



EXCHANGING INFORMATION

FPA and U.S. flexible packaging industry represented at 2008 Flexible Packaging Europe fall conference.

By Marla Donahue, president, Flexible Packaging Association

I recently joined the members of Flexible Packaging Europe for their annual Fall Conference in Barcelona, Spain. During the conference, I provided FPE members and guests with an overview of the U.S. flexible packaging industry and discussed the current financial and economic state of the industry, sustainability initiatives and activities.

My presentation is a part of an ongoing exchange of information between FPE and the Flexible Packaging Association. Each year, during the FPA Annual Meeting, the chairman of Flexible Packaging Europe provides FPA members with an update on the state of the European flexible packaging industry. FPE Chairman Michael Cronin of Alcan Packaging will be a speaker during the 2009 FPA Annual Meeting, Feb. 25-27 at the Ritz-Carlton Golf Resort in Naples, Fla. Michael's presentation will provide an overview of the European flexible packaging industry and detail FPE activities.

This exchange of information is beneficial for both FPA and FPE members. It provides insight into the progress and advancement made within the U.S. and European flexible packaging industries, and the issues and challenges faced by both. The U.S. and Europe continue to retain a strong presence within the world flexible packaging market, each comprising 31% of the world flexible packaging market.

Under the European Union's recently enacted REACH (Registration, Evaluation, and Authorization of Chemicals) regulation, chemical substance manufacturers in, and exporters to, the European Union are preparing for full and pre-registration. The REACH directive requires chemical substances manufactured in, or exported to, the EU be pre-registered. Non-registered chemicals will not be permitted to be manufactured in, sold in or exported to the European Union. The U.S. also faces the implementation of possible regulation that would include a similar tracking system, which could have a major impact on flexible packaging companies and the industry.



FPE Chairman Michael Cronin of Alcan Packaging will be a speaker during the 2009 FPA Annual Meeting.

Like FPA, the Flexible Packaging Europe is also in the midst of its own sustainability campaign. Its goal is to position flexible packaging as a sustainable and efficient solution in the efforts to reduce food spoilage and waste. The FPE sustainability studies have concluded that flexible packaging has a strong influence on the prevention of food waste.

Both FPA and FPE plan to continue this exchange of information well into the future. The Flexible Packaging Association will once again represent FPA members and the flexible packaging industry through its participation in FPE's next Fall Conference in Europe, scheduled for November 2009. ■

For more information on Flexible Packaging Europe, its programs and activities, visit the FPE website at www.flexpack-europe.org.

FPA FILES COMMENTS ON EPA'S ADVANCE NOTICE OF PROPOSED RULEMAKING:

Regulating greenhouse gases under the Clean Air Act

By Ram Singhal, vice president Technology & Environmental Strategy Flexible Packaging Association

The U.S. Environmental Protection Agency (EPA) published an Advanced Notice of Proposed Rulemaking (ANPR) in the Federal Register seeking public comment on potential regulation of greenhouse gases (GHGs) under the current Clean Air Act (CAA). The Notice was prompted by a Supreme Court decision in *Massachusetts v. U.S. EPA*, in which the Court held that GHGs were "air pollutants" under the Clean Air Act, and ordered the EPA to consider whether they endangered public health or the environment and should be regulated.



The ANPR discusses the current state of research on GHGs, as well as the costs and benefits of regulating GHGs under the stationary source and mobile source CAA programs. Among the costs, the ANPR assesses the serious CAA permitting consequences for all industry sectors, as well as public and private entities, including homeowners, if the EPA were to regulate GHG emissions under the existing CAA.

Interestingly, the ANPR was published with critiques from the White House and various federal agencies, decrying the suitability of the CAA for regulating GHGs and the extraordinary costs to the U.S. economy if the EPA were to regulate without Congress amending the Act.

Background

GHG emissions are associated with radical climate changes and include CO₂, methane, N₂O, HFCs, PFCs and SF₆. Most GHGs are emitted from fossil-fuel combustion powering our homes, industry and transportation sectors. Most FPA members do not generate their own power, but some operate gas-fired boilers or diesel fired emergency generators, both a source of GHG emissions. Ironically, the pollution controls mandated under several CAA programs also emit CO₂ and N₂O. Of potentially greater significance, commonly used drying ovens in the industry may emit SF₆ which is a high-intensity GHG.

FPA comments

FPA's comments assert that the current CAA was not written with the intent of regulating international pollution that may cause or contribute to global warming. The FPA also concurred with the EPA staff analysis that there are potentially catastrophic economic consequences of using the current law to regulate GHGs, particularly given the fact that other nations such as China and Indonesia have rapidly rising GHG emissions from new industries.

Without coordinated trade and inter-



Congress, not the EPA, should regulate greenhouse gas legislation.

national tax and business policies, FPA submitted that regulation of GHGs would impose enormous costs on manufacturing without reciprocal reductions in global GHGs or environmental climate benefits. Given researchers' conviction that it will take decades simply to "stabilize" GHGs to 1990 levels, it is clear that the EPA cannot solve this problem through an antiquated law that has not been amended since 1990 and was not designed to address the global climate issue.

FPA comments note that only Congress, not the EPA, has the power to weigh the international and economic policy concerns associated with regulating greenhouse gases.

In support, we offered analysis of the fundamental rigidity in the current law, which is generally limited to a "command and control" approach to pollution reductions on a source-by-source basis. Only Congress can effectively design a cost-effective program with the flexibility for national emissions trading

(often referred to as "cap-and-trade") to reduce GHG emissions where the cost is lowest and the benefit is highest.

Further, FPA argues that if the EPA cannot avoid CAA triggers for pre-construction and operating permit requirements for regulated and previously unregulated institutions, businesses and residences, then the permitting implications of the GHG regulation under the current Act would quickly overwhelm the capacity of regulators in states and the EPA tasked with carrying out permitting and other CAA programs.

FPA believes that the ANPR and the EPA technical support documents in the Notice will advance a dialogue on climate change that is important to the nation. More importantly, however, the ANPR provides detailed insights into the EPA staff's view of possible ways to regulate GHGs without further Congressional action. This is important because President-elect Obama has stated that he intends to regulate GHGs. ■



ASSOCIATION ACTIVITIES UPDATE



FPA welcomes new members

The Flexible Packaging Association is pleased to welcome CDF Corp. and Diversapack LLC to the association.

CDF Corp. (associate member) designs, engineers, manufacturers and distributes innovative flexible packaging solutions for industry-specific applications. CDF Corp.'s FPA official representative is Amanda Verash-Morris, marketing, and the FPA alternate representative is Joe Sullivan, president.

Diversapack LLC (converter member) is a manufacturer and converter of flexible films and contract manufacturer. With fully integrated packaging solutions, Diversapack is ISO 9001:2000 certified in several facilities. Diversapack's FPA official representative is Woodrow Hall, president, and the FPA alternate representative is Alan Kristel, COