

# RECYCLED CONTENT AND LABELLING RULES FOR PLASTICS: REGULATORY FRAMEWORK PAPER

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Plastics Regulatory Affairs Division  
Environment and Climate Change Canada

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## **AMERICAN FUEL & PETROCHEMICAL MANUFACTURERS’ COMMENTS**

### **I. Introduction**

The American Fuel & Petrochemical Manufacturers (“AFPM”) respectfully submits these comments on the Environmental & Climate Change Canada’s (“ECCC”) *Regulatory Framework Paper* titled “Recycled Content and Labelling Rules for Plastics” (“*Framework Paper*”).<sup>1</sup> ECCC released this Regulatory Framework Paper to further its commitment to introducing labelling rules that prohibit the use of the chasing-arrows symbol on plastic products unless brand owners and manufacturers of plastic packaging materials can prove the material meets certain requirements. Specifically, the ECCC will propose a requirement for brand owners that use plastic packaging or manufacturers that sell packaging or single-use plastics directly to end users to assess their packaging or single-use plastic items to determine whether they are “recyclable” per Canada’s definition of the term. If the material does not meet this definition, it would be prohibited from displaying the chasing-arrows symbol or other recycling labels.

### **II. AFPM’s Interest in the Framework Paper**

AFPM is the leading trade association representing manufacturers of petrochemicals that are essential building blocks for plastic products that improve the health, safety, and living

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<sup>1</sup> See “Recycled content and labelling rules for plastics: Regulatory Framework Paper”, published April 25, 2023, at [Recycled content and labelling rules for plastics - Canada.ca](https://www.ec.gc.ca/energy/energy-reports-publications/2023/04/25/recycled-content-and-labelling-rules-for-plastics)

conditions of humankind and make modern life possible. AFPM members are committed to sustainably and efficiently manufacturing petrochemicals and derivatives for plastics that growing global populations and economies need to improve their quality of life.

Our members welcome the opportunity to collaborate with policymakers and other stakeholders to develop sound, risk-, and science-based policies that address the complex plastic waste challenge. AFPM supports policies designed to protect the environment, decrease emissions, increase recycling rates, and promote research and development in recycling technologies, including pilot phases through full commercialization which recover plastic waste and transform it back into usable materials. Achieving circularity in North America will require consistent and rational policies that promote trade and simplify recycling. Advanced recycling is underway throughout North America and the pace and scope of its adoption depends on coordinated regulatory frameworks that facilitate free trade in both plastic waste and recycled feedstocks.

### **III. AFPM Comments on the Framework Paper**

AFPM generally supports the objectives and intent of the ECCC's updated proposal and acknowledges several improvements since the original proposal. AFPM agrees with ECCC's decision to not include pricing, the existence of end markets, or any other market-related criteria in the definition of recyclability.<sup>2</sup>

AFPM also supports the exemption for imported waste plastic, as advanced recycling will necessitate a free flow of materials among North American trading partners and exemptions for transportation-related plastics, such as tertiary packaging for shipping, goods for export, and goods in transit through Canada.

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<sup>2</sup> *Id.* Section 5.3

However, concerns remain that the proposal will not enhance recycling in Canada. The proposal to add acceptance and other criteria to the definition of “recyclable” will prevent the recycling of materials that technically can be recycled.<sup>3</sup> Moreover, the proposal to limit the use of the chasing-arrows label will inhibit recycling efforts and U.S.-Canadian cross-border commerce, as well as having the unintended consequence of increasing greenhouse gas (GHG) emissions from alternative materials and food waste. Finally, the Framework Paper outlines requirements that further stress an already-burdened recycling collection system.

***A. The narrow definition of “recyclable” excludes materials capable of being recycled using existing technologies and is not based on science.***

ECCC has proposed to consider a material “recyclable” only if the item is accepted in public recycling systems accessible to at least 80% of the population in a province or territory; and can be sorted into bales with a sorting yield of at least 80% going to re-processors in North America; and, have a re-processing rate of at least 80% for North American re-processors.

The definition of “recyclable,” used throughout the world, is a material that ***can be*** recycled, irrespective of accessibility to recycling services and technology. Even the roots of the word itself indicate the meaning, “able to be recycled.” The Framework’s proposed definition of “recyclable,” such as the percentage of a population serviced by a collection facility or requiring a re-processing site that has the technology to convert 80% of the plastic waste from a bale into useful products or feedstocks, is unnecessarily complex and restrictive. The purpose of the chasing arrows label is to inform consumers, and re-processing rates have nothing to do with a consumer’s understanding of recyclability. If anything, it will mislead consumers into thinking that items are not recyclable even though they would understand it as recyclable. The forced

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<sup>3</sup> See Section 5.3.1.

removal of the arrows will be contrary to ECCC’s goal of increased recycling and keeping recyclable materials out of landfills and the environment because many recyclable items will be placed in trash bins under the proposed system, especially as collection and sorting systems evolve.

Application of the Framework’s restrictive definition would prevent certain materials from reuse. For example, glass items and Styrofoam® would not be recyclable under the proposed “recyclable” definition, despite the fact both materials can be repeatedly reused, which is the goal of circularity.<sup>4</sup> Second, the proposed criteria depend on real-world factors that can change frequently, as accessibility to recycling systems and technologies evolve. Finally, the proposed criteria are unrelated to the nature of, and whether current technology can recycle the material. Consumers want to know whether an item and materials can be re-purposed and, therefore, should be thrown into the recycle bin or trash bin. Changing the globally accepted definition of “recyclable” makes that choice more challenging for Canadians.

AFPM strongly urges the ECCC to maintain the current and widely used definition of “recyclable” so that Canadian consumers can make a simple decision as to which bin to toss a used item.

**B. *The labelling proposals will likely dissuade consumers from recycling.***

Petrochemical manufacturers are committed to helping meet the demands of their customers, particularly consumer brands, by making significant investments in advanced recycling technologies and increasing access to recycled feedstocks. To improve plastic

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<sup>4</sup> EPA combined data from the Glass Packaging Institute with information from state environmental agencies to measure the recycling of glass containers in the U.S. The amount of recycled glass containers was 3.1 million tons in 2018, for a recycling rate of 31.3 percent. See <https://www.epa.gov/facts-and-figures-about-materials-waste-and-recycling/glass-material-specific-data#:~:text=EPA%20combined%20data%20from%20the,recycling%20rate%20of%2031.3%20percent>.

recycling rates in North America we need policies that promote recycling, not dissuade it. As written, the Framework Paper prohibits certain plastics from displaying the recycling label even though there are commercially available recycling technologies for those materials. The ability to place recyclable materials in a bin sends a market signal that is likely to spur innovation and investments in recycling technologies for currently hard-to-recycle plastics and accelerate the scaling and development of certain recycled plastics. Limiting this ability could drastically slow the progress of these advancements. ECCC should not stand in the way of market forces leading to increased recycling; instead, ECCC should seek to provide regulatory certainty to further increase recycling rates and investment in recycling technologies. It is easy to envision the restrictive impacts to the market for certain recyclable materials should plastic makers be prohibited from accurately marketing their products as recyclable. ECCC should allow plastic producers to affix the chasing arrows label on a plastic material that is able to be recycled. Precluding the use of the chasing-arrows label on a plastic material that can be recycled, but fails to meet all three of ECCC's criteria, will exclude many discarded plastic items as manufacturing feedstocks. Absent regulatory support for recycling, producers and recycling technology providers could abandon that market. Clearly, this would impede, rather than advance, circularity.

***C. The proposal will negatively impact cross-border trade of plastics and petrochemicals***

Canada and the U.S. export oil, refined products, and petrochemicals worldwide. In 2020, Canada exported \$1.6 billion and imported \$610 million of petrochemicals.<sup>5</sup> The U.S. is the primary trading partner with Canada's chemical industry and is the destination for 79 percent of

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<sup>5</sup> See Chemistry Industry Association of Canada, 2021 Economic Review of Chemistry at 34, <https://canadianchemistry.ca/wp-content/uploads/2021/10/2021-Economic-Review-of-Chemistry-CIAC.pdf>

Canada's exports and the source of 66 percent of Canada's imports.<sup>6</sup> Further, plastics trade is included in the top five export and import categories for both the U.S. and Canada (\$13 billion and \$11 billion respectively).<sup>7</sup> It is clear that the petrochemical and plastics industries of Canada and the U.S. are incredibly significant trading partners and, as such, it is important for policymakers to pursue harmonized policies that support the plastic and petrochemical industries as well as the upstream petrochemical feedstocks.

The diverse portfolio of petrochemicals and plastics crossing the U.S.-Canadian border impacts a wide variety of manufacturing supply chains throughout North America. These reciprocal supply chains create a North American manufacturing bloc. North American labelling policies must be harmonized to support the trading of upstream petrochemical feedstocks and the import and export of plastics and petrochemicals.

The Framework labelling proposal, which deviates from the labelling system used by Canada's largest trading partners, conflicts with the intent of the original "North American Free Trade Agreement" ("NAFTA") and the updated United States–Mexico–Canada Agreement ("USMCA").<sup>8</sup> The proposal will create new trade barriers between Canada and the U.S., which NAFTA and USMCA are expressly designed to avoid. Using a different labelling system than other North American partners, largely based on acceptability by Canadian recyclers, will be viewed as subjective and potentially place market players outside of Canada at a disadvantage because they have no say in the acceptance of materials. For example, a recyclable container for a cleaning product could be a feedstock for circularity in the United States, but in Canada, if a

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<sup>6</sup> *Id.* at 12.

<sup>7</sup> See Office of the United States Trade Representative, Trade partners summary [accessed April 1, 2020] <https://ustr.gov/countries-regions/americas/canada>

<sup>8</sup> See USMCA, Article 24 ("[T]he Parties shall strive to facilitate and promote trade and investment in environmental goods and services," seeking to avoid "potential non-tariff barriers to that trade.").

particular recycler does not recycle that material at an 80 percent level, it would be considered nothing but solid waste, foregoing the opportunity for trade in circularity feedstocks.

***D. The restrictions in labelling could lead to increased greenhouse gas emissions and food spoilage***

While plastic waste in the environment is an issue that ECCC should address, there are environmental benefits of plastics and recycled plastics. Studies show that in the near-term, plastic adoption promotes decarbonization efforts, especially when factoring in food spoilage rates and energy efficiency.<sup>9</sup> The unintended consequences of limiting the use of the chasing-arrows label and reducing the market for certain plastics could be to force consumers to use alternative products with higher lifetime GHG emissions.

Many lifecycle analyses (“LCAs”) calculate **lower** GHG emissions from plastic products, including single-use plastics, as compared to their alternatives such as paper, aluminum, cotton, or glass because plastics have significantly lower energy, water, and fertilizer inputs than alternative materials.<sup>10,11</sup> In a 2020 GHG emissions assessment, plastics’ lifecycle GHG emissions in flexible nonfood packaging as well as flexible food packaging were lower than the same packaging products made from paper and metal alternatives.<sup>12</sup> Similarly, plastic-enabled mixed materials such as paper milk cartons (with a plastic lid, spout or handle), had a similar lifecycle GHG emissions profile to products made entirely from plastics.<sup>13</sup> When considering a

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<sup>9</sup> McKinsey & Company. (2022, July 26). *Climate impact of plastics*. Retrieved August 16, 2022, from <https://www.mckinsey.com/industries/chemicals/our-insights/climate-impact-of-plastics>, p.3.

<sup>10</sup> *Id.* at 2 & 10.

<sup>11</sup> Ritchie, H., & Roser, M. (2018, September 1). *Plastic Pollution*. Our World in Data. Retrieved August 17, 2022, from <https://ourworldindata.org/plastic-pollution>.

<sup>12</sup> Specifically, high-density polyethylene versus paper bags and multilayer pouches versus aluminum and steel cans; and expanded polystyrene foam trays and polyvinyl chloride film versus butcher paper. McKinsey & Company. (2022, July 26). *Climate impact of plastics*. Retrieved August 16, 2022, from <https://www.mckinsey.com/industries/chemicals/our-insights/climate-impact-of-plastics>, p.6.

<sup>13</sup> *Id.* at 10.

product’s lifecycle and use, plastics have anywhere between “10 to 90 percent lower GHG emissions than the next-best alternative” material.<sup>14,15</sup> These lifecycle GHG savings are in addition to indirect value-chain impacts such as fuel savings from lighter vehicle loads.<sup>16</sup> Moreover, studies show that in the near-term, plastic adoption actually promotes decarbonization efforts, especially when food spoilage rates and energy efficiency are factored.<sup>17</sup>

Plastic packaging reduces the incidence of pathogen-based disease, thereby benefiting human health and ensuring use efficiencies by significantly reducing food spoilage as compared to alternatives.<sup>18, 19</sup> As an essential component in food packaging, plastics promote food safety and security by preventing food loss, waste, and contamination.<sup>20</sup> Ninety percent of all food products sold across several food categories, including fresh and frozen meat, are packaged in some form of plastic.<sup>21</sup> There are few alternatives to plastics in certain food and beverage packaging, specifically caps and closures.<sup>22</sup> AFPM strongly encourages ECCC to consider the proposed restrictive and incompatible labelling requirement could negatively impact GHG emissions and food security and safety.

#### **IV. Conclusion**

AFPM appreciates the opportunity to provide input on the Framework Paper. AFPM recognizes ECCC’s effort and willingness to address stakeholder feedback. We request the

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<sup>14</sup> *Id.*

<sup>15</sup> *Id.* at 2.

<sup>16</sup> *Id.* at 10 (“[P]olyurethane insulates better than glass fiber (and thus reduces heating fuel consumption, while in the latter, plastic tanks reduce vehicle weights and thus improve fuel efficiency.”).

<sup>17</sup> *Id.* at 2.

<sup>18</sup> *Id.* at 4.

<sup>19</sup> *Id.* at 18.

<sup>20</sup> Ritchie, H., & Roser, M. (2018, September 1). *Plastic Pollution*. Our World in Data. Retrieved August 17, 2022, from <https://ourworldindata.org/plastic-pollution>.

<sup>21</sup> McKinsey & Company. (2022, July 26). *Climate impact of plastics*. Retrieved August 16, 2022, from <https://www.mckinsey.com/industries/chemicals/our-insights/climate-impact-of-plastics>, p.11.

<sup>22</sup> *Id.* at 5.



Framework utilize the globally accepted definition of “recyclable” and permit the use of the chasing arrow label on all materials that can be recycled to encourage recycling. Mandating “free” use of collection systems and the same number of collection and garbage sites could have negative, unintended consequences that run counter to all four of the ECCC’s stated objectives. AFPM strongly encourages ECCC to reconsider its approach regarding the use of the recycling label and advises that ECCC consider a science-based approach to what is considered recyclable.

Respectfully,



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