

Canadian Manufacturers & Exporters (CME) Submission

Consultation Response to A proposed integrated management approach to plastic products to prevent waste and pollution – Discussion Paper

List of Recommendations:

Recommendation #1: Do not use CEPA to regulate “plastic manufactured items”

Recommendation #2: A comprehensive chemical risk assessment should be conducted prior to listing any substance on CEPA Schedule 1.

Recommendation #3: Bans should not apply to products that could be demonstrated to be recycled with augmented mechanical recycling or advanced recycling technologies and infrastructure.

Recommendation #4: The government should conduct an economic analysis of banning single-use plastic products and designating plastics under Schedule 1 of CEPA, and the impact on manufacturers, and the economy, including impacts to manufacturing jobs.

Recommendation #5: Publish and publicly consult on the full Management Framework for Single-Use Plastics.

Recommendation #6: Consult on clearly defined terminologies and data used to support the categories and criteria that make up the Management Framework.

Recommendation #7: Develop a life cycle assessment of single-use plastic products compared to alternatives when used in the quantities required to replace plastic.

Recommendation #8: Create a national harmonized circular economy framework for plastics by spearheading a coordinated effort with all levels of government to reduce waste and encourage and support recycling efforts

Recommendation #9: Establish a Plastics Technology Innovation Fund to encourage innovation and research and development aimed at established new circular economy infrastructure

Recommendation #10: Expand education and awareness programs to help companies and, most importantly, households reduce and recover plastic products and materials, ensuring plastic never becomes waste.

Recommendation #11: Build new recycling infrastructure programs to help manufacturers collect and recycle more materials so that manufacturers can supply producers with recycled content to preserve the clear advantages of plastic products.

Executive Summary:

Canadian Manufacturers & Exporters (CME) is pleased to provide our comments to the discussion paper: *A proposed integrated management approach to plastic products to prevent waste and pollution.*

Canadian industry are world leaders in environmental performance, in reducing waste, and in creating new technologies to minimize impact of operations and their products. As the horizontal association that represents Canadian industry, CME is a strong supporter of good environmental practices of industry and of government policies and regulations that support aggressive, science based, globally aligned, market based, practical actions to continually improve environmental performance. We believe this principled approach to government action, in the environment and in other areas, supports Canadian industry to be globally competitive, attract investment, and grow.

CME actively works with all levels of government across the country to achieve the objective of reducing plastics waste in the environment. However, based on our review of the proposals in the discussion paper, CME cannot support the suggested approach to table a broad class of plastic products (plastic manufactured items) as toxic or ban a subset of plastic products under the Canadian Environmental Protection Act (CEPA). Instead, we believe more appropriate approaches are available to reduce and where possible eliminate plastic waste in Canada.

In our view, plastics manufactured items are not toxic. Not only is the manufacturing sector a large and critical part of the economy, but plastics are also among best materials available to meet the needs of consumers in an environmentally sustainable manner. Plastics manufactured items are used in most industrial and consumer products today. They have played an important role in improved health care (including in the response to COVID-19) and were designed and implemented in many instances to reduce environmental impacts from other materials. The use of plastics helps advance many of the sustainability goals we have as a modern society such as lighter cars for greater fuel efficiency, electricity production through windmills, and flexible packaging that has a lower environmental footprint than alternative materials.

CEPA was designed to safely, and in a targeted way, manage substances that are of urgent, acute, or long-term risk to human health (e.g., asbestos) and the environment. Grouping all items of a specific material class together like what is being proposed with plastic manufactured items into a similar categorization and labeling it as a toxic substance is problematic. To start, the precedence of listing plastic manufactured items to the list of toxic substances in order to ban six specific items will inevitably lead to unintended consequences. This is clear given the already proposed next phase of goods (i.e., contact lenses) to be considered for risk management. This step will send a strong signal to investors in the sector that Canada is closed for business, at a time when the country can least afford it. It will not only decrease investment critical to Canada's economic recovery, but also stifle access to plastics that play a key role in innovation and the development of tomorrow's technology. It may also lead to some manufacturers not choosing to supply the Canadian market due to the confusion around the toxic label applied to plastic manufactured items and how it relates to their products.

CME strongly believes that industry and all levels of government can work together on more direct and concrete measures with more positive outcomes for the economy, environment, and consumers to reduce plastics waste and achieve consumer-focused extended producer responsibility (EPR). Our proposed solutions to reduce plastic waste in the environment are as follows:

- Creating a national harmonized circular economy framework for plastics by spearheading a coordinated effort with Canadian provinces along with the municipalities and regions to reduce all waste and encourage and support recycling efforts.
- Establishing a Plastics Technology Innovation Fund to leverage technology, research and development in the manufacturing sector aimed at establishing circular economy infrastructure.
- Expanding education and awareness programs to help companies and, most importantly, households reduce and recover plastic products and materials, ensuring plastic never becomes waste.
- Building new recycling infrastructure to collect and recycle more materials so that manufacturers can supply producers with recycle content to preserve the clear advantages of plastic products.

These recommendations can be the start of taking alternative approaches to reduce plastics waste in the environment. More than ever, we need smart solutions that are outcomes-based, market driven and flexible to achieve a more circular economy. Alternative approaches need to focus on recycling and recovering plastics while also boosting environmental and economic competitiveness. By closing the gap between current projected environmental improvement and economic growth, we can adapt to changing needs of companies and the economy to ensure the objective of reducing plastic waste is achieved.

Background:

CME appreciates the federal government's commitment to reduce litter and waste in our environment. Canada's plastics manufacturing sector is a \$28 billion a year industry, directly employing over 93,000 Canadians at 1,850 different businesses. The plastics manufacturing sector is an SME-driven industry, as fully 86 per cent of Canada's plastic product manufacturers employ less than 100 workers.

Plastics play a tremendous role in our modern, sustainable way of life: protective food packaging helps ensure consumers have access to safe, sanitary food products, and play a significant role in extending product shelf-life and reducing food waste and greenhouse gas (GHG) emissions. Our members have been committed to providing recyclable, compostable, re-usable packaging that protects the environment without compromising safety or reducing waste. They also support the development of a circular economy for plastics that treats plastics waste as a valuable resource to be kept in the Canadian economy.

Plastics have played an essential role in the production of personal protective equipment, keeping frontline Canadians safe during the COVID pandemic. Plastics are also critical to achieving our climate change goals -- from lighter, stronger wind turbines, lighter, more fuel-efficient vehicles, to insulating materials to keep our homes warm. More than ever, we must continuously improve to reduce plastics waste in the environment and address plastic released into the environment across all sectors – construction, medical, transportation, packaging, textiles, electronics, and other uses.

Notwithstanding our objection to the use of CEPA to manage plastics waste, and to broadly label plastic manufactured items as toxic, CME provides the following comments on the discussion paper.

Industry Concerns:

Regulating Plastic Manufactured Items under Schedule 1 of CEPA:

As proposed in the discussion paper, listing "plastic manufactured items" as a "toxic substance" under the Canadian Environmental Protection Act (CEPA), 1999 inappropriately targets the use of plastic products rather than the release of plastics into the environment.

CEPA was designed to safely manage substances that are of urgent, acute, or long-term risk to human health (e.g., asbestos) and the environment. Grouping all items of a specific material class together like what is being proposed with plastic manufactured items into a similar categorization and labeling it as a toxic substance is problematic.

Using CEPA Schedule 1 and the Chemicals Management Plan is the wrong tool to approach the end-of-life management of plastic products because it is not designed to regulate a broad set of consumer products. A 'toxic' designation for plastic manufactured items is an inaccurate definition – since plastic is an inert product – and would blur the line with those substances that are truly toxic and are rightfully managed under CEPA. Listing "plastic manufactured items" as toxic and banning certain single-use plastics inappropriately targets the use of plastic products rather focusing on solutions that focus on improvement of end-of-life management of plastics resulting such as infrastructure, consumer education, and markets to drive secondary use of plastic products.

A CEPA Schedule 1 designation also undermines the key tenets of a circular economy for plastics. A listing of “plastic manufactured items” under CEPA Schedule 1 undermines efforts by provinces to establish robust industry paid and managed recycling systems, which are premised on capturing the inherent value of post-consumer plastics. Designating any form of plastic as ‘toxic’ under CEPA will put a chill on investment in innovative recycling technologies critical to advancing a circular economy and will remove value from Blue Box systems at a time when industry is acting to effectively manage those systems. Amplifying our concerns regarding the inappropriate use of CEPA Schedule 1 to regulate consumer products, a listing of “plastic manufactured items” on CEPA Schedule 1 in the absence of proper scientific study significantly undermines the spirit and principles of transparency and evidence-based decision-making that have come to be expected under CEPA and the Chemicals Management Plan (CMP).

