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U.S. Senate Environment & Public Works Committee Subcommittee on Chemical Safety, Waste Management, Environmental Justice, and Regulatory Oversight

HEARING: "Solutions for Single-Use Waste: Expanding Refill and Reuse Infrastructure" July 27, 2023

Thank you, Chairman Merkley, Ranking Member Mullin, and members of the subcommittee for the opportunity to share insights on reusable packaging and the important role of reuse infrastructures for not only solid waste reduction, pollution prevention, resource conservation, and other environmental benefits, but also for economic value creation and social well-being.

I represent the non-profit global trade organization for the reusable transport packaging industry. The <u>Reusable Packaging Association</u> (RPA) consists of member companies that supply, use, and provide services to supply chain packaging products such as pallets, bulk bins, containers, and racks for their continuous use in a managed system featuring the packaging's recovery, maintenance, and return for their intended purpose. RPA was established twenty-four years ago in 1999 to promote reusable packaging systems for the distribution of goods.

It is estimated that <u>94%</u> of industrial and consumer goods in the United States travel on a pallet at some point in the process from manufacture to point of sale or use. Our focus is to encourage the continuous reuse of that pallet and other packaging products carrying the cargo. Today, RPA member companies are collectively involved in handling or servicing billions of reusable transport packaging movements each year for commercial goods worldwide. Still, overall, reusable packaging is the minority share in the supply chain versus single use packaging like carboard boxes, corrugated bins, and plastic shrink wrap over pallet loads.

I want to emphasize three points on reusable packaging as part of the solution for single-use waste:

1. Reuse is not about the material or product, but rather the system in which durable packaging is reused.

No packaging can be considered reusable unless it can be collected, returned, and prepared cost-effectively for another use. Problem-solving our environmental concerns should be grounded in systems-thinking where processes, infrastructures, and operations are aligned for holistic results without unintended consequences. This is the crux of reusable packaging in which collaboration and coordination within systems lead to waste and pollution prevention.



Reusable packaging is material neutral, made from plastic, wood, aluminum, glass, or even a novel composite of materials. The key is product design for durability, not disposability, using safe and recyclable materials, and having the system in place to ensure repeated use, complete recovery, and end-of-life recycling.

Rightfully so, there is an increasing focus on a global crisis with plastic waste and pollution. Expanding source-reducing reusable packaging models in both the supply chain and with consumer products is a critical part of the solution to address this crisis. This includes plastic-based reusable packaging in a managed system where product utility is extended and plastic material is valued.

Reusable packaging companies in the supply chain continue to demonstrate success in the responsible management of plastics. Here are a few real-world examples of how RPA manufacturing members are keeping plastics in circulation and out of the environment.

- Companies like <u>ORBIS Corporation</u>, headquartered outside Milwaukee, Wisconsin, and <u>Rehrig Pacific</u> in Los Angeles, California, have buy-back programs and offer to take back 100% of customer reusable plastic packaging to recycle and reprocess into new products.
- In 2022, <u>Monoflo</u>, based in Winchester, Virginia, brought back over 12 million pounds of plastic packaging that was recycled and re-manufactured into new products.
- <u>Cabka</u>, with a manufacturing plant in St. Louis, Missouri, produces reusable plastic pallets and bulk bins using an average of 86% recycled plastic resin content.
- Last year, the electric vehicle company <u>Rivian</u> with supplier <u>Schaefer Plastics</u> in Charlotte, North Carolina, won RPA's Excellence Award by using returnable totes and bins made from 50% Ocean Bound Plastic and 50% recycled post-consumer resin material.

2. Reuse systems generate economic value and growth while cutting off the incessant consumption of natural resources.

This is the central principle of a circular economy. If governments and businesses are only exploring reusable packaging in response to environmental problems or sustainability quotas, then the big picture opportunity with reuse and circularity is being missed. Designing products for durability and systems for lasting use means that we can invest and create packaging properties for optimized performance, add features for greater user experience, and embed technologies for smart, data-capturing outputs.



For example, reusable packaging can help reduce food waste that costs U.S. taxpayers over <u>\$400 billion</u> each year. Reusable containers are designed with ventilation patterns to maximize airflow for temperature control in which the ventilation holes do not hinder the packaging's strength and stability for load carrying. This extends perishable food freshness and shelf life and offers superior protection of the commodity in its rigorous supply chain journey. In converting their packaging of fresh eggs from single use corrugated boxes to reusable containers, a major U.S. retailer <u>reported</u> a significant reduction in damage rates, "preventing 37 million eggs from being thrown out in the first year" of the program.

Another example of new economic value creation comes from reusable packaging that is equipped with communication and sensor technologies enabling their instant identification, condition monitoring, and location tracking. This digital recordkeeping and real-time tracking of food products can aid compliance to <u>food traceability requirements</u> of the Food Safety Modernization Act (FSMA). Furthermore, smart and connected reusable packaging can bring visibility to supply chains, enhance inventory management of both the packaging and commercial goods, and ensure trust and quality among trading partners and consumers.

A final example of economic benefits is that reusable products are already in inventory and ready for use – no new manufacturing required – and thus reuse builds resiliency in business operations by avoiding volatile raw material pricing and supply constraints that trigger market disruptions, which we witnessed extensively during the Covid-19 pandemic. This supports the Biden Administration's <u>Executive Order 14017</u> calling for "resilient, diverse, and secure supply chains to ensure our economic prosperity and national security."

In short, a national strategy that incentivizes reusable packaging systems can have farreaching economic gains by preventing waste, transforming to a digital supply chain, and building a circular and resilient economy. With reuse, we can achieve both economic <u>and</u> environmental prosperity.

3. There are many federal policy opportunities to support reuse infrastructures, but we need to prioritize reuse and broaden the material scope.

Federal legislation as recent as the 2021 Bipartisan Infrastructure Law has been heavily focused on improving recycling of single use packaging, providing <u>\$350 million</u> for investment to transform municipal solid waste management and recycling. Now, Congress has the opportunity to prioritize transformative and impactful investments in reuse systems, striking the right balance on complementary pieces to the puzzle: reuse for waste prevention, and recycling for waste management.



Investments may be in the form of grants or subsidized low-interest loans that provide access to needed capital for entrepreneurs and startup businesses to develop and scale the operational resources for successful reuse or refill models. Funding support may enable enterprises and communities to manufacture a pool of durable reusable assets, build transportation and logistics hubs, or purchase equipment for automated handling or cleaning of the packaging, for example.

However, the building of reuse and refill infrastructures should not be exclusive to affect only one material type, plastics. Rather, reuse systems should be deployed for products made from any material in which its waste can be prevented and its value preserved. There are needed improvements in preventing other material waste and pollution such as the 32 percent of paper and paperboard and the 75 percent of glass that <u>does not get recycled or composted</u>. A national strategy for source-reducing reuse and refill should encompass all material types to institute consistency in our waste prevention goals and to strengthen behaviors and culture for the responsible use of all resources, not just plastics. An approach specific to a single material type may fragment efforts and reduce overall effectiveness of an intended circular economy for all.

Absent of a cohesive national approach, the door has been open for states to enact their own legislation favoring source-reducing activities and results. Four states now have a form of extended producer responsibility (EPR) laws in place for packaging, with <u>California</u> most recently incentivizing reuse systems by shifting the financial burden of waste management from local taxpayers to packaging producers and excluding reusable or refillable packaging from the law's "covered material." As states adopt unique approaches to encourage reuse through EPR programs, the federal government has an opportunity, if not obligation, to bring harmony across state lines and ensure packaging rules are consistent for interstate commerce.

Federal agencies can also look for ways to clear hurdles for reusable packaging systems, modernizing longstanding policies from generations past. The U.S. Environmental Protection Agency (EPA) has started this approach. EPA's recently published "<u>Draft</u>. <u>National Strategy to Prevent Plastic Pollution</u>" followed the Agency's *National Recycling Strategy* and recognized that "innovative systems should be expanded or developed to ensure that existing plastic products are reused as long as possible."

Also, the U.S. Food & Drug Administration (FDA) raises safety concerns with the use of post-consumer recycled (PCR) materials in food-contact articles and offers <u>guidance</u> on the use of recycled plastics in food packaging. "FDA considers each proposed use of recycled plastic on a case-by-case basis and issues informal advice as to whether the recycling process is expected to produce PCR plastic of suitable purity for food-contact applications." Updated



scientific study and regulatory direction on the use of recycled plastics in packaging applications like food contact could provide industry with more ways to turn recycled plastic material into reusable plastic packaging.

Moreover, the U.S. Department of Agriculture (USDA) is evaluating how the export of specialty crops can meet proposed packaging sustainability requirements from trading partners such as the European Commission's "Proposal for a revision of EU legislation on Packaging and Packaging Waste," which calls for establishing specific targets for reusable packaging. A national strategy that elevates reuse system operations and scale would support efforts by U.S. exporters to comply with changing import conditions in trade markets.

A final policy area to consider is strengthening organized retail crime laws and local enforcement and prosecution pertaining to the theft of stolen reusable packaging assets. Reusable plastic packaging is made with high-quality resin in both virgin and recycled form that is free from contamination, making the market value of the raw material a premium for resale. Wooden pallets are another type of sustainable packaging asset that, due to their operational role and supply chain constraints, are frequently stolen and sold into the black market. An example of the criminal activity is <u>reported</u> by RPA, and corroborated to be a significant problem by the <u>American Bakers Association</u>. It is challenging and costly to industry to keep products in the reuse system when stolen assets diminish the reuse potential, and law enforcement overlook the property and value of reusable packaging versus single use packaging destined for landfill or recycling.

Thank you again for the invitation and consideration of our testimony. RPA is a resource on reusable packaging and our members are experts in the design and management of reuse systems for the supply chain. We look forward to working with the U.S. Senate Environment & Public Works Committee in using public policy to advance the economic, environmental, and social promise of reusable packaging systems.

Sincerely,

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Tim Debus President & CEO Reusable Packaging Association