



February 5, 2021

WestRock Opposes HB36: Environment – Packaging, Containers, and Paper Products – Producer Responsibility

WestRock opposes HB36, which would unfairly penalize sustainable, fiber-based paper products by subjecting them to a costly, ineffective and misguided Extended Producer Responsibility (EPR) program. WestRock is a leading manufacturer of sustainable, fiber-based packaging products. **We also operate one of North America’s largest recycling networks, managing roughly 8.5 million tons of fiber each year.**

In Maryland, we have 190 team members in family-wage jobs across 3 facilities. This includes our Baltimore Container facility, which manufactures corrugated cardboard containers made with recycled fiber, and which are themselves highly recyclable. This facility has been in operation throughout the pandemic as a CISA-designated critical infrastructure facility, safely making and shipping essential fiber-based paper packaging products. We invest over \$200 million directly into the state’s economy each year through salary, taxes, and supplier spend.

Paper recycling in the United States is a success story. Paper products in general had a 66.2% recovery rate in 2019. That rate has been above 63% since 2009. For old corrugated containers (OCC), the recovery rate is even higher, at 92.3%. Recovered paper is a valuable commodity in the recycling stream, and our industry already has significant market incentives to support enhancements to the recycling system; in fact, the paper products industry has announced more than \$4 billion in new manufacturing capacity investments, specifically designed to use over 7 million additional tons of recovered paper per year.

While a form of EPR may be an appropriate program for certain hard-to-recycle materials with limited markets, it is not appropriate for paper products. Even with recent disruptions to certain recycling markets due to China National Sword, paper products remain a valuable and in-demand part of the recycling stream. In fact, 2020 saw significant increases in market demand for OCC.

WestRock is a member of the Ellen MacArthur Foundation, one of the world’s leading circular economy organizations. We are constantly working to enhance the recycling ecosystem that supports our facilities. However, studies have shown that EPR is not an effective means of strengthening recycling for paper products. In fact, a recent study by York University reported that costs for an EPR program in British Columbia increased by 26% while the program’s performance increased by a mere 1%. With this in mind, it is clear that applying EPR to paper can only be considered to be a regressive tax on the products that we make and sell in Maryland.

In conclusion, EPR is an expensive and ineffective solution to a problem that simply does not exist when it comes to paper. For these reasons, we must respectfully oppose this bill.