



June 17, 2022

TO: Members, Senate Committee on Environmental Quality

**SUBJECT: RECYLING: PLASTIC PACKAGING
HEARING: JUNE 22, 2022
OPPOSE - AS AMENDED JUNE 9, 2022**

The California Chamber of Commerce and the organizations listed respectfully oppose unless amended **AB 2026 (Friedman)** as amended on June 9, 2022, which is the most current version of the bill in print.

During the May 26, 2022 Assembly Floor session, the Author committed to removing all bans in the bill if the Assembly voted to move this bill to the Senate. After the bill was narrowly voted out with 41 votes, our Coalition was disappointed to see that the bill was amended on June 9, 2022 to include outright bans on critically important packaging. We take the Author at her word and look forward to continue working in the Senate on a more implementable framework that avoids the problems outlined herein.

This Coalition offered amendments to create an industry-paid for Circular Economy recycling program. Specifically, the coalition proposed amendments that would:

- ✓ Set rigorous recycling rate requirements for these packaging materials.
- ✓ Mandate the use of recycled plastic in new packaging to ensure end-use markets exist.
- ✓ Require industry funding to develop necessary recycling infrastructure to collect & process materials; &
- ✓ Impose fines for violations from \$10,000 per violation to \$50,000 per violation for repeat violators.

Three weeks after proposing amendments to create a circular economy, the Author rejected the proposal on May 24, 2022. Nevertheless, the California Chamber of Commerce and other stakeholders have been working in good faith on a more comprehensive packaging solution that protects both the California environment and economy.

Limiting Packaging Options Results in More Damaged Products and Worse Environmental Outcomes

Manufacturers and retailers need packaging options to ensure the products they ship arrive unbroken. Some products require a higher level of protection that only certain packaging like expanded polystyrene can provide. Without material options, breakage rates are likely to increase. The e-commerce packaging banned under this bill is the lightest, most effective and resource efficient packaging material available. Efficient packaging means *less fuel* to move products or reship them, *less raw input* to make packaging and remake broken products, and *less water, energy and greenhouse gas emissions* associated with the manufacture, use, transportation and end-of-life management of the material.

Increased Breakage Results in Significant Environmental Impacts

The environmental impact from making a product far exceeds the input from the packaging. On average, 10% of e-commerce packages arrive damaged or otherwise returned. UPS and FedEx ship approximately 8.6 billion packages annually. A 10% damage/return rate results in 860 million reships which means more products to landfill, more fuels used to transport packages and more resources needed to reproduce the same product and make additional packaging materials to reship them. Packaging engineers select materials to minimize product damage and maximize efficient use of all resources. Removing options by way of a material ban will result in increased product damage during shipping and increase the overall environmental impact from e-commerce.

Bans Will Worsen Supply Chain Crisis

Packaging plays a crucial role in the product's supply chain. Existing [shortages of packaging materials](#) will be exacerbated if **AB 2026's** ban on critically important packaging were to be made law. Rising inflation coupled with worsening supply chains raise costs across the California economy on all business and consumers. It does not have to be this way. The CA Legislature is currently focused on policies that create circular economies that protect both the environment and economy for all of the material banned under this bill and more.

AB 2026 fails to consider these important environmental and economic impacts with a "Ban it" approach. For all of these reasons, we respectfully remain opposed.

Sincerely,



Adam Regele, Sr. Policy Advocate
California Chamber of Commerce

On behalf of the following organizations:

Air Conditioning, Heating & Refrigeration Institute, Dawn Koepke
American Apparel & Footwear Association, Nate Herman
American Chemistry Council, Tim Shestek
American Cleaning Institute, Jeff Leacox
Ameripen, Dan Felton
Association of Home Appliance Manufacturers, Jacob Cassidy
Auto Care Association, Gary Conover
California Business Roundtable, Natalie Boust
California Chamber of Commerce, Adam Regele
California League of Food Producers, Trudi Hughes
California Manufacturers & Technology Association, Robert Spiegel
California Retailers Association, Steve McCarthy
CAWA - Representing the Auto Parts Industry, Gary Conover
Civil Justice Association of California, Jaime Huff
Consumer Technology Association, RJ Cervantes
EPS Industry Alliance, Walter Reiter
Flexible Packaging Association, Sam Schlaich
National Federation of Independent Business, Kevin Pedrotti
National Marine Manufacturers Association, Mark Smith
Personal Care Products Council, Mandy Lee
Plastics Industry Association, Matt Seaholm
Pregis, Jonathan Quinn
Tekni-Plex Industries, Thomas Sheehy
The Toy Association, Erin Raden
Western Plastics Association, Laurie Hansen