity of 74 existing recovered paper deinking facilities.

To preserve the confidentiality of statistical and capacity data supplied to AFPA by its members, the AFPA Economics & Materials Department has been careful to obtain all the information in this report from public sources. Consequently, the entries may not comprise a complete record of all deinking plants in the U.S. pulp and paper industry, and thus the report probably understates existing deinking capacity.

The second section of the report lists 51 publicly announced expansions or new recovered paper deinking facilities reported to be planned between 1993-1995. The list includes entries ranging from firm commitments to preliminary engineering and feasibility studies. No attempt has been made to judge the likelihood that any of these projects will be completed as described.

The table below summarizes the number of existing and planned projects by end product.

End Product	Existing	Planned
Newsprint	13	12
Paperboard	3	-
Printing/Writing	12	6
Tissue	32	8
Deinked Market Pulp	12	24
Deinked Pulp	2	1
Total	74	51

CAP001:016DEI51.WP

SECTION I

Existing Recovered Paper Deinking Facilities

Information in this report is obtained from trade periodicals, company press releases and other public sources. Entries may not comprise a complete record of all deinking plants in the p & paper industry.

ECONOMICS DEPARTMENT

FEBRUARY 1993

RECOVERED PAPER DEINKING FACILITIES

Existing Facilities 1992

MILL OR COMPANY NAME	LOCATION	STATE	PRODUCT GRADE 1/	ESTIMATED ANNUAL DEINKING CAPACITY 2/ (thousands short tons)
Augusta Newsprint Co.	Augusta	GA	Newsprint	90
Bowater Inc.	Calhoun	TN	Newsprint	110
FSC Corp.	Alsip	IL	Newsprint	135
Garden State Paper Co.	Garfield	NJ	Newsprint	250
Inland Empire Co.	Millwood	WA	Newsprint	40
Jefferson Smurfit Corp.	Oregon City	OR	Newsprint	120
Jefferson Smurfit Corp.	Newberg	OR	Newsprint	220
Jefferson Smurfit Corp.	Pomona	CA	Newsprint	150
Kimberly-Clark Corp.	Coosa Pines	AL	Newsprint	40
Manistique Papers Inc.	Manistique	MI	Newsprint/Directory Papers	150
North Pacific Paper Co.	Longview	WA	Newsprint	165
Southeast Paper Co.	Dublin	GA	Newsprint	450
Stone Container Corp.	Snowflake	AZ	Newsprint	230
Celotex Corp.	Quincy	IL	Paperboard	17
Green Bay Packaging Inc.	Morrilton	AR	Paperboard	105
Newark Boxboard Corp.	Stockton	CA	Paperboard	6
Appleton Papers Inc.	West Carrollton	OH	Printing/Writing Papers	68
Boise Cascade Corp.	Vancouver	WA	Printing/Writing Papers	53
Cross Pointe Paper Co. (sub. Pentair)	Park Falls	WI	Printing/Writing Papers	9
Daishowa America Co., Ltd.	Port Angeles	WA	Printing/Writing Papers	65
Georgia-Pacific Corp.	Kalamazoo	MI	Printing/Writing Papers	70
International Paper Co.	Merrill	WI	Printing/Writing Papers	20
Mead Corp.	Chillicothe	OH	Printing/Writing Papers	18
Miami Paper Corp. (sub. Pentair)	West Carrollton	OH	Printing/Writing Papers	54
Patriot Paper Co.	Hyde Park	MA	Printing/Writing Papers	80
P.H. Glatfelter Co.	Neenah	WI	Printing/Writing Papers	90
Simpson Paper Co.	Pomona	CA	Printing/Writing Papers	25
Simpson Paper Co.	West Linn	OR	Printing/Writing Papers	n.a.
Ashuelot Paper Co.	Hinsdale	NH	Tissue	20
Atlas Paper Co.	Hialeah	FL	Tissue	18
American Tissue Corp.	Baldwinville	MA	Tissue	50
Bay West Paper Corp.	Middletown	OH	Tissue	90
Cascades Industries Inc.	Rockingham	NC	Tissue	20
Chesapeake Corp.(Wisconsin Tissue)	Menasha	WI	Tissue	200
Crystal Tissue Co.	Middletown	OH	Tissue	25
Encore Paper Co.	South Glens Falls	NY	Tissue	46
Erving Paper Mills	Erving	MA	Tissue	40
Flower City Tissue Mills	Rochester	NY	Tissue	10
Fort Howard Corp.	Muskogee	OK	Tissue	245
Fort Howard Corp.	Rincon	GA	Tissue	290
Fort Howard Corp.	Green Bay	WI	Tissue	420
FSC Corp.	Alsip	IL	Tissue	70
Georgia-Pacific Corp.	Gary	IN	Tissue	27
James River Corp.	Ashland	WI	Tissue	23
James River Corp.	Green Bay	WI	Tissue	70
James River Corp.	Carthage	NY	Tissue	14
Kimberly-Clark Corp.	Loudon	TN	Tissue	75
Laurel Hill Co.	Cordova	NC	Tissue	18
Marcal Paper Mills Inc.	Elmwood Park	NJ	Tissue	97
Orchids Paper Products	Flagstaff	AZ	Tissue	30

n.a. - not available

1/ - Conforms to product grades for paper and paperboard as published in AFPA annual Capacity Surveys.
2/ - Estimated capacity to produce deinked pulp, not gross recovered paper consumption.

CAP001:009DE831 WP

RECOVERED PAPER DEINKING FACILITIES

Existing Facilities 1992

MILL OR COMPANY NAME	LOCATION	STATE	PRODUCT GRADE 1/	ESTIMATED ANNUAL DEINKING CAPACITY 2/ (thousands short tons)
Orchids Paper Products	Pryor	OK	Tissue	35
Paper Service Mills Inc.	Hinsdale	NH	Tissue	15
Pope & Talbot Inc.	Ransom	PA	Tissue	58
Pope & Talbot Inc.	Eau Claire	WI	Tissue	100
Pope & Talbot Inc.	Ladysmith	WI	Tissue	32
Putney Paper Co.	Putney	VT	Tissue	18
Scott Paper Co.	Winslow	ME	Tissue	50
Statler Tissue Corp.	Augusta	ME	Tissue	70
Stevens & Thompson Paper Co.	Greenwich	NY	Tissue	28
Tagsons Paper Co.	Mechanicville	NY	Tissue	71
EcoFibre Inc.	De Pere	WI	Deinked Market Pulp	35
FSC Paper Co.	Alsip	IL	Deinked Market Pulp	10
Fox River Fibre Co.	De Pere	WI	Deinked Market Pulp	70
Kieffer Paper Mills	Brownstown	IN	Deinked Market Pulp	40
Mississippi River Corp.	Natchez	MS	Deinked Market Pulp	64
Ohio Paper Mills Inc.	Cincinnati	OH	Deinked Market Pulp	13
Ponderosa Fibres of America Inc.	Oshkosh	WI	Deinked Market Pulp	80
Ponderosa Fibres of America Inc.	Memphis	TN	Deinked Market Pulp	75
Ponderosa Fibres of America Inc.	Augusta	GA	Deinked Market Pulp	60
Ponderosa Fibres of America Inc.	Santa Ana	CA	Deinked Market Pulp	50
Prime Fibre Corp.	Appleton	WI	Deinked Market Pulp	20
Reprocell	Sun Valley	CA	Deinked Market Pulp	85
James River Corp.	Halsey	OR	Deinked Pulp	105
Scott Paper Co.	Oconto Falls	WI	Deinked Pulp	n.a.

n.a. - not available

1/ - Conforms to product grades for paper and paperboard as published in AFPA annual Capacity Surveys.
2/ - Estimated capacity to produce deinked pulp, not gross recovered paper consumption.

SECTION II

Publicly Announced Recovered Paper

Deinking Facility Expansions and

New Projects

1993 - 1995

ECONOMICS DEPARTMENT

FEBRUARY 1993

RECOVERED PAPER DEINKING FACILITIES

Publicly Announced Expansions and New Projects 1993 - 1995

Information in this report is obtained from trade periodicals, company press releases and other public sources. Entries include projects ranging from firm commitments to engineering and feasibility studies.

MILL OR COMPANY NAME	LOCATION	STATE	PRODUCT GRADE 1/	ESTIMATED ANNUAL DEINKING CAPACITY (thousands short tons)	ANNOUNCED START-UP DATE 2/	COMMENTS
Alabama River Newsprint Co.	Claiborne	AL	Newsprint	55	1993	Flotation deinking plant. 20-40% recycled content sheet.
Augusta Newsprint Co.	Augusta	GA	Newsprint	45	1993	Expansion.
Bear Island Paper Co.	Ashland	VA	Newsprint	45	1993	New flotation deinking plant. 20% recycled content sheet.
Boise Cascade Corp.	West Tacoma	WA	Newsprint	75	1993	Flotation deinking plant. 40% recycled content sheet.
Bowater Inc.	East Millinocket	ME	Newsprint	100	1993	New flotation deinking plant. 40% recycled content sheet.
Champion International Corp.	Sheldon	TX	Newsprint	140	1993/1995	Flotation deinking plant. 40% recycled content sheet.
Daishowa America Ltd. (Sub. San Joaquin Paper Co.)	Stockton	CA	Newsprint	250	n.a.	Proposal for 100% recycled mill.
Evergreen Pulp & Paper Co.	Redrock	AR	Newsprint	250	1995/1996	Plan for new mill and flotation deinking plant. 100% recycled sheet. Tentative.
MacMillan Bloedel/Haindl Paper	W. Sacramento	CA	Newsprint	310	n.a.	New mill and flotation deinking plant. 100% recycled sheet. Originally planned for 1994.
Ponderosa Fibres of America Inc.	Albany	NY	Newsprint	105	n.a.	New mill and flotation deinking plant. 100% recycled sheet. Originally planned for 1993.
Ponderosa Fibres of America Inc.	South Bronx	NY	Newsprint	105	n.a.	New mill and flotation deinking plant. 100% recycled sheet. Originally planned for 1993.
Stone-Consolidated Inc.	Shawinigan	Canada	Newsprint	80	1993	Flotation deinking plant. Fiber source mostly N.E. USA.
Cross Pointe Paper Co. (Sub. Pentair)	Park Falls	WI	Printing/Writing	35	1993	Deinking plant expansion.
Fox River Paper Co.	Urbana	OH	Printing/Writing	n.a.	n.a.	Studying deinking plant. Possible joint venture.
International Paper Co.	Corinth	NY	Printing/Writing	n.a.	1993	New deinking plant. Up to 50% post-consumer sheet.
International Paper Co.	Lock Haven	PA	Printing/Writing	n.a.	1993	New modified flotation deinking plant. May ship excess production.
Stora Papyrus Newton Falls Inc.	Newton Falls	NY	Printing/Writing	n.a.	n.a.	Studying deinking plant reactivation.
Union Camp Corp.	Franklin	VA	Printing/Writing	105	1994	Studying deinking plant. Up to 50% post-consumer sheet.
Ashuelot Paper Co.	Hinsdale	NH	Tissue	n.a.	1993	Upgrade deinking plant.
Encore Paper Co.	South Glens Falls	NY	Tissue	20	1993	Expansion.
Fort Howard Corp.	Western U.S.	-	Tissue	n.a.	n.a.	Considering new recycling mill and deinking plant.
Fort Howard Corp.	Muskogee	OK	Tissue	65	1994	Install fifth p.m.
Fort Howard Corp.	Rincon	GA	Tissue	65	1995	Install fifth p.m.
James River Corp.	Green Bay	WI	Tissue	18	1993	Considering deinking plant expansion and pulp mill shutdown.
James River Corp.	Old Town	ME	Tissue	n.a.	n.a.	Considering new p.m. and deinking plant. Originally planned for 1992.
Scott Paper Co.	Owensboro	KY	Tissue	n.a.	1995	Considering new mill and deinking plant.

n.a. - not available

1/ - Conforms to product grades for paper and paperboard as published in AFPA annual Capacity Surveys.

2/ - Learning curve and other factors may delay full utilization until following year.

:AP001:0100E151.WP

Information in this report is obtained from trade periodicals, company press releases and other public sources. Entries include projects ranging from firm commitments to engineering and feasibility studies.

ECONOMICS DEPARTMENT

FEBRUARY 1993

RECOVERED PAPER DEINKING FACILITIES

Publicly Announced Expansions and New Projects 1993 - 1995

MILL OR COMPANY NAME	LOCATION	STATE	PRODUCT GRADE 1/	ESTIMATED ANNUAL DEINKING CAPACITY (thousands short tons)	ANNOUNCED START-UP DATE 2/	COMMENTS
American Power Corp.	Barrackville	WV	Deinked Market Pulp	140	1994/1995	New mill and deinking plant.
Burrows Paper Corp.	Little Falls	NY	Deinked Market Pulp	35	1993	New deinking plant. 100% mixed office waste. For own use and sale to tissue and p/w mills.
Caithness King Co.	Midland	MI	Deinked Market Pulp	100	1994/1995	Considering new mill and flotation deinking plant. Delayed from 1992.
DeNovo/Southern Electric	Fredericksburg	VA	Deinked Market Pulp	50	1994	Feasibility study. Will supply pulp for tissue mills.
DeNovo/Southern Electric	Seattle/Tacoma	WA	Deinked Market Pulp	53	n.a.	Proposal for new recycling/cogenerationplant.
Dynamis Inc.	Sanger	CA	Deinked Market Pulp	53	1993	Plan for new Recoupe steam explosion plant in existing power plant.
FSC Paper Co.	Alsip	IL	Deinked Market Pulp	20	n.a.	Considering expansion.
Fox River Fibre Co.	De Pere	WI	Deinked Market Pulp	70	1993/1994	Considering doubling capacity in new mill.
Great Lakes Pulp & Fibre Inc.	Menominee	MI	Deinked Market Pulp	175	1994/1995	Plan for new mill. 100% office waste.
Green Bear Inc.	Vancouver	WA	Deinked Market Pulp	155	1995	Proposal for 100% post-consumer wet lap mill.
International Resource Recycling	Camden	NJ	Deinked Market Pulp	135	1993/1994	Plan for new mill.
Mississippi River Corp.	Natchez	MS	Deinked Market Pulp	100	1993/1995	Three-year expansion program.
North American Recycling Systems	Fort Edward	NY	Deinked Market Pulp	105	1994	Plan for new mill to supply tissue producers.
Pencor Inc.	Hagerstown	MD	Deinked Market Pulp	100	1994	New mill. Stake/Recoupe process using mixed office waste.
Ponderosa Fibres of America Inc.	Oshkosh	WI	Deinked Market Pulp	30	1992/1993	Mill expansion.
Ponderosa Fibres of America Inc.	Memphis	TN	Deinked Market Pulp	8	1992/1993	Mill expansion.
Ponderosa Fibres of America Inc.	Augusta	GA	Deinked Market Pulp	7	1993	Mill expansion.
Ponderosa Fibres/U.S. Generating Co.	Northhampton	PA	Deinked Market Pulp	135	1994/1995	New mill and cogeneration plant.
Prime Fibre Corp.	Appleton	WI	Deinked Market Pulp	20	1993/1995	Three-year expansion program.
Resource Conversion Systems Inc.	Maywood	IL	Deinked Market Pulp	n.a.	n.a.	Possible mini-mill in town industrial park.
Solar International Trading Corp.	Morrisville	PA	Deinked Market Pulp	100	1994	Plan for new mill. 80% for sale to tissue mills, 20% export.
Stone & Webster Inc.	Auburn	ME	Deinked Market Pulp	70	1994	New mill. Pulp for sale to printing/writing mills.
Superior Recycling Co. (Minnesota Power/Pentair)	Duluth	MN	Deinked Market Pulp	90	1993	New mill will produce high quality pulp from office waste.
Chesapeake Corp./ De Novo Corp.	West Point	VA	Deinked Pulp	53	1993	Considering new Stake/Recoupe process deinking plant. Possible market sale.

n.a. - not available

1/ - Conforms to product grades for paper and paperboard as published in AFPA annual Capacity Surveys.
2/ - Learning curve and other factors may delay full utilization until following year.

Brian Burke - fyi

bcc: Roy Neal
Howard Paster
Carol Rasco

INTERNATIONAL PAPER

JOHN A. GEORGES
CHAIRMAN
AND CHIEF EXECUTIVE OFFICER

TWO MANHATTANVILLE ROAD
PURCHASE NY 10577
PHONE 914 397 1517

July 16, 1993

JUL 19 REC'D

The Honorable Thomas F. McLarty
Chief of Staff to the President
The White House
1600 Pennsylvania Avenue, N.W.
Washington, DC 20500

Dear Mr. McLarty:

I am writing because I am concerned about a proposed executive order requiring federal agencies to increase purchases of printing and writing papers with recycled fiber content.

I support efforts to increase the purchase of recycled paper by the federal government. However, I am concerned that the standards in the proposed executive order may be unrealistically high for the basic printing and writing papers purchased by the government in large volumes.

International Paper and others in the paper industry are implementing an initiative designed to utilize recycled fiber in our high-volume, high-speed machines manufacturing printing and writing papers. Adding recycled fiber to these machines is a real challenge. They were not designed to use recycled fiber and, because of the integration with pulping operations, only small increments of that fiber can be added while keeping the mills competitive. Thus, the industry selected 10% postconsumer/processed recovered fiber or 50% total recovered paper standard. The 10% threshold will maximize total volume and participation. The contemplated executive order, calling for purchasing of paper with a 15% postconsumer standard, moving up to 25% by the year 2000, would require government agencies to purchase paper from relatively fewer suppliers at a substantial premium. In addition to being costly for the government, this will exclude our existing large machines from producing large volumes of recycled-content printing and writing paper meeting the government standard, thus limiting recycled fiber used in public and private sector purchases.

This is not a case of "industry foot dragging." The paper industry has responded to recycling by setting goals and exceeding them. We need the flexibility to find more ways to increase the use of recycled paper economically and sustainably. Unfortunately in this case, while the government may believe it is moving forward by setting higher standards, the effect may be less recycled fiber used in these paper products. This would serve neither the government's nor the industry's interests.

I understand that the order will also call for the purchase of chlorine-free paper by federal agencies. This provision has nothing to do with an executive order focused on recycled content, may work at cross purposes with recycling, and should not be included in the order.

This is an important issue and I urge that the executive branch recognize and use the momentum underway within the industry to move forward on recycling, rather than setting up additional roadblocks, as the proposed executive order would do.

Sincerely,

John A. Georges

John A. Georges
Chairman and
Chief Executive Officer

ADDOCO

ADDOCO INC.

12640 Industrial Court
Peosta, Iowa 52068
PHONE - 319/557-1555
FAX - 319/556-2369

FAX TRANSMISSION COVER SHEET

TO: Mr. Brian Burke - Domestic Policy

FROM: Mr. Russ Pfab

NUMBER OF PAGES INCLUDING THIS COVER SHEET: 3

COMMENTS:

ADDOCO

ADDOCO INC.
12640 Industrial Court
Peosta, Iowa 52068
PHONE - 319/557-1555
FAX - 319/556-2369

August 4, 1993

Mr. Brian Burke
Domestic Policy
Old Executive Office Bldg., Rm. 210
The White House
Washington, D.C. 20500

Dear Mr. Burke:

I am writing in response to a recent executive order regarding "Federal Recycling, Acquisition and Use of Environmentally Preferable Products and Services". The order states that plastic pallets are environmentally preferable to wooden pallets. I would like to address how wooden pallets are actually the more environmentally preferred.

First, wooden pallets are reusable. A Grocery Market Association (GMA) specified pallet averages 24 trips before it is no longer usable.

Second, wooden pallets are repairable. Properly repaired wooden pallets increase the number of times a pallet may be used. Plastic pallets are not repairable.

Third, wooden pallets are recyclable. Wooden pallets can be disassembled and it's usable parts can be used to remanufacture other pallets or used as parts to repair other pallets. Wooden pallets are also processed into wood fiber and used as boiler fuel, landscape mulch or animal bedding.

Fourth, wooden pallets are made from a renewable resource. Forestry practices today are such that trees used to make pallets are replanted at a higher rate than they are cut. Further, trees are not cut down just to build pallets. Lumber used to manufacture pallets is usually "leftover", lower grade lumber, not suitable for furniture or housing, etc. This insures full usage of each log, meaning less waste and being more environmentally friendly!

My fifth and final point addresses the economic impact this would have on not only the wooden pallet industry, but the furniture, housing, flooring, etc. industries as well. These industries would be forced to absorb the cost of the lumber normally used for pallets. The wooden pallet industry would suffer closing of new pallet manufacturers, wooden pallet recyclers and remanufacturers, and those who produce the wood fiber discussed earlier. In conclusion, I want to point out plastic pallets do not come from a renewable resource, are not repairable, and are not always recyclable and yet they will cost anywhere from 4 to 8 times as much as a wooden pallet.

I hope you will give these facts your attention and urge you to review other effects on the wooden pallet industry. I also urge you to review the administration's perception of plastic pallets being more environmentally preferable to wooden pallets. I thank you for your consideration in this matter.

Sincerely,

Stephen J. Rodham
President
Addoco, Inc.

P.S. The Executive V.P. of the National Wooden Pallet and Container Association, John Healey, would gladly meet with you, immediately if desired, to fill you in on the real facts of this environmentally friendly product. I urge you not to act on this executive order without at least hearing from the industry it could devastate.

John Healey E.V.P. NWPCA
(703) 527-7667

INTERNATIONAL PAPER

1620 EYE STREET NW SUITE 700
WASHINGTON, DC 20008

The Honorable Carol H. Rasco
Assistant to the President for Domestic Policy
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

AMERICAN FOREST & PAPER ASSOCIATION

Brian Burke - fyi

SEP - 7 REC'D

Red Cavaney
President

September 3, 1993

The President
The White House
Washington, D.C. 20500

Dear Mr. President

A September 1, 1993 letter to you from environmental groups, and others interested in the draft Executive Order pertaining to federal procurement of recycled goods, contains several misstatements, including the following:

- The letter asserts that "a standard of at least 15 percent post-consumer content ... is the lowest level of recycled content that will provide an incentive to the paper industry to increase investments in recycling." This stands in stark contrast to the facts. Currently, there is no federal standard pertaining to post-consumer content in printing and writing paper, yet the paper industry has 200 mills operating in the United States which rely exclusively on recovered paper for their raw material. Again, with no federal action on the horizon, the paper industry in 1990 embarked upon a voluntary increase in recycling capacity which, by 1995, will encompass more than 130 facilities and involve approximately $7.5 billion in investments over the 1988-1995 investment cycle.

- The writers contend that, "Adopting a procurement policy that requires less than 15 percent post-consumer content would be worse for recycling than no action at all." As was noted in AFPA's August 6 letter to Peter Yu of your staff, requiring a 15% post-consumer content in printing and writing papers will result in less recovered paper being used, not more. Only five to ten commodity machines are likely to produce on a regular basis paper meeting the 15 percent level. At the levels suggested by the printing-writing producers, approximately twice as much post-consumer/processed recovered fiber could be used -- and possibly much more, with an optimal industry forecast of 50% percent industry participation (see attached chart).

- The letter provides no supporting data that, "the supply of...post-consumer paper significantly exceeds demand..." Increases in the use of recovered paper in the printing-writing grades will come primarily from used office paper, which is currently being recovered in line with growth in recycling capacity. EPA's consultant, Bill Franklin, projects a shortage of many types of recovered paper, including newspapers and corrugated containers, by 1995, and office papers beyond. Over the longer term, the industry has very real concerns about the supply of quality, source-separated recovered paper.

- The printing-writing producers are not suggesting that the Executive Order change or expand the definition of "post-consumer". Rather, they are asking that a larger universe of recovered paper -- clearly identified as "post-consumer/processed recovered fiber" -- be included in the Executive Order.

In its recent news release, the Natural Resources Defense Council (NRDC), a signator of the earlier referenced letter, also makes numerous errors. Among them that the U.S. ranks below the European Community in paper recycling. The facts are as follows:

- The U.S. is the world's largest recycler of paper. We recover more paper than any other region of the world. In 1991, the last year for which worldwide data were available, the U.S. recovered 28 million tons of paper. The entire European Community accounted for 20 million tons (with Germany at 7.5 million) and Japan recovered 14.7 million tons. Our rate of recovery essentially matched the average of all EC countries at 37%. Only two EC countries exceeded a recovery rate of 40% (where the U.S. will be this year), and over half the EC was under the U.S. recovery rate. In 1991, the U.S. accounted for one-third of all paper recovery. Source: Pulp and Paper International, October 1992, page 32.

- The U.S. paper industry is not where the auto industry was 20 years ago. During a time of economic difficulty, the industry has invested at an unprecedented rate on modernization, new capacity -- including recycling capacity -- and in environmental improvement. To that end, in its recent survey, Fortune rated only two industries as earning an "A" on their report card for international competitiveness; the U.S. forest and paper industry was one.

It is also worth noting, that while well over 90% of the projected increase in U.S. paper recovery will be from post-consumer sources, no other country outside North America makes the pre-/post-consumer distinction. In other countries, "post-consumer" paper is anything outside the paper mill.

- Contrary to NRDC's contention, a rush to impose totally chlorine free (TCF), a technology whose time has not come, will hurt, not help, American industry's competitiveness in the world. The U.S. pulp and paper industry's efficient use of environmentally sound bleaching practices using chlorine compounds has allowed it to become the world's top producer of pulp, paper and paperboard. In fact, exports are the major engine of the industry's demand growth. Sixty percent of production increases since 1988 were derived from foreign demand.