Recommendation #1: Do not use CEPA to regulate a set of consumer products like “plastic manufactured items”

Recommendation #2: A comprehensive chemical risk assessment should be conducted prior to listing any substance on CEPA Schedule 1.

Ban on single-use plastics:

CME is concerned with the emphasis in the discussion paper on banning certain products solely because they are widely used in the manufacturing sector and are improperly managed by the end user. Our goal, as a sector, must be to properly manage and establish a circular economy for all plastics products, and this important work is underway in several provinces, including in Alberta, British Columbia, Ontario, and Quebec.

To start, the precedence of listing plastic manufactured items to the list of toxic substances in order to ban six specific items will inevitably lead to unintended consequences. This is clear given the already proposed next phase of goods (i.e., contact lenses) to be considered for risk management. This step will send a strong signal to investors in the sector that Canada is closed for business, at a time when the country can least afford it. It will not only decrease investment critical to Canada’s economic recovery, but also stifle access to plastics that play a key role in innovation and the development of tomorrow’s technology. It may also lead to some manufacturers not choosing to supply the Canadian market due to the confusion around the toxic label applied to plastic manufactured items and how it relates to their products

We believe that there are better ways to achieve a zero-waste economy than specific product bans. The problem is that a small percentage of plastics— despite their use and benefits— end up in the environment at the end of their life rather than back into the economy through recovery, reuse, recycling, and recovery infrastructure. In fact, bans on plastics could wind up being worse for Canada’s climate change goals. A ban on single-use plastics also fails to address many of the current issues with low recycling and recovery rates. A lifecycle view of plastics—from their design to the infrastructure we need to recycle them and the technologies and innovations that will turn them into new products—would effectively eliminate plastic waste and enable Canada to continue using this valuable resource.

Recommendation #3: Bans should not apply to products that could be demonstrated to be recycled with augmented mechanical recycling or advanced recycling technologies and infrastructure.

Lack of Economic Analysis:

CME is concerned that a comprehensive economic analysis of the bans on single-use products has not been conducted. While the Minister has stated that there are affordable, readily available alternatives, no consideration appears to have been given regarding the impacts that such bans would have on the plastics sector or the economy.

Canada's plastics manufacturing sector is a \$28 billion a year industry, directly employing over 93,000 Canadians within 1,850 different businesses. The plastic sector is an SME-driven industry, as fully 86 per cent of Canada's plastic product manufacturers employ less than 100 workers. Of this total, approximately one quarter - \$5.5 to \$7.5 billion - of Canada's plastic product shipments are goods that could be deemed "single-use." Many of these are everyday products such as packaging materials, foam packaging, bottles, and other everyday items like straws, stir sticks, plastic cutlery, etc. Federal bans on these items will put smaller producers at risk, which make up most of the sector, and they may not have the ability to consolidate or adapt. The Chemistry Industry Association of Canada (CIAC) has estimated the ultimate potential impacts of bans across several jurisdictions:

Jurisdiction	Sales at Risk	Potential Direct Job Losses
Canada	\$5.5-7.5 billion	13,000 – 20,000
Ontario	\$2.5-\$4 billion	6,000 - 11,000
Quebec	\$850 million - \$1.8 billion	3,000-4,000
Alberta	\$100-\$500 million	500-2,000

In addition, a CEPA 'toxic' designation for plastics puts at risk additional aspects of the \$28 billion plastics supply chain, especially resin producers with major operations in Alberta and Ontario. This designation will send a strong negative signal to the industry as it considers future investments:

- Currently, over \$7 billion in new plastics-related investments is underway.
- An additional \$10 billion in new investments have been proposed, with \$8 billion of that related to plastics.
- Looking forward, Alberta, Ontario, BC, and Québec are all prioritizing chemistry and plastics investments as part of their economic growth and recovery plans. In Alberta alone, new provincial initiatives have targeted \$20-\$30 billion in new investments in the coming years.

At a time when many small-medium manufacturers have been struggling financially, we urge the government to consider the economic impacts on the manufacturing sector of designating plastics as 'toxic' and banning plastic products. This should include but not be limited to the loss of direct and indirect jobs, closure of companies, and increased liability.

Recommendation #4: The government should conduct an economic analysis of banning single-use plastic products and designating plastics under Schedule 1 of CEPA, and the impact on manufacturers, and the economy, including impacts to manufacturing jobs.