- NRDC's contention that demand for TCF products is growing is just not true. The fact is that demand has stabilized at a very low level. The reasons are primarily related to the inability of current TCF technology to meet customer requirements. First, as EPA Administrator Browner acknowledged, "the technology is not fully developed" and "no kraft mills have yet succeeded in making high-brightness pulp from southern softwoods without using chlorine." Second, there are other customer needs, such as high absorbency, low dirt counts and superior strength, that cannot be met without bleaching with chlorine compounds.

What NRDC refuses to acknowledge is that while the industry has every reason to feel confident of maintaining its international competitiveness, TCF paper purchasing goals will jeopardize its position in our country. The only announced U.S. manufacturer of TCF bleached kraft pulp recently decided to shut down operations for the remainder of 1993. As a consequence, the Federal government would find itself buying virtually all its purchases from foreign suppliers and underwriting solely foreign jobs.

- NRDC's allusion to "chlorine-free recycled paper" also is misleading: there simply is no such product. The fact is that since chlorine compounds are found in cellulose fibers in wood, they are a component of all paper--including TCF paper. Since there is no commercially available method to remove chlorinated compounds from any paper, regardless of the process used, no paper products can be literally chlorine free.

- It is equally important to know that paper made from conventionally bleached pulp is actually <u>more desirable for recycling</u> than TCF paper because chlorine or chlorine compounds only minimally impact cellulose fibers as they remove the lignin and other unwanted components from wood. Chemicals used in TCF processes, in contrast, are far less gentle, producing paper with weaker fibers. This difference is critical because the stronger fibers found in conventionally bleached paper make that paper stronger and amenable to being recycled numerous times. On the other hand, TCF paper fibers make it weaker and limit its recycling potential.

We hope you will find these clarifications helpful in your consideration of the pending Executive Order, and wish to renew the industry's request to meet with you prior to signing the Order.

Respectfully,

Red Cavaney

ltr0903.pre

cc: Vice President Al Gore
Thomas F. McLarty, Chief of Staff
Leon E. Panetta, Director of OMB
Robert E. Rubin, Assistant to the President for Economic Policy
EPA Administrator Carol Browner
Carol H. Rasco, Assistant to the President for Domestic Policy
Alice Rivlin, Deputy Director of OMB
Kathleen McGinty, Director, Office of Environmental Policy

Printing–Writing Use of Postconsumer/Processed Recovered Fiber

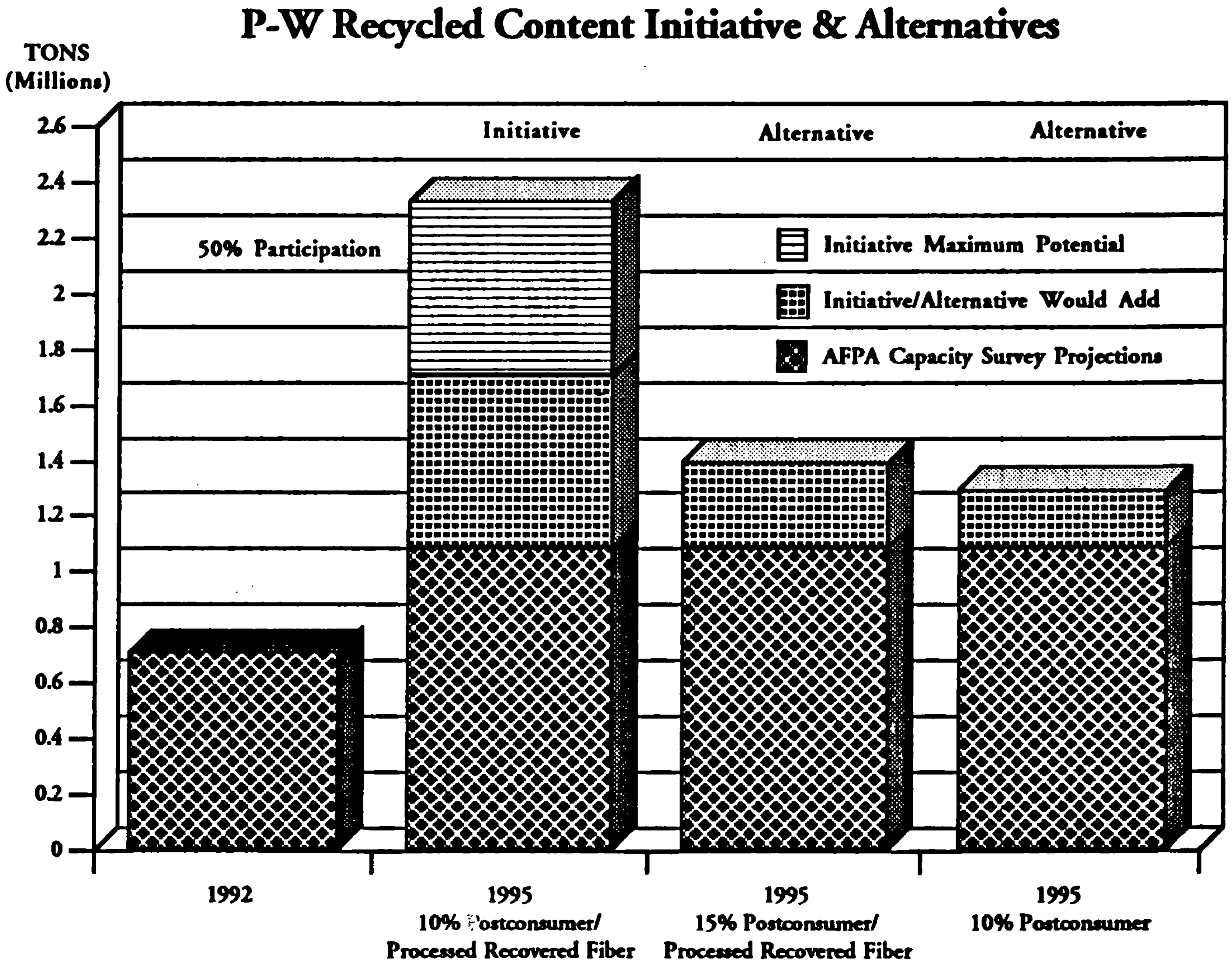


FIGURE 1

Printing and Writing Paper

Paper Company	% P.C.	Comments
Appleton Papers, Inc.*	10%	?
Blandin Paper Co.	10%	can do 15%
Boise Cascade Corp.	25%	
Bowater Inc.	20%	
Champion International Corp.	50%	
Consolidated Papers, Inc.	10%	no more
Georgia Pacific Corporation*	20%	can do 100%
International Paper Co.*	50%	minimum
James River Corporation	50%	
Kimberly Clark Corporation	30%	
Madison Paper Industries	15-20%	(new)
Mead Corporation	10%	
Repap Paper	10%	no more
Pentair, Inc.*	100%	Cross point
P.H. Glatfelter Co.*	10%	can do 20%
Potlatch Corporation	10%	can do 20%
Scott Paper Company	10%	?
Simpson Paper Company	100%	Quest
Strathmore	30%	
Union Camp Corporation	10%	no more
Ward Paper Co.	25%	
Wausau Paper Mills Co.	15%	can do 15%
Westvaco	10%	no more
Weyerhauser Company	10%	can do 20%
Willamette Industries, Inc.	10%	can do more

Note: The percent is for any grade which is a printing or writing paper.

KEY

"Can do more" :	if demand and price was sufficient
"No more" :	technically cannot or have not produced more than 10%
? :	undetermined, technical information not available at this time

Natural Resources Defense Council

GUIDELINE DEVELOPMENT PROCESS

RECYCLED PRODUCT PROCUREMENT GUIDELINES

Executive Order Provisions

- Section 502(a) of the proposed Executive Order establishes a new process for development and issuance of EPA's procurement guidelines for products containing recovered materials. The new process bifurcates the manner in which EPA designates recycled products and provides recommendations for government agencies to use in purchasing the designated products.

- Under the new process:

  - EPA will **designate** items that are or can be made with recovered materials by issuing a **Comprehensive Procurement Guideline** (CPG) in the rules section of the *Federal Register*. Formal notice-and-comment rulemaking will be used.

interagency review?

  - EPA will provide procurement **recommendations** to government agencies by issuing **Procurement Recommendation Notices** (PRNs) in the notice section of the *Federal Register*. A more informal development process which also provides for full public comment will be used.

Description of Problem

- Many states have or will shortly face a shortage of landfill capacity for disposal of their garbage. This shortage, coupled with new design and operating requirements for solid waste landfills, is leading to increased solid waste disposal costs.

  - State and local governments are responding by changing the manner in which they handle solid waste. They are instituting recovered materials collection programs for offices, commercial establishments, and residences. Some government agencies and businesses also are instituting waste prevention techniques and seeking environmentally preferable alternatives to products that they use.

  - The markets for the collected recovered materials are not always adequate, however. In order to stimulate these markets by creating demand, governments are using their purchasing power and buying products containing recovered materials.

- The current guidelines development process is costly and time-consuming. Currently, both item designations and recommendations are developed, proposed, and finalized in the same *Federal Register* notice and subsequently codified in Title 40 of the *Code of Federal Regulations*. Formal internal agency review and public notice-and-comment rulemaking are used to develop both the designations and the recommendations. Similarly, revisions to the recommendations also follow this formal rulemaking process.

- In the guidelines, EPA recommends that agencies use minimum recovered materials content standards and recommends specific content levels for designated items. *Because it is time-consuming to revise these recommendations, they are treated by manufacturers and the purchasing agencies as if they were regulatory standards.* Therefore, EPA currently conducts extensive research because an inadvertent error will affect procurement for a long time. The research is quickly outdated due to the lengthy review process.

- Due to the significant time and resource implications of this process, EPA only issued five procurement guidelines between 1983 and 1989. EPA has been criticized by Congress, procuring agencies, and environmental groups for the slow speed at which guidelines are developed.

o EPA also is prevented from quickly revising recommendations in response to market changes, innovation, and investment because regulations codified in the *Code of Federal Regulations* must move through the formal rulemaking process. It is far easier for the General Services Administration to revise its specifications to respond to product changes than it is for EPA to revise its recommendations. Yet both affect government purchasing decisions. For example, in 1992, GSA conducted a market survey to ascertain the availability of specific types of writing paper containing 50% total recycled materials including 10% postconsumer materials. GSA revised several of its specifications based on the survey results. EPA cannot make analogous revisions to the recommendations in the paper guideline without going through the formal rulemaking process. Thus, GSA can revise its specifications in a few months but EPA requires at least two years to recommend similar specification revisions.

Then maybe GSA should have the lead

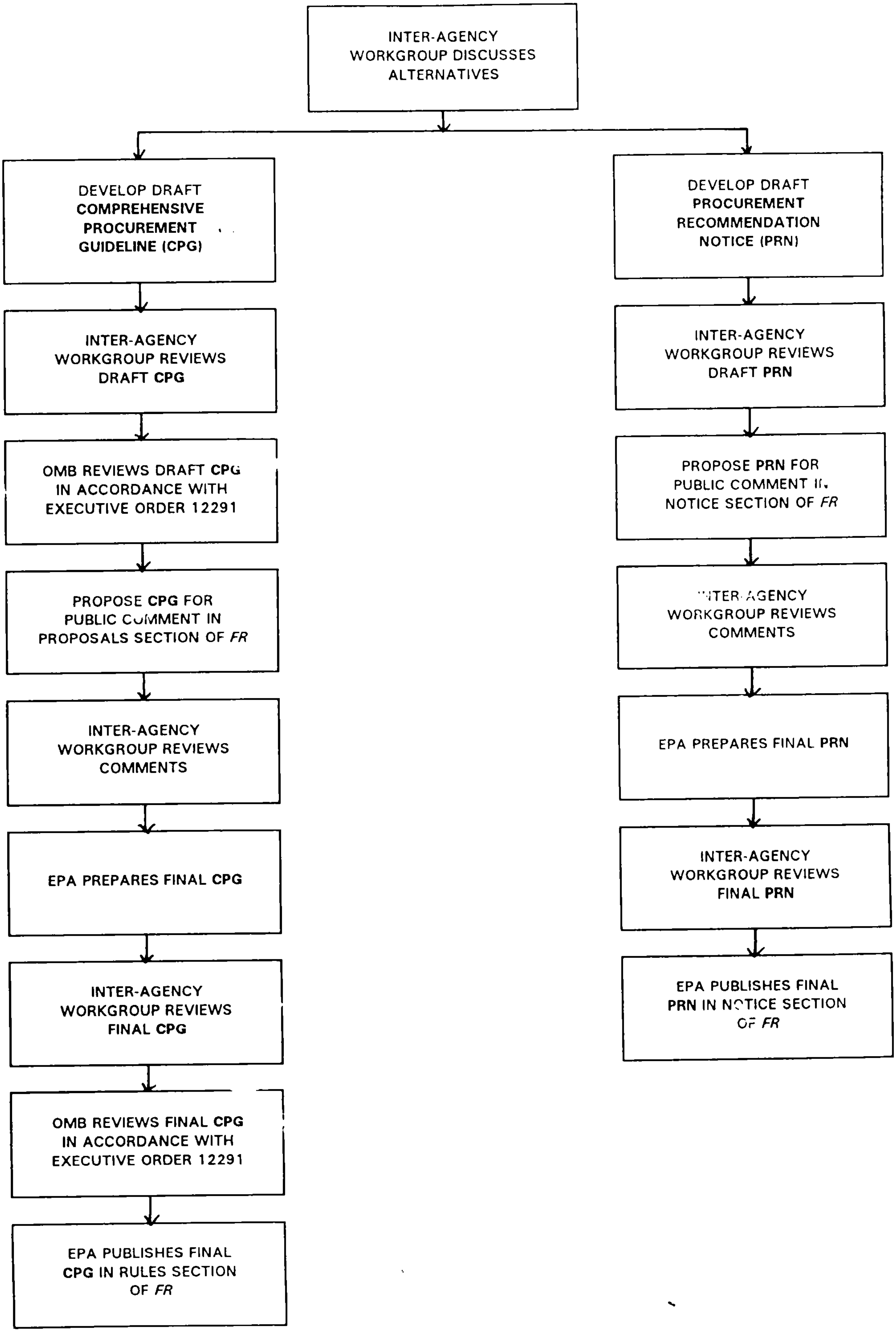
Benefits Expected What Interagency process

o The flow chart on the following page depicts the new process.

- **Item designations** will continue to be developed through the formal notice-and-comment rulemaking process.

- **Recommendations** will be developed through a shorter, more informal process. Inter-agency and public comment will <u>not</u> be eliminated but will be obtained through a shorter process, relying more heavily on inter-agency working groups.

STREAMLINED PROCESS



- The Procurement Recommendation Notices will provide *timely* advice and recommendations. They will be developed more expeditiously and can be modified quickly to reflect changing market conditions.

  - EPA will invite participation by the General Services Administration, Office of Federal Procurement Policy, OIRA, and other Federal agencies.

    -- EPA has obtained actual procurement information from members of the current Council on Federal Recycling and Procurement Policy and its workgroups as well as from other Federal agencies who responded to questionnaires distributed by OMB under RCRA Section 6002(g). EPA plans to obtain similar information from the members of the proposed Federal Task Force and its workgroups. EPA's recommendations thus will be responsive to the actual problems and successes encountered by Federal agencies.

  - EPA will solicit public comments on draft PRNs, prior to their final issuance, through a *Federal Register* notice.

- By streamlining and issuing a comprehensive procurement guideline, EPA will be able to:

  - Quickly modify our recommendations to respond to technical developments, product innovations, new products, and other related changes. This will keep the Federal government on the forefront of technological changes in recycling as recovered materials content increases in products.

  - Revise recommendations quickly if the existing recommendations do not result in increased purchases by Federal agencies. By responding more quickly, EPA will be able to make timely recommendations to address problems encountered by Federal agencies and to promote their successes to other agencies.

  - Implement a more fluid process that allows us to designate more items faster and with fewer resources.

Technical Feasibility

- In 1976, Section 6002 of the Resource Conservation and Recovery Act established a Federal "buy recycled" program. It requires EPA to **designate** items that are or can be made with recovered materials and to **recommend** procurement practices for government agencies to use in purchasing those items. It also requires government agencies to establish **affirmative procurement programs** for the EPA-designated items and to revise their **specifications**, as needed, to provide for the use of recovered materials in the items to the maximum extent practicable.

- o EPA's Office of General Counsel believes that the item designations must be issued through formal rulemakings because they trigger statutory procurement and specifications requirements for government agencies. By contrast, because EPA's recommendations are not mandatory, they can be issued through a more informal process.

<u>Impacts</u>

- o In developing guidelines, EPA balances product cost and recycled content maximization in recommending minimum content standards for agencies to use.
  - The new process will allow EPA to achieve this balance while increasing the quantity of recycled products procured and used by the Federal government and to d[illegible] in a more timely manner.

- o The new process will be more responsive to problems and successes experienced by purchasing agencies and to product changes. It will allow EPA to make timely adjustments to our recommendations without sacrificing inter-agency and public participation during the development of recommendations.

GUIDANCE ON ENVIRONMENTALLY PREFERABLE PRODUCTS

<u>Executive Order Provisions</u>

- o Section 502(b) requires EPA to identify and develop guidance for items that are environmentally preferable. EPA is proposing to revise this provision to a requirement that (1) we issue guiding principles for identifying environmentally preferable and (2) agencies use these principles to identify and purchase environmentally preferable products. EPA will not develop a list of these products.

<u>Description of Problem</u>

- o The recycled product procurement guidelines have been a powerful instrument driving public and private procurement of recycled products. Guidance for environmentally preferable products has similar potential to spur progress in the availability of products that prevent waste, reduce toxics, and consume less energy. Except for the prescriptions in the Federal Trade Commission's Environmental Marketing Guides, however, such guidance currently does not exist, and purchasers are looking to EPA to develop it.

Benefits Expected

- Congress has expressed an interest in Federal government procurement of environmentally preferable products, and agencies have looked to EPA for leadership in identifying these products. The proposed guiding principles will provide this leadership, promote the development of environmentally preferable products and, thereby, reduce or minimize adverse effects on human health and the environment.

Technical Feasibility

- The proposed Executive Order distinguishes between guidelines for recycled products and guidance for environmentally preferable products because there is a different basis for procurement of the two types of products.

- EPA will use other authority for issuing the guidance on environmentally preferable products.

  - The **Pollution Prevention Act of 1990** requires EPA to identify opportunities to use Federal Procurement to encourage pollution prevention.

  - **OMB Policy Letter No. 92-4** requires executive agencies to identify and procure "environmentally sound" and energy efficient products and services.

  - **OMB Circular A-119** encourages Federal agencies to participate in the development of environmentally sound and economically efficient standards and to encourage the use of such standards.

- EPA will use formal notice-and-comment rulemaking, including OIRA review pursuant to Executive Order 12291, in developing the general principles for agencies to use when purchasing environmentally preferable products.

  - The general principles will identify such criteria as reduced packaging, reusability, and reduced toxicity.

  - Because agencies will be able to integrate the guiding principles into their existing procurement systems, they will be able to use the principles in a manner that best suits their needs. For example, the General Services Administration's Federal Supply System uses green dots to identify environmentally preferable products in its product catalog. GSA will be able to use EPA's guiding principles to identify additional products without changing its catalog system.

  - The revised text for section 502(b) of the proposed Executive Order is attached.

Impacts

- Finally, by specifying guiding principles to be used in identifying environmentally preferable products, and by identifying and procuring these products, the Federal government will be taking the lead in encouraging manufacturers to develop these products.

PROPOSED REVISION TO EO SECTION 502(b)(1) and (b)(2)

(b) In accordance with this order, EPA shall issue guidance that recommends guiding principles that Agencies should use in purchasing environmentally preferable products.

(1) Initial guidance shall be published for public comment in the *Federal Register* within 180 days after the effective date of this order, and may be updated if necessary thereafter. To the extent necessary, EPA may issue additional guidance on how the principles can be applied to specific product categories.

(2) Once guidance for environmentally preferable products have been identified by EPA, Executive agencies shall use these principles to the maximum extent practicable, in identifying and purchasing environmentally preferable products, and shall modify their procurement programs by reviewing and revising specifications, solicitation procedures, and policies, as appropriate.

RECYCLED PAPER CONTENT STANDARDS

I. SUMMARY

Executive Order Provisions

- o The Executive Order establishes recycled content standards that apply to printing and writing papers purchased by the Federal government and requires that Federal agencies purchase recycled printing and writing papers that meet these standards.

  - For commodity grade papers (e.g., photocopy and computer papers), the Order replaces the existing 50 % total recycled content standard established by EPA in 1988 with a 15 % postconsumer recovered materials content standard that would escalate to 25 % in 1999.

  - For other uncoated printing and writing papers (e.g., book, writing, and cotton fiber papers), the Order retains the 50 % total recycled content standard and adds that 15 % of the content be postconsumer materials. This postconsumer percentage escalates to 25 % in 1999.

- o In addition, the Order directs agencies to implement waste prevention techniques. Therefore, if recycled printing and writing papers cost more than comparable virgin papers, their paper expenditures will not exceed typical annual spending levels.

  - Provisions are included that allow agencies to exceed typical spending levels for good cause.

Problems Being Addressed/Benefits Expected

- o EPA's existing 50 % total recycled content standard for printing and writing papers makes it impossible for mills that make commodity grade papers (e.g., photocopy and computer papers) on large, fast paper machines to produce recycled paper economically. The Executive Order eliminates the 50 % total recycled content standard, enabling the large mills, which represent about 70 % of industry capacity, to produce recycled commodity grade papers.

- o There is insufficient demand for paper that is being recovered from the municipal solid waste stream by local governments, often as a result of State mandates. Through the purchasing power of the Federal government, the Executive Order uses the existing marketplace to encourage industry to invest in equipment to produce recycled paper.

- The Federal government's existing recycled content standards for printing and writing papers are being ignored in favor of individual State standards because they do not specify postconsumer content. The Executive Order will establish recycled content standards that will be adopted by State and local governments and by the private sector. Widespread adoption of these standards will make it easier for industry to plan for the future and will lead to lower costs for recycled paper.

Technical Feasibility

- There is a large supply of postconsumer materials that can be used to make printing and writing papers that meet the content standards contained in the Order.

- Industry can use existing technology to produce printing and writing papers that meet the content standards contained in the Order. Additionally, there is ample capacity to meet the Federal government's demand for such papers.

  - Two large commodity grade mills have already invested in on-site equipment that will process postconsumer recovered materials into pulp that they will use to make recycled printing and writing papers. Therefore, no new investments would be needed for the government to purchase papers that meet the recycled content standards contained in the Executive Order.

  - Other producers of printing and writing papers may choose to make similar investments or purchase deinked pulp made by others to produce paper that meets the content standards contained in the Executive Order.

Impact on Federal Budget

- There should be no increased cost to the Federal government as a result of the recycled paper provisions of the Executive Order.

  - The Order directs agencies to implement waste prevention techniques. Therefore, if recycled printing and writing papers cost more than comparable virgin papers, their paper expenditures will not exceed typical annual spending levels.

  - In fact, there is the potential that significant savings will result from office paper reduction programs begun as a result of this Order.

II. BACKGROUND

Statutory Requirement

- o Section 6002 of RCRA requires that Federal agencies develop affirmative procurement programs that give a preference to the purchase of products that contain recovered materials and mandates that EPA develop guidelines for use by the agencies in fulfilling their obligation.

  - In the case of paper, the agencies are to maximize the postconsumer recovered material content of the paper products that they purchase, provided that the paper is available at a reasonable price.

  - The guidelines are not mandatory and do not extend beyond the Federal government and its contractors and grantees. Thus, paper companies are not required to make products that meet the guidelines. However, it is our hope that the government's decision to "buy recycled" will encourage the private sector to do the same.

EPA Paper Procurement Guideline

- o EPA issued the paper procurement guideline in 1988.

  - The guideline recommended postconsumer content standards for most categories of paper (e.g., tissue, newsprint, paperboard).

  - However, for printing and writing papers, the guideline recommended a standard of 50 % total recycled content because, at the time the guideline was issued, insufficient quantities of printing and writing papers containing postconsumer recovered materials were being made to meet the government's needs.

- o Subsequent to EPA issuing the paper guideline, all of the states established their own "buy recycled" programs. Shortly after the EPA guideline was issued, printing and writing papers containing postconsumer recovered materials were becoming available in the market place.

  - In addition to the 50 % total recycled content, 26 states require that printing and writing papers contain 10 % postconsumer recovered materials.

- o The end result is that the current Federal content standard is being ignored and the "real" standard for recycled printing and writing papers has become the states' 50/10 standard.

- Based on conversations with State and local government officials, representatives of environmental groups, and private sector purchasers, we expect that the Executive Order's 15 % postconsumer content standard, which escalates to 25 % in 1999, will replace the 50/10 standard for commodity grade printing and writing papers.

Government Purchasing

- The Federal government has been successful in purchasing many kinds of recycled paper products, such as newsprint, towels, tissue, and high quality printing and writing papers.

- However, less than five percent of Federal purchases of lower quality, commodity grade printing and writing papers (e.g., photocopy and computer papers), the highest volume printing and writing papers that we buy, contain recovered materials.

  - This is because only a few agencies have been willing to pay the 25 to 33 % price differential that now exists between recycled photocopy and computer papers (i.e., those that meet the 50/10 standard) and comparable virgin products.

The Problem

- Recycled printing and writing papers, including commodity grade printing and writing papers (e.g., photocopy and computer paper), are now being made on small to medium sized paper machines.