Lack of Science and Transparency:

The discussion paper outlines the importance of evidence-based decision-making and emphasizes the federal government's commitment to ban or restrict "harmful single-use plastics, where warranted and supported by science." While the discussion paper does present a set of data sources, categories, and criteria for triaging and characterizing single-use plastics, the paper lacks details that provide justifications for the categories and criteria chosen. As presented, there is a lack of information and data used to establish the categories and criteria. Moreover, the discussion paper presents an analysis used to make key decisions without sufficient information to support those conclusions. The following must be resolved:

- 1) **Categories Used to Characterize Single-Use Plastics** - Plastic waste is a complex waste management issue with numerous interactions that must be considered from a variety of lenses including socio-economic, health and safety, cost-effectiveness, and environmental performance. While environmentally problematic and value-recovery problematic are certainly two key considerations, there are a variety of other factors that should be considered in a management framework for single-use plastics including a life-cycle assessment comparing alternative materials, cost-effectiveness, availability, functionality, and affordability. It remains unclear why only two negatively defined categories were chosen, and a balanced assessment was not conducted.
- 2) **Criteria Used to Define Categories** - The criteria that describe the categories environmentally problematic and value recovery problematic are also lacking in detail and scientific evidence. For example, for the category environmentally problematic it remains unclear what "prevalent in natural and/or urban environments" means. There is no definition for the term "prevalent". ECC's Economic Study of the Canadian Plastic Industry, Markets and Waste indicates that only 1 per cent of plastic waste is leaked into the environment from Canadian sources. While the goal of the manufacturing sector should be for continuous improvement, this does not suggest a level of prevalence warranting a categorization of environmentally problematic.

Similarly, the category of value recovery problematic lacks sufficient detail. The definition of "barriers" to recycling rates has not been explained and it seems unclear why a 22 per cent threshold was chosen as the definition of a "low recycling rate". Given that emerging technologies are addressing some of the "barriers" and are moving to increase the efficiency of recycling systems, it is unclear why positive momentum towards solutions was not a consideration in the assessment. For example, in British Columbia, the Blue Box system has already reached 46 per cent for plastics recycling with a target of 50 per cent by 2025.

Without any guidance or input in the development of this framework from the manufacturing sector, it appears that the federal government has missed a critical step in the chemicals management process and reached a predetermined conclusion. Furthermore, it is difficult for the manufacturing sector to engage in a dialogue without the full set of details used to determine the outcomes proposed for our members. Given that this is the key framework upon which conclusions are being made regarding the ways to manage single-use plastic products, it is critical that the Framework evolve to incorporate inputs from industry experts.

Recommendation #5: Publish and publicly consult on the full Management Framework for Single-Use Plastics.

Recommendation #6: Consult on clearly defined terminologies and data used to support the categories and criteria that make up the Management Framework.

Lack of a life-cycle assessment of alternative materials:

Minister Wilkinson has made it clear that the ban on single-use plastics would apply to items that are found in the environment, are less recycled, and “have readily available alternatives. The discussion paper, however, produces no evidence or data to support the claim that there are both available and affordable alternative products for the six single-use items proposed to be banned. For example, considerations for looking at availability should include an assessment of whether the alternatives meet the set of functions and performance required from a product, are viable options at the scale and quantity required to meet market demand, and do not increase costs to end-users. Additionally, the discussion paper does not consider from a life-cycle perspective the environmental costs of alternatives in the event plastic products are banned.

It would be ill-advised to place a prohibition on any single-use plastic product without having conducted a full life-cycle analysis of those products and inadvertently undermining our sustainability goals. Some alternatives may be found to be unsustainable once a full suite of factors is considered including contributions to greenhouse gas emissions, energy and water consumption, and other social and environmental impacts during production, transportation, and end-of-life management. A life-cycle assessment of plastic products would ensure that both the societal costs of mismanaged plastic products and benefits of plastics are evaluated and compared to alternatives and would avoid regrettable situations where alternatives are selected that have a larger overall environmental footprint.

Recommendation #7: Develop a life cycle assessment of single-use plastic products compared to alternatives when used in the quantities required to replace plastic.

Solutions:

Industry is committed to working with government to advance a forward-looking agenda with the goal of eliminating plastic waste. Together, we must develop and adopt circular economy policies, as outlined in the CCME National Strategy on Zero Plastic Waste. Achieving goals to eliminate plastic waste in Canada, however, will require major shifts in resources and policy. We still live in a traditional linear economy, where most of the products start as raw materials and are eventually thrown away in a landfill. A circular economy for plastics, on the other hand, is a new economic model where plastics do not ever become waste — rather they are reused, recovered, and recycled at the end of their life so that they can forever stay in the economy as new products and new plastics.