- They are not being made at mills with large, fast paper machines where paper can be made at a lower cost because of economies of scale.

  - This is because a 50 % content standard, whether pre- or postconsumer, is a barrier for the large mills.

  - To meet a 50 % standard would require a mill to close down one-half of its existing pulping operation and purchase an equivalent amount of pulp made at a deinking mill from recovered paper. This would increase its production costs by about 33 %.

- For paper recycling to flourish, it will be necessary for these large mills, which represent about 70% of industry capacity, to use recovered paper in addition to virgin materials.

- Unless construction has already started, as is the case at a couple of commodity grade mills, it will be impossible in the near term for the large mills to install the deinking equipment necessary to allow them to introduce recovered paper into their papermaking processes.

- They can, however, purchase deinked market pulp from other mills and use it to make paper that contains postconsumer recovered materials.

- In the short run, it will cost these large mills more to produce recycled paper than to continue to use virgin raw materials. This is because deinked market pulp will cost them more than it costs them to make their own pulp from virgin materials. We estimate that incremental production costs will increase as the amount of recycled content increases, as shown below:

10 % Postconsumer Content:	5 to 8 %
15 % Postconsumer Content:	8 to 12 %

- In the near term, if companies choose to pass these increased costs on to their customers, the cost of recycled commodity grade papers will be higher than equivalent virgin papers.

- Over the long term, as companies make the decision to build their own deinking plants, their costs will decrease because they can make deinked pulp at a lower cost than they must pay to have someone make it for them.

    - Thus, over the long term, we expect that the cost of recycled commodity grade papers will approach the cost of virgin commodity grade papers even though the total recycled content will be higher (i.e., 25 %).

The Solution

- The Executive Order establishes two categories of printing and writing paper: commodity grades (e.g., photocopy and computer paper) and all other uncoated printing and writing grades:

    - For commodity grades, the Order eliminates EPA's existing 50 % total recycled content standard and replaces it with a 15 % postconsumer standard that would escalate to 25 % in the year 1999.

        - The economics dictate that, for mills with large, fast paper machines to begin using postconsumer recovered materials, a relatively low level of these materials (e.g., 15 %) must be used initially since, in the short term, most will have to purchase deinked pulp.

-- The large mills cannot economically meet higher content standards (e.g., 25 %) without making capital investments in deinking equipment. These investments are most economically made at mills that are increasing production capacity or that are retiring old, worn out equipment.

-- Escalating to the higher 25 % level in the year 1999 is consistent with the industry's 5 year investment cycle.

- For all other grades, the Order retains the 50 % total recycled content and adds a 15 % postconsumer materials content standard that would increase to 25 % in the year 1999.

-- These papers are now being made at these, and higher, levels.

-- This standard would ensure a market for the small, recycling mills.

Benefits

o The approach taken in the Executive Order meets the statutory mandate of maximizing the postconsumer recovered material content of paper purchased by the Federal government.

o The postconsumer content standards contained in the Order will ensure increased use of materials being collected in office paper recycling programs administered by local governments.

o The elimination of the 50 % total recycled content standard for commodity grade printing and writing papers allows the large mills to produce recycled commodity grade paper economically and provides the incentive for them to do so. This, in turn, makes it more likely that the Federal government, State and local governments, and the private sector will be able to dramatically increase their purchase of recycled commodity grade printing and writing papers.

o The Executive Order establishes a separate category for the grades of printing and writing papers (e.g., book, writing, and cotton fiber papers) that are typically made at small mills, guaranteeing that they can continue to do business with the Federal government.

o The approach will receive support from state and local government officials, who strongly advocate postconsumer content standards.

- Thus, the standard is likely to be adopted by state and local government purchasing officials, making it easier for industry to market recycled paper.

Impact On Industry

- The 15 % postconsumer content standard is technically achievable and there is plenty of capacity for industry to make paper at the 15 % level.

  - The Federal government purchases less than 2 % of the printing and writing paper produced in the U.S.

  - Plenty of postconsumer recovered materials are available for use in making printing and writing papers.

    - Of the over 2.5 million tons of office paper collected per year, less than 3 % would be required to meet the Federal government's demand for printing and writing papers that contain 15 % postconsumer recovered materials.

  - By the end of 1994, there will be over 25 times as much deinked market pulp available than is required to meet the Federal government's demand for printing and writing papers that contain 15 % postconsumer recovered materials and 15 times as much as would be needed at the 25 % level.

- Because there is sufficient deinked market pulp capacity available to meet the Federal government's demand for recycled printing and writing papers, both at the 15 % and 25 % levels, there is no need for industry to make any new capital investments.

  - Additionally, we know of two large commodity grade mills that are scheduled to bring new deinking equipment on line in mid-1995 or earlier that is capable of supplying four times the Federal government's demand for commodity grade printing and writing papers.

  - Even ignoring the above capacity data, we estimate that the total investment in new deinking equipment necessary to supply the government's demand for commodity grade printing and writing papers at the 15 % postconsumer level would be about $29 million and about $48 million at the 25 % level.

- We cannot predict how much demand will come from State and local governments or the from the private sector, but it is clear from actions taken by 26 States and such companies as Budweiser, Coca Cola, Pepsico, and McDonalds that these sectors are insisting on recycled paper containing postconsumer recovered materials.

Impact On Federal Budget

- o Even though the Executive Order directs agencies to purchase recycled printing and writing papers even they cost more than comparable virgin papers, we anticipate that there will be no increased cost to the Federal government as a result of the recycled paper provisions of the Executive Order.

- o The Order directs agencies to implement waste prevention techniques so that their printing and writing paper expenditures do not exceed typical annual spending levels.

- o We anticipate that any increased paper costs would be offset by reductions in the amount of paper used by the agencies. For example, if 50 % of photocopies made by the Federal government were two-sided, paper use would decrease by 25 %.

- o Because a 12 % reduction in paper usage should be readily achievable, there is good reason to expect the recycled paper provisions to be, at a minimum, revenue neutral.

- o In fact, based on the experiences of others, there is the potential that significant savings will result from office paper reduction programs begun as a result of the Order.

  - AT&T's New Jersey Customer Information Center and Seagate Technologies report reductions in paper use of 41 % and 33 %, respectively, through two-sided copying and other paper reduction activities.

  - Bell Communications and New York City estimate that reductions on the order of 11 to 55 % are attainable, depending on the aggressiveness of their outreach and education programs.

- o If we were to ignore the savings that we anticipate as a result of implementing office paper reduction programs, over the short run, it is likely to cost a typical mill 8 to 12 % more to produce commodity grade printing and writing papers meeting the 15 % postconsumer content standard than to produce equivalent virgin papers.

  - Under a worst case scenario in which the entire 8 to 12 % cost increase were passed on to the government, the Federal budget would increase by between $24 and $36 million.

  - We would not expect to incur such budget increases because of competition for the Federal market and new deinking capacity coming on line at two large commodity mills. For example, the City of Seattle reports having purchased 50 % postconsumer content photocopy paper at a lower cost than it previously paid for virgin copy paper, principally because of the addition of a large, new deinking facility at a Northwest paper mill.

ATTACHMENT

OTHER SUGGESTED APPROACHES

INTRODUCTION

- o We have received numerous comments on the recycled paper provisions contained in the Executive Order, principally from representatives of the paper industry and of various environmental groups.

- o The Executive Order did not fully adopt the approaches suggested by either of these two groups, as explained below.

INDUSTRY'S SUGGESTED APPROACH

- o The American Forest and Paper Association's (AFPA's) Printing and Writing Paper Division represents virtually all domestic printing and writing paper manufacturers.

- o This past Spring, the Division announced a new initiative based on its recognition that an increasing number of its customers are now demanding postconsumer recovered material content.

- o The initiative advocates two equivalent standards for all printing and writing papers:

  - 10 % postconsumer/processed recovered fiber--this includes postconsumer materials, but also includes preconsumer materials that have been printed on or contain coatings; **or**

  - 50 % recovered paper (this includes all recovered paper, both pre- and postconsumer).

- o AFPA argues that, by establishing a low threshold for entry into the recycling market, every large, fast machine will be able to use recovered materials. As customers demand higher recycled content levels in the future, the mills will continue to make recycled paper to maintain market share.

- o There are several problems with AFPA's recommended approach.

  - It does not meet the statutory mandate of maximizing the postconsumer recovered material content of the paper products purchased by the government.

- Paper companies can meet the government's printing and writing paper needs without using any postconsumer materials. Over 50 times the quantity of preconsumer materials that meet AFPA's definition of postconsumer/processed recovered fiber are now being recovered from the waste stream than are necessary to manufacture the quantity of paper the Federal government purchases.

- As the recognized standard for printing and writing papers is now 50 % total recycled content, with 10 % postconsumer content, AFPA's approach will be perceived as a giant backwards step. This is especially true because the AFPA standard can be met without the use of any postconsumer recovered materials.

  -- The Order, in contrast, would establish a 15 % postconsumer content standard which will represent a forward step in providing markets for materials being diverted from the municipal waste stream.

- State and local governments favor standards that specify postconsumer materials. Should we adopt industry's approach, they will not follow the Federal government's lead, which is what happened in the case of EPA's 1988 guideline which did not contain a postconsumer content standard for printing and writing papers.

- Environmentalists favor standards that specify postconsumer materials, have ridiculed industry's proposal as being too little, too late, and will view adoption of the industry's approach as a major retreat from the current recycled paper procurement standard.

ENVIRONMENTAL GROUPS' SUGGESTED APPROACH

o With regard to paper procurement, the most active environmental groups have been the Environmental Defense Fund (EDF), the Sierra Club, the Natural Resources Defense Council (NRDC), and the Environmental Action Foundation (EAF).

o The prevailing view of the environmental groups (NRDC, EAF, and Sierra Club) is that paper procurement guidelines should specify 50 % total recycled content, including 15 % (EAF) or 25 % (NRDC, Sierra Club) postconsumer recovered materials. They want the postconsumer content standard to increase to 50 % over time.

- The Executive Order did not adopt the approach suggested by the environmental groups because it has several fundamental shortcomings.

  - A 50 % total recycled content standard, whether pre- or postconsumer, is a barrier to the large, fast paper machines because it would increase production costs by about 33 %.

  - Industry will not make the investment necessary to meet the 50 % standard with little likelihood that the increased production costs can be passed on to consumers.

  - Such an approach does not meet the goal of increasing government purchases of commodity grade printing and writing papers. Agencies will be unable to buy paper that contains 50% total recycled content because of its high cost.

- In contrast, for commodity grade papers, the Executive Order replaces the 50 % total recycled content with a 15 % postconsumer content standard that escalates to 25 % in 1999. This will result in significantly lower costs for industry to make commodity grade printing and writing papers that meet Federal content standards.

INTEGRATED RULE FOR PULP AND PAPER
BACKGROUND

- o First multi-media rulemaking in the history of EPA
  - Includes effluent guideline for water discharges and Maximum Achievable Control Technology (MACT) standards for air emissions
  - Schedule--Issue proposed rule October 1993 (court-ordered deadline for effluent guideline [not MACT] under EDF/NWF v. Thomas); final rule September 1995.
- o Benefits of integrating rulemaking:
  - Provide more certainty to industry by developing requirements for both air and water at the same time, improving industry's ability to plan and respond;
  - Increase the net environmental gain at least cost and reduce the chances of cross-media transfers of pollution; and
  - Reduce Agency costs in rule development.
- o Major focus on pollution prevention
  - Likely to result in pollution prevention process changes by industry
    - -- Note: Although the integrated rule will not specify process changes or the technology to be used, they will set a level of performance that may best be met through a combination of (1) manufacturing process changes and (2) air emission controls.
  - In developing options, EPA has looked beyond traditional pulping and bleaching processes, including elemental chlorine-free (ECF) and totally chlorine-free (TCF) technologies.
    - -- Certain mills in the U.S., Canada, Europe, and Scandinavia have developed processes that are TCF, but, to date, no kraft mills have been commercially successful in making high brightness market pulps from southern softwoods using TCF processes, which accounts for a significant share of U.S. production.
      - However, this TCF technology may become available before integrated rule finalized. If so, we will evaluate appropriateness for use in setting performance standards.

INTEGRATED RULE FOR PULP AND PAPER
BACKGROUND

(Continued)

- EPA is considering proposing Best Available Technology (BAT) regulations for bleached papergrade kraft mills based on ECF process technology. Also considering TCF incentives for those mills that can make their products by a TCF process.

-- European sulfite mills have successfully implemented TCF technology for most papergrade products and certain dissolving pulps. EPA is considering TCF-based standards for sulfite mills. The Agency has received data from sulfite mills to assess whether TCF technology is applicable to certain specialty papergrade products and high grade dissolving products.

o EPA is actively seeking international data on technical process and discharge information from mills in other countries, including Canada, Sweden, and Germany.

o EPA is actively soliciting public input--held a series of 5 public meetings on the integrated rule since September 1992.

o Industry has been an active partner and has made major contributions to development of the integrated rule, as have environmental groups and other interested parties. EPA hopes this open process can be a model for continuing cooperation on this and other EPA activities in the future.

o One of the greatest challenges EPA faces in developing the integrated rule is keeping up with the rapid pace of industry changes over the past several years. EPA will continue to accept additional data for evaluation and potential use in rule development as the data become available.

o After integrated rule is issued and resulting reductions in sludge dioxin content assessed, EPA will need to:

  - Assess need for previously-deferred regulatory action on land application of sludges under the Toxic Substances Control Act.

  - Determine whether or not to list dioxin-contaminated sludges as a hazardous waste under the Resource Conservation and Recovery Act.

202-260-5711 EPA

2/11
TD

AMERICAN
FOREST &
PAPER
ASSOCIATION

July 23, 1993

The Honorable
Carol M. Browner
Administrator (A-100)
U.S. Environmental Protection Agency
401 M Street, S.W., West Tower/Room 1200
Washington, D.C. 20460

Dear Administrator Browner:

On behalf of the CEOs representing the American Forest & Paper Association (AFPA), I wish to express our appreciation to you and your staff for meeting with us on Monday. The following is intended to amplify some of the items raised during our discussion.

AFPA again affirmed its support for the cluster concept as applied to this rulemaking. Further, we offered a proposal as a tangible sign of this industry's commitment to using this unique rulemaking process to usher in a new era of environmental responsibility and progress.

While expressing our common interest in seeing a successful outcome to the cluster rulemaking process, we also cautioned that this rulemaking has the potential to put the pulp and paper industry at a competitive disadvantage by requiring the expenditure of an additional $4 billion unnecessarily. In contrast, AFPA's proposal would achieve substantially similar environmental benefits without threatening the industry's international competitiveness--or by putting at risk 10 percent of our mills and 90,000 U.S. jobs.

With a potential cost of $10 billion to an industry struggling to accommodate other major environmental initiatives, this rulemaking is very important to the industry and to the health of the U.S. economy. AFPA therefore urges EPA to seriously consider its proposal for inclusion as the basis for the proposed regulations you will sign on October 31, 1993. To reiterate the proposal's most significant aspects:

- Discharges of dioxin from the pulp and paper industry would be at nondetect levels by October 31, 1995.
- Significant reductions of AOX by 90 percent of the industry would be achieved <u>two years before statutory deadlines</u> require compliance.

... Avenue NW, Second Floor, Washington, DC 20036

The Honorable
Carol M. Browner
July 23, 1993
Page 2

- AOX limitations comparable to existing, credible international standards would be imposed at a cost of $2 billion. This contrasts with the possible imposition of an additional $4 billion in capital costs for oxygen delignification (OD) to treat chlorinated phenolics of concern, despite the fact that these compounds can be treated to levels below environmental significance through high substitution of chlorine dioxide alone. Discharges of non-toxic pollutants, such as COD and color, would be handled through Best Management Practice programs together with water quality standard limitations.

- Industry would comply with new source performance standards for AOX discharges a full year ahead of what the statute prescribes.

- Cooperative agency--industry studies to confirm that high substitution mills without OD discharge effluent containing polychlorinated phenolics that, if they are detected at all, are well below levels of environmental concern.

- By setting BOD and TSS Best Conventional Technology limits that are equivalent to the average BOD and TSS discharges of the best 90 percent of the relevant subcategory, a further reduction of 40 percent in discharges of conventional pollutants (beyond the 70 percent reduction achieved by current standards) would be achieved.

- Industry-funded air sampling data will be provided to enhance the defensibility of new MACT standards, while allowing EPA to meet its accelerated schedule for the development of air rules for the industry, which would require compliance two years before the Clean Air Act dictates.

- The final rule will allow the continued production of certain products through its recognition of the unique nature of certain manufacturing processes, i.e, that product specifications for customers of papergrade sulfite and dissolving sulfite mills preclude the implementation of Totally Chlorine Free technology; and that use of hypochlorite in dissolving kraft mills is necessary to the continued manufacture of products to customer specifications.

It is appropriate to expand on two of the issues raised in the AFPA proposal. The first deals with data we are developing with respect to proposed effluent guidelines standards; the second with data to support MACT standards for process sources.

Turning first to BAT standards for AOX or specific chlorinated phenolics, we would like to reiterate our intention to begin to submit on an expedited basis (two weeks) data which strongly suggests that high chlorine dioxide substitution alone achieves reductions in chlorinated phenolics of concern to levels well below environmental significance. AFPA feels that, with this data, the agency will be able to make a credible case to support the high substitution option, rather than high substitution plus oxygen delignification--and should do so in its proposed rule. As we mentioned in our meeting, by taking this route, the rule will require reductions of chlorinated phenolics of concern to levels below environmental significance, while at the same time be preserving the competitive position of the industry by not imposing an additional and unnecessary $4 billion in capital costs.

With respect to MACT standards, we believe it is possible for the agency to reach its goal of promulgating effluent guidelines and MACT standards simultaneously. The difference in our approach is twofold. First, the agency does not now have adequate data on which to base defensible MACT standards for process sources. This is a critical issue to this industry because Section 112(g) of the Clean Air Act Amendments requires that any source that commences construction after a rule is proposed must be designed and constructed to meet those proposed standards--regardless of whether they are dropped or significantly altered in the final rule.

Further, while we realize the agency is trying its best to avert unwonted consequences in its proposed definition of "source," given the statutory requirements of Section 112(g) of the Clean Air Act, this option does not provide sufficient protection. Specific examples of how a broad definition of source would not necessarily assist in resolving real-world problems are being compiled and will be submitted to the agency on an expedited basis.

AFPA believes there is a simple alternative that would serve the cause of both the agency's mission and its schedule: rather than publishing a formal proposed rule on October 31, 1993, we suggest the agency issue an "Advance Notice of Proposed Rulemaking" (ANPR) on that date. This ANPR could discuss the data currently available or being collected, EPA's current preferred approach and the additional issues that will be resolved when MACT standards are proposed. Formal proposal would be held in abeyance until MACT standards for combustion sources are also ready for public review and comment in October 1994.

Briefly, the following schedule will allow EPA to meet its internal promulgation deadline:

2nd Week, August 1993-Summer 1994	Industry begins submitting mill specific data as it becomes available. Final summary report delivered to EPA in Summer 1994.

October 31, 1993	"Advance Notice of Proposed Rulemaking" for MACT Standards--Process Sources issued in tandem with proposed effluent guidelines.
October 31, 1994	Proposed MACT Standards for process and combustion sources signed.
October 31, 1995	Effluent guidelines and MACT standards for all sources promulgated.

AFPA believes its proposal lays the groundwork for a "win-win-win" situation. The agency will fulfill its primary mission to promote continued environmental progress. Industry will be given an opportunity to demonstrate in a concrete manner that it is a visible and active supporter of rational regulation. Finally, and perhaps most important, the American public will be given the degree of environmental protection it expects, and the amount of economic and social security it deserves.

Sincerely,

A.D. "Pete" Correll
Chairman
Cluster Work Group
AFPA Board of Directors

cc:

Tudor Davies
Director
Office of Science and Technology

Martha Prothro
Deputy Assistant Administrator
Office of Water

John Georges
Chairman & Chief Executive Officer
International Paper Company

John Luke, Jr.
President & Chief Executive Officer
Westvaco Corporation

John Seitz
Director
Office of Air Quality Planning
and Standards

Michael Shapiro
Acting Assistant Administrator
for Air and Radiation

Steven Mason
Chairman & Chief Executive Officer
Mead Corporation

THE WHITE HOUSE

WASHINGTON

August 18, 1993

MEMORANDUM TO BRIEFING PARTICIPANTS ON ENVIRONMENTALLY PREFERABLE PRODUCTS PROCUREMENT EXECUTIVE ORDER

FROM: KEN CONNOLLY

RE: BRIEFING PAPERS

I apologize for the delay in delivering the final briefing paper. By now you should have the background documents on the three main topics we will cover in tonight's meeting: TCF Paper, Recycled Paper Content Standards and Guideline Development Process.

I look forward to seeing you in room 248 at 5:00 p.m. If you have any questions or need additional information, please contact me.

EXECUTIVE ORDER PROVISION ON TCF PAPER

- Current Executive Order requires federal agencies to establish goals for procurement of totally chlorine-free (TCF) paper products to be achieved by 1995. Separate goals are to be established for the different categories of paper products. Agencies are to report annually on progress toward goals.
  - The provision is for establishment of goals by each agency, rather than mandating requirements.
- Executive Order will also include a provision to identify and eliminate barriers to the purchase of TCF paper.

DESCRIPTION OF THE PROBLEM

- Kraft mills have traditionally relied upon chlorine or derivatives (such as chlorine dioxide and hypochlorite) to achieve a high degree of brightness for pulp used to manufacture paper products.

- The use of elemental chlorine and chlorine derivatives has been linked to the discharge of dioxins, furans, and other chlorinated compounds in wastewater discharges from paper mills. Studies by EPA have confirmed dioxins/furans in wastewater effluent and sludge, while the 1992 National Study of Chemical Residues in Fish found dioxins/furans in fish taken from streams near all bleached pulp mills sampled between 1986 and 1990.

    - Epidemiology studies indicate that dioxin and related compounds may be carcinogenic in humans, but additional study is needed.

    - Noncancer effects associated with dioxin include impairment of endocrine function (reproduction) in animals and humans, changes in immune function, and behavioral effects in offspring of exposed animals.

    - Some data suggest that these noncancer effects may occur in humans at extremely low levels of exposure (i.e., at, or near, current background levels).

    - Specific subpopulations may be exposed to higher levels of dioxins and other chlorinated compounds than the general population. There have been 2 major class action lawsuits, brought by subsistence fishermen, that have been won against pulp and paper mills that discharge dioxin and that have contaminated downstream fisheries. These suits were based on the higher dioxin risks experienced by subsistence fishermen.

    - A recent interim report issued by EPA reviews the literature and reports reproductive toxicity for fish, birds, and mammals due to dioxin and related compounds.

- Chlorine and chlorine derivatives are also the source of high levels of chloroform emissions from paper mills. The pulp and paper industry accounted for 91% of chloroform emissions reported under federal law in 1991 from all industrial sources.

    - Chloroform is a known human carcinogen.

DESCRIPTION OF THE PROBLEM (Continued)

- EPA has gathered data from 28 chlorinated phenolic compounds that exhibit a range of human health effects and are potentially toxic to aquatic life. Relatively little is known about other chlorinated organics released in wastewater from bleaching processes.

- U.S. industry has reduced the use of elemental chlorine through process changes (such as oxygen delignification) and the use of chlorine dioxide as a bleaching agent. These changes significantly reduce--but do not eliminate--dioxins and furans, chloroform, and other chlorinated compounds. Totally chlorine-free technology completely eliminates the use of chlorine <u>and</u> derivatives in bleaching through the use of substitutes such as oxygen, hydrogen peroxide, and ozone.

INTEGRATED RULEMAKING

- This fall, EPA will propose an integrated rule for the pulp and paper industry that will include effluent standards for wastewater and emission standards for hazardous air pollutants.

- The effluent guideline is based on "best available technology" and the air standard on "maximum available control technology"--i.e., standards will be based on existing technologies. EPA must identify the technological option or options that achieve the greatest reduction in toxic air emissions or wastewater discharges. These options will be used to identify a "performance standard" that industry can meet as cost-effectively as it knows how.

- For kraft mills, the integrated rule is likely to propose performance standards that are based on oxygen delignification, high levels of chlorine dioxide substitution, and some end-of-pipe treatment.

  - The proposed standard for kraft mills will not require TCF, since the technology is not currently available for producing high brightness paper from softwoods using the kraft process. However, EPA is considering offering incentives (e.g., reduced monitoring requirements) to mills that go further than required by investing in TCF.

- EPA is considering proposing TCF as the basis of the standard for the much smaller category of sulfite mills.

- Establishing a goal for the purchase of TCF paper by the federal government is consistent with EPA's strategy of providing incentives for this new technology, without forcing it through regulatory requirements.

TECHNICAL FEASIBILITY

Existing/Planned Capacity--International

- British Columbia has set a goal for eliminating the use of chlorine and its derivatives in bleaching by the year 2000. At least one (and perhaps more) Canadian kraft mills have developed TCF capacity in anticipation of the new market.

- Ontario has also proposed regulations for zero discharge of organochlorines from pulp and paper effluents by the year 2002. Ontario has 26 mills, of which 8 are kraft mills that bleach with chlorine.

- The Federal Republic of Germany, which represents approximately 15% of world demand for bleached pulp, is requiring paper manufactured for the German market to be made with TCF pulp. At least 12 kraft mills in Europe have invested in significant TCF capacity, presumably to supply the German market.

Existing Capacity--U.S.

- Two sulfite mills in the United States (Lyons Falls and Georgia-Pacific) produce TCF paper already. However, sulfite mills represent a small fraction of total U.S. pulp and paper production, which is dominated by large kraft mills.

- In the United States, Louisiana-Pacific has opted to convert all production to TCF bleaching by 1995. Louisiana-Pacific makes 250,000 pounds of pulp per year, or about 1% of U.S. capacity.

- Union Camp's mill in Franklin, Virginia, has eliminated chlorine and uses only small amounts of chlorine dioxide in the last stage of bleaching. It has the capacity to convert to TCF if sufficient market demand develops.

- However, neither Louisiana-Pacific nor Union Camp currently achieve high levels of brightness in pulp made from softwoods, which is the predominant wood source in the U.S. Softwoods contain more lignin than hardwoods, require more bleaching, and create more chlorinated organics.

TECHNICAL FEASIBILITY
(Continued)

Predicted Demand

- Some industry experts predict a steady increase in the demand for TCF paper. Fred Miller, the manager of Louisiana-Pacific's Samoa mill, has said that, "There definitely is a European market, there is evidence of a forming U.S. market, and we expect both to grow."
- Wells E. Nutt, President of Union Camp Technology, asks, "How long before TCF must be used. Some day it will happen. Perhaps 5-7 years."
- Jack O'Brien, editor of the trade magazine Paper Age, predicts that "the move to TCF will have taken a firm hold" within 5 to 7 years.
- The American Forest and Paper Association believes that demand for TCF paper will largely be limited to Germany.

ECONOMIC IMPACTS

- The pulp and paper industry has estimated that the proposed Executive Order provision on TCF would cost $3 billion. That estimate apparently rests on the clearly erroneous assumption that every U.S. kraft mill would convert to TCF as a result of the proposed Executive Order.
  - The proposed Executive Order includes a provision requiring federal agencies to set a goal for the purchase of TCF paper by 1995. That goal would presumably affect only a fraction of the 2.5% of total U.S. demand for paper products represented by U.S. paper.
- As the industry has provided no further information to support these estimates, it is impossible to assess their accuracy.
- Nor is it possible to evaluate the industry's claim that an increased demand for TCF paper in this country would result in significant job dislocation. To the contrary, failure to anticipate and meet demand for TCF paper in Europe may cost U.S. manufacturers a significant share of the international market.
- EPA has not prepared detailed cost estimates comparing TCF technology to chlorine dioxide substitution, because it is not currently considering basing regulatory standards for kraft mills on this technology. Experts disagree on relative cost, with some believing that it is cheaper in the long run due to lower operating expenses.

BENEFITS OF TCF

- Totally chlorine free bleaching offers several potential advantages when compared to chlorine dioxide substitution.

- First, until we limit chlorine and chlorine derivatives, there will always be a possibility that dioxins and furans are being generated below current limits of detection. Recent studies suggest that even these low levels are cause for concern. In contrast, TCF completely eliminates dioxins and furans.

- Second, TCF eliminates any uncertainty regarding the health effects of other chlorinated organics contained in kraft mill waste streams that are not currently understood.

- Third, TCF may avoid the need for future regulation of kraft mill sludges, which could be very costly to industry. Sludges are not the subject of EPA's current rulemaking.

- Fourth, TCF offers the opportunity to "close up" bleaching processes by recycling wastewater discharges to a recovery system, thereby reducing waste treatment costs. Closing the loop is presently impossible with chlorine-containing compounds, due to their corrosive nature.

- Fifth, an investment in TCF would allow American manufacturers to take advantage of any upswing in international demand for chlorine-free pulp.

Brian,

This is a copy of the Aug. 3rd draft of Recycling E.O.

Ken

DRAFT
August 3, 1993
1:00 p.m.

EXECUTIVE ORDER

\- - - - - -

FEDERAL ACQUISITION, RECYCLING, AND WASTE PREVENTION

WHEREAS, the Nation's interest is served when the Federal Government can make more efficient use of natural resources to enhance the quality of renewable resources and approach the maximum attainable recycling of depletable resources;

WHEREAS, this Administration is determined to strengthen the role of the Federal Government as an enlightened, environmentally conscious and concerned consumer;

WHEREAS, the Federal Government should -- through cost-effective waste prevention and recycling activities -- work to conserve disposal capacity, and serve as a model in this regard for other private and public institutions; and

WHEREAS, the use of recycled and environmentally preferable products and services by the Federal Government can spur private sector development of new technologies, use of such products and, thus, create business and employment opportunities, enhancing regional and local economies and the national economy;

NOW, THEREFORE, I, WILLIAM J. CLINTON, by the authority vested in me as President by the Constitution and the laws of the United States of America, including the Solid Waste Disposal Act, Pub. L. No. 89-272, 79 Stat. 997, as amended by the Resource Conservation and Recovery Act (RCRA), Pub. L. No. 94-580, 90 Stat. 2795 (1976) as amended (42 U.S.C. 6901-6907), and section 301 of title 3, United States Code, hereby order as follows:

PART 1 - PREAMBLE

Section 101. Consistent with the demands of efficiency and cost effectiveness, the Head of each Executive agency shall incorporate waste prevention and recycling in the agency's daily operations and work to increase and expand markets for recovered materials through greater Federal Government preference and demand for such products.

Sec. 102. Consistent with policies established by Office of Federal Procurement Policy (OFPP) Policy Letter 92-4, agencies shall comply with Executive Branch policies for the acquisition and use of environmentally preferable products and services and implement cost-effective procurement preference programs favoring the purchase of these products and services.

Sec. 103. The objectives of this order are to create an ongoing Council on Environmental Progress and to establish high-level Environmental Executive positions within each agency to be responsible for expediting the implementation of existing statutes and this order.

PART 2 - DEFINITIONS

For purposes of this order:

Sec. 201. "Environmentally preferable" means products or services that reduce effects to human health and the environment in comparison with competing products or services which serve the same purpose. This comparison may consider production packaging, distribution, reuse, operation, maintenance, or disposal of the product or service.

Sec. 202. "Executive agency" or "agency" means an Executive agency as defined in 5 U.S.C. section 105. For the purpose of this order, military departments, as defined in 5 U.S.C. 102, are covered under the auspices of the Department of Defense.

Sec. 203. "Postconsumer Materials" mean materials or finished products that have served their intended use and have been discarded for disposal or recovery, having completed their life as a consumer item. Postconsumer materials are a part of the broader category of "recovered materials".

Sec. 204. "Acquisition" means the acquiring by contract with appropriated funds for supplies or services (including construction) by and for the use of the Federal Government through purchase or lease, whether the supplies or services are already in existence or must be created, developed, demonstrated and evaluated. Acquisition begins at the point when agency needs are established and includes the description of requirements to satisfy agency needs, solicitation and selection of sources, award of contracts, contract financing, contract performance, contract administration and those technical and management functions directly related to the process of fulfilling agency needs by contract.

Sec. 205. "Recovered materials" means waste materials and by-products which have been recovered or diverted from solid waste, but such term does not include those materials and by-products generated from, and commonly reused within, an original manufacturing process (42 U.S.C. 6903 (19)).

Sec. 206. "Recyclability" means the ability of a product or material to be recovered from, or otherwise diverted from, the solid waste stream for the purpose of recycling.

Sec. 207. "Recycling" means the diversion of materials from the solid waste stream and the conversion of those materials into beneficial use. Recycling is further defined as the result of a series of activities by which materials that would become or otherwise remain waste, are diverted from the solid waste stream by collection, separation or processing and are used in the manufacture of products sold or distributed in commerce.

Sec. 208. "Waste prevention," also known as source reduction, means any change in the design, manufacturing, purchase or use of materials or products (including packaging) to reduce their amount or toxicity before they become municipal solid waste. Waste prevention also refers to the reuse of products or materials.

Sec. 209. "Waste reduction" refers to preventing and/or decreasing the amount of waste being generated either through waste prevention, and recycling, or purchasing recycled and environmentally preferable products.

Sec. 210. "Life Cycle Cost" means comparing the total cost (capitol costs, including installation, plus maintenance costs) over one product's expected lifetime to the total costs of a competing product over its expected lifetime.

Sec. 211. "Life Cycle Analysis" means the comprehensive examination of environmental effects throughout a products life including new material extraction, transportation, manufacturing, use, and disposal.

[Sec. 212. "Total chlorine-free" refers to products produced without the introduction of any chlorine-containing compounds in the pulping and bleaching process.]

PART 3 - THE ROLE OF THE COUNCIL ON ENVIRONMENTAL PROGRESS AND THE DESIGNATION OF ENVIRONMENTAL EXECUTIVES

Sec. 301. The Council on Environmental Progress. A Council on Environmental Progress (Council) is hereby established. It shall be comprised of the Federal Environmental Executive, a representative from the White House Office on Environmental Policy, the Administrator for Federal Procurement Policy, and the Environmental Executive from each of the following agencies: the Environmental Protection Agency, the Department of Defense, the General Services Administration, the National Aeronautics and Space Administration, the Department of Energy, the Department of Commerce, the Department of the Interior and the Department of Agriculture.

(a) Authority. The Federal Environmental Executive shall serve in a full time capacity as the Chair of the Council and after consultation with the Council, may add additional agency environmental executives as representatives to the Council.

(b) Administration. Agencies are requested to make their services, personnel and facilities available to the Council to the maximum extent practicable for the performance of functions under this order.

(c) Committees and Work Groups. As committees and work groups are established by the Council to fulfill its goals and responsibilities, agencies are requested to designate appropriate personnel in the areas of procurement and acquisition, standards and specification, electronic commerce, facilities management, waste prevention and recycling, and others as needed to staff and work on the initiatives of the Council. The committee and work groups shall identify, assess, and recommend actions to be taken to fulfill the goals, responsibilities and initiatives of the Council.

(d) Duties. The Council on Environmental Progress shall:

(1) identify and recommend initiatives for Government-wide implementation that will promote the purposes of this order, including:

(A) the development of a Federal plan for agency implementation of this order and appropriate incentives to encourage the acquisition of recycled and environmentally preferable products by the Federal Government;

(B) the development of a Federal implementation plan and guidance for instituting economically efficient Federal waste prevention, energy and water efficiency programs, and recycling programs within each agency;

(C) the development of a plan for making maximum use of available funding assistance programs;

(2) collect and disseminate information electronically concerning methods to reduce waste, materials that can be recycled, costs and savings associated with waste prevention and recycling, and current market sources of products that are environmentally preferable or produced with recovered materials;

(3) provide guidance and assistance to the agencies in setting up and reporting on standardized agency programs and monitoring their effectiveness; and

(4) coordinate appropriate Government-wide education and training programs for agencies.

(e) Federal Environmental Executive. The Federal Environmental Executive, as designated by the President shall be located within the EPA, and shall review and report annually to OMB, at the time of agency budget submissions, on the actions taken by the Council and by the agencies to comply with the requirements of this order.

(f) Staffing. A minimum of four (4) full time staff are to be provided by members of the Council to assist the Federal Environmental Executive, one of whom shall have experience in specification review and program requirements, one of whom shall have experience in procurement practices, and one of whom shall have experience in solid waste prevention and recycling. [These four staff shall be appointed and replaced as follows:

(1) a representative from the Department of Defense shall be detailed for not less than one year and no more than two years;

(2) a representative from the General Services Administration shall be detailed for not less than one year and no more than two years;

(3) a representative from the Environmental Protection Agency shall be detailed for not less than one year and no more than two years;

(4) a representative from one of the other agencies serving on the Council shall be detailed on a rotational basis for not more than one year.]

Sec. 302. Agency Environmental Executives. Within 90 days after the effective date of this order, the Head of each Department and major procuring agency shall designate an Agency Environmental Executive from among its staff, who shall be placed no lower than at the Deputy Assistant Secretary level or equivalent. The Environmental Executive will be responsible for:

(a) coordinating all environmental programs in the areas of procurement and acquisition, standards and specification review, facilities management, waste prevention and recycling, and logistics;

(b) participating in the interagency development of a Federal plan to

(1) create an awareness and outreach program for the private sector to facilitate markets for environmentally preferable and recycled products and services, promote new technologies, improve awareness about Federal efforts in this area, and expedite agencies efforts to procure new products identified under this order;

(2) establish incentives, provide guidance and coordinate appropriate educational programs for agency employees; and

(2) coordinate the development of standard agency reports required by this order.

(c) reviewing agency programs and acquisitions to ensure compliance with this order.

Sec. 303. Agency Recycling Coordinators. Agency Recycling Coordinators designated by the Agency Environmental Executive shall be responsible for coordinating the development of an effective agency waste prevention and recycling program and emphasizing agencies' purchase and use of recycled and environmentally preferable products and services.