CME strongly believes that industry and government can work together on more direct and concrete measures with more positive outcomes for the economy, environment, and Canada. Our proposed solutions are as follows:

A Harmonized Circular Economy Framework:

Lower levels of government are responsible for recycling and therefore have the greatest ability to affect change. However, higher levels of government still have a key role to play, and we think their focus should be on harmonizing recycling rules and expanding their reach. To that end, the federal government should work closely with the provinces and territories as well as industry in the development of consistent and harmonized recycled content standards that could be applied across Canada. Industry-led, designed, and managed circular economy frameworks have been shown to effectively and efficiently allow producers to grow end-markets for recycled materials and encourage producers to make recyclable products. It could also reduce costs to municipalities and taxpayers. By adopting extended producer responsibility (EPR), this places a natural incentive on producers to take the entire life-cycle management of products into consideration, from selection of material and product design, to recovery, recycling, and end-of-life management.

That said, waste management authority lies within provincial jurisdiction. While CME agrees that the federal government should have a role in the development of recycled content standards and enabling a harmonized circular economy framework, CEPA Schedule 1 is not an appropriate tool for carrying out these requirements and may be considered over-reach into exclusive provincial powers over waste management.

A national harmonized circular economy framework would include recycled content standards, national performance requirements, extended producer responsibility where practical, common material categories, common product definitions, and standard reporting, monitoring, and verification approaches and product life-cycle assessments. To achieve this, the Canadian Standards Association can deploy their community-trusted balanced matrix technical committees to help develop such national standards relatively quickly. Such an enabling framework would bring all these aspects into one legally binding framework that would unify a national zero plastic waste agenda. The federal government can support industry through harmonized regulatory frameworks to build more effective systems to achieve cost-efficiency while giving producers the flexibility to design their programs.

Recommendation #8: Create a national harmonized circular economy framework for plastics by spearheading a coordinated effort with all levels of government to reduce waste and encourage and support recycling efforts

Plastics Technology Fund:

Manufacturers are ready to collaborate with governments and lead in developing systems that manage the recovery and recycling of the products they create. A plastics technology fund would advance new technologies at material recovery facilities, such as robotics, and artificial intelligence, resulting in better, more efficient, collection and sorting. Additionally, the fund would develop end-markets, and support demonstration projects to normalize the use of products made with recycled plastic for consumers and manufacturers, and test new technologies in pre-commercial applications.

Recommendation #9: Establish a Plastics Technology Innovation Fund to encourage innovation and research and development aimed at established new circular economy infrastructure and the adoption of new technology to reduce plastics waste in the environment.

Education and Awareness Programs:

Education and awareness programs can help companies and, most importantly, households reduce and recover plastic products and materials, ensuring plastic never becomes waste. A critical part of this is improving consumer behaviour through increasing the understanding of how waste, when not properly recycled, can damage the environment. The National Zero Wastes Council has already launched several such consumer educating programs. More can be done to raise awareness and improve consumer education.

Recommendation #10: Expand education and awareness programs to help companies and, most importantly, households reduce and recover plastics products and materials, ensuring plastic never becomes waste.

New Recycling Infrastructure Programs:

Plastics makers are leading the efforts towards a waste free circular economy for plastics through improved product designs, building innovative, more advanced recycling, and collaborating with all levels of governments. Additionally, several Canadian companies have made significant investments in advanced recycling technologies and other programs throughout Canada to modernize and advance recycling systems towards a circular economy. Programs like these create a partnership between industry, non-governmental organizations (NGO's) and governments to ensure that plastics are part of a true circular economy, and they help keep plastics waste from entering the environment. They also encourage producers to create more recyclable products and connect different industries to recycled materials. This means industries like motor vehicles, agriculture, construction and more can make better use of recycled content. By adopting infrastructure programs where plastics producers pay for and manage the products they produce, throughout the lifecycle of that product, industry is helping to develop economies of scale, and establish packaging and recycled-content goals, which can help drive demand and create new markets.

Recommendation #11: Build new recycling infrastructure programs to help manufacturers collect and recycle more materials so that manufacturers can supply producers with recycled content to preserve the clear advantages of plastic products.