PART 4 - ACQUISITION PLANNING AND AFFIRMATIVE PROCUREMENT PROGRAMS

Sec. 401. Acquisition Planning. Agencies developing plans, drawings, work statements, specifications, or other product descriptions shall consider the following factors: elimination of virgin material requirements; use of recovered materials; reuse of product; life cycle cost; recyclability; use of environmentally preferable products; waste prevention (including toxicity reduction or elimination); and ultimate disposal as appropriate. These factors should be considered in acquisition planning for all procurements and in the evaluation and award of contracts, as appropriate. [Program and acquisition managers should take an active role in these activities.]

Sec. 402. Affirmative Procurement Programs. The Head of each Executive agency shall develop and implement affirmative procurement programs in accordance with RCRA section 6002 (42 U.S.C. 6962) and this order. Agencies shall ensure that responsibilities for preparation and implementation of affirmative procurement programs are shared between the program and requiring activity personnel and procurement personnel. A process shall be developed by the agencies to ensure implementation and monitoring of the affirmative procurement programs by the program, requiring activity and procurement personnel.

(a) Agencies shall establish affirmative procurement programs for all designated EPA guideline items purchased by their agency. For newly designated items, agencies shall revise their internal programs within one year from the date EPA designated the new items.

(b) For each of the currently designated EPA guideline items, [concrete and cement containing fly ash; recycled paper products; re-refined lubricating oil; retread tires; and insulation containing recovered materials;] and for all future guidelines, agencies shall ensure that their affirmative procurement programs require that [100 percent of] their purchases of products meet or exceed the EPA guideline standards to the contracting officer unless written justification is provided that a product is not available competitively within a reasonable timeframe, does not meet appropriate performance standards, or is not available at a reasonable price.

[(c) The Council on Environmental Progress will review and monitor agencies annual purchases of designated EPA guideline items, and provide written notice to the Agency Environmental Executives when their agencies fail to purchase or to justify their reasons for not purchasing these items. Agency Environmental Executives will be required to report to the Council on why the item(s) have not been purchased along with a plan for how the agency intends to increase its purchases of designated item(s).]

[(d) Agency affirmative procurement programs shall encourage that documents be transferred electronically to the maximum extent practicable and when necessary:

(1) to the maximum extent practicable, that all government documents printed internally be printed double-sided, and

(2) to the maximum extent practicable, that contracts, grants, and cooperative agreements issued after the effective date of this order, include provisions that require documents to be printed double-sided on recycled paper meeting or exceeding

the standards established in this order or in future EPA guidelines.]

Sec. 403. Procurement of Existing Guideline Items. Within 90 days after the effective date of this order, the head of each Executive agency, that has not implemented an affirmative procurement program, shall ensure that the affirmative procurement program has been issued in final and is being implemented to the maximum extent practicable.

Sec. 404. Electronic Acquisition System. To reduce waste by eliminating unnecessary paper transactions in the acquisition process, and to foster accurate data collection and reporting of agencies' purchases of recycled and environmentally preferred products, the Administrator for Federal Procurement Policy shall provide policy guidance for the development and implementation of a Government-wide electronic acquisition system. The system shall facilitate the electronic interchange of standard acquisition information between government and industry.

(a) Within 180 days after the effective date of this order, the OFPP Administrator, in consultation with major procuring agencies, shall provide specific guidance on the development and implementation of the system to Executive agencies.

(b) To support this system, the GSA Administrator in coordination with the Secretary of Defense and other appropriate agency heads, shall establish and maintain a publicly-accessible electronic database highlighting recycled and environmentally preferable products, that includes applicable commercial item descriptions (CIDs), standards and specifications.

PART 5 - STANDARDS, SPECIFICATIONS AND DESIGNATION OF ITEMS

Sec. 501. Specifications, Product Descriptions and Standards. [Where applicable,] executive agencies shall [as soon as practicable,] review and revise Federal and military specifications, product descriptions and standards to enhance Federal procurement of products made from recovered materials or that are environmentally preferable. When converting to a CID, agencies shall ensure that environmental factors have been considered and that the CID meets or exceeds the environmentally preferable criteria of the government specification or product description. Agencies shall report annually on their compliance with this section in the report specified in section 604.

[(a) If an inconsistency with RCRA Section 6002 or this order is identified in a specification, standard, or product description, the Council may request that the agency responsible for the specification advise the Council why the specification should not be revised.]

(b) If an agency should be able to revise an inconsistent specification but cannot do so within 60 days, it is the responsibility of that agency's Environmental Executive to monitor and enforce a plan to achieve consistency.

[Sec. 502. Designation of Items that contain Recovered Materials or are Environmentally Preferable. In order to expedite the process of designating items that are or can be made with recovered materials, EPA shall institute a new process for designating items under RCRA section 6002. In accordance with this order, EPA shall also identify and develop guidance for items that are environmentally preferable.

(a) In accordance with RCRA section 6002(e), EPA shall issue a Comprehensive Procurement Guideline designating items that are or can be made with recovered materials.

(1) The proposed guideline shall be published for comment in the Federal Register within 180 days after the effective date of this order and shall be updated annually thereafter to include additional items.

(2) Concurrently, EPA shall publish in the Federal Register Procurement Advisory Notice(s) that recommend recovered material content levels within which the designated recycled items are currently available. These recommended levels shall be updated periodically to reflect changes in market conditions.

(3) Once items containing recovered materials have been designated by EPA through the new guideline process, agencies shall procure these items to the maximum extent practicable and

modify their affirmative procurement programs to include these items in compliance with RCRA section 6002 and this order.

(b) In accordance with this order, EPA shall issue guidance identifying items that are environmentally preferable.

(1) The proposed guidance shall be published for comment in Federal Register within 180 days after the effective date of this order and shall be updated annually thereafter to include additional items.

(2) Once items that are environmentally preferable have been identified by EPA, agencies shall procure these items to the maximum extent practicable and modify their procurement programs to include these items.]

[Sec. 503. Minimum Content Standard for Printing and Writing Papers. Executive agency heads shall ensure that by January, 1995, agencies shall meet or exceed the following minimum recovered materials content standards when purchasing or causing the purchase of printing and writing papers:

(a) For high speed copier paper, offset paper, forms bond, computer printout paper, carbonless paper, file folders, and white woven envelopes, the minimum content standard shall be no less than 15 percent postconsumer recovered materials. This minimum content standard shall be increased to 25 percent beginning in January 1999.

(b) For other uncoated printing and writing papers, such as writing and office papers, book paper, cotton fiber paper, and cover stock, the minimum content standard shall be 50 percent recovered materials, including 15 percent postconsumer materials. The postconsumer recovered materials content shall be increased to 25 percent beginning in January 1999.

(1) The decision not to procure printing and writing paper meeting the standards specified in this section shall be based on a determination by the contracting officer that a satisfactory level of competition does not exist, that the items are not available within a reasonable amount of time,

or that the available items fail to meet reasonable performance standards established by the agency.

(2) If cost increases result from purchasing recycled printing and writing paper, each agency should implement waste prevention techniques (e.g., double-sides copying, electronic communications) so that total annual expenditures for printing and writing papers do not exceed typical annual budgets for these products (e.g., as measured by average annual expenditures adjusted for inflation as measured by the Consumer Price Index or other suitable index). In determining a target budget for printing and writing papers, agencies may take into account such factors as employee increases or decreases, new agency or statutory initiatives, and episodic or unique requirements (e.g., census).]

[Sec. 504. Procurement of Re-refined Lubricating Oil and Retread Tires. Within 180 days after the effective date of this order, agencies shall implement the EPA procurement guidelines for re-refined lubricating oil and retread tires.

(a) Commodity managers shall finalize revisions to specifications for re-refined oil and retreat tires, and develop and issue specifications for tire retreading services, as commodity managers shall take affirmative steps to procure these items in accordance with RCRA section 6002.

(b) Once these items become available, fleet managers shall take affirmative steps to procure these items in accordance with RCRA section 6002.]

[Sec. 505. Product Testing. The Secretary of Commerce shall maintain the capability within the National Institute of Standards and Technology (NIST) for a laboratory accreditation program for testing the performance of products containing recovered materials or deemed to be environmentally preferable. NIST shall review and update technical information and data on product tests and standards in conjunction with EPA's issuance of guidelines. NIST shall work with EPA and other public and private sector organizations that conduct appropriate life cycle analyses to gather information that will assist agencies in making selections of product and services that are environmentally preferable.

(a) NIST shall coordinate with other Executive and state agencies to avoid duplication with other laboratory accreditation testing programs.

(b) NIST shall publish appropriate reports describing the testing accreditation program, its results, and recommendations for test methods and related specifications for use by Executive agencies and other interested parties.]

PART 6 - AGENCY GOALS AND REPORTING REQUIREMENTS

Sec. 601. Goals for Waste Reduction. Each agency shall establish a goal for solid waste prevention and a goal for recycling to be achieved by the year 1995. These goals shall be submitted to the Council on Environmental Progress within 180 days after the effective date of this order. Progress on attaining these goals shall be reported by the agencies to the Council in the annual report specified in Sec. 604.

Sec. 602. Goal for Increasing the Procurement of Recycled and Other Environmentally Preferable Products. Agencies shall strive to increase the procurement of products that are environmentally preferable or that are made with recovered materials, and set annual goals to maximize the percentage of these products purchased from their total budgets.

[Sec. 603. Goals for Procuring Totally Chlorine-Free Paper Products. Each agency shall establish goals for procurement of totally chlorine-free paper products to be achieved by 1995. Separate goals shall be established for the different categories of paper products, including; printing and writing, tissue and towel, newsprint, paperboard, and packaging. Separate goals may be established for subcategories within these broad categories if the Agency so chooses. These goals shall be submitted to the Council on Environmental Progress within one year after the effective date of this order. Progress on attaining these goals shall be reported by the agencies to their annual report specified in Sec. 604.]

Sec. 604. Annual Reporting Requirements. In accordance with RCRA section 6002 and this order, each Federal agency shall review the effectiveness of its affirmative procurement program and efforts to implement this order, and provide a report regarding its findings to the Office of Federal Procurement Policy, Office of Management and Budget. Such report, beginning with a report covering fiscal year 1993, shall be submitted annually for the next four years and transmitted to OFPP and to EPA by January 31 for the preceding fiscal year. Reports required by this section shall be made available to the public.

Sec. 605. Review of Implementation. The President's Council on Integrity and Efficiency (PCIE) will request that the Inspectors General periodically review agencies' affirmative procurement programs and reporting procedures to ensure their compliance with this Executive order.

PART 7 - APPLICABILITY AND OTHER REQUIREMENTS

Sec. 701. Real Property Acquisition and Management. Within 90 days from the date of this order, and to the extent permitted by law and where economically feasible, Executive agencies shall ensure compliance with the provisions of this order in the acquisition and management of Federally owned and leased space. GSA and other Executive agencies shall also include environmental and recycling provisions in the acquisition of all leased space and in the construction of new Federal buildings.

Sec. 702. Retention of Funds. Within 90 days after the effective date of this Executive order, the Administrator of the General Services Administration (GSA) in consultation with the Council on Environmental Progress shall develop a legislative proposal, that if enacted, will provide authority for executive agencies to retain proceeds from the sale of materials, recovered through recycling or waste prevention programs and will specify the eligibility requirements for the materials being recycled.

Sec. 703. Model Facility Programs. Each Department and major procuring agency shall establish model facility demonstration programs that include comprehensive waste prevention and recycling programs and emphasize the procurement of recycled and environmentally preferable products and services using an EDI system.

Sec. 704. Recycling Programs. Each Executive agency that has not already done so shall initiate a program to promote cost effective waste prevention and recycling of reusable materials in all of its facilities. The recycling programs implemented pursuant to this section must be compatible with applicable state and local recycling requirements. Federal agencies shall also consider cooperative ventures with state and local governments to promote recycling and waste reduction in the community.

PART 8 - AWARENESS

Sec. 801. Agency Awards Program. A Government-wide award will be presented annually by the White House to the best, most innovative program implementing the objectives of this order to give greater visibility to these efforts so that they can be incorporated Government-wide.

Sec. 802. Internal Agency Awards Programs. Each agency shall develop an internal agency-wide awards program, as appropriate, to reward its most innovative environmental programs. Winners of agency-wide awards would be eligible for the White House award program.

PART 9 - REVOCATION, LIMITATION AND IMPLEMENTATION

Sec. 901. Executive Order No. 12780, dated October 31, 1991, is hereby revoked.

Sec. 902. This order is intended only to improve the internal management of the executive branch and is not intended to create any right or benefit, substantive or procedural, enforceable at law by a party against the United States, its agencies, its officers, or any other person.

Sec. 903. The policies expressed in this order, including the requirements and elements for effective agency affirmative procurement programs, shall be implemented and incorporated in the Federal Acquisition Regulation (FAR) within 180 days from the effective date of this order. The implementation language shall consist of providing specific direction and guidance on agency programs for preference, promotion, estimation, certification, reviewing and monitoring.

Sec. 904. This order shall be effective immediately.

THE WHITE HOUSE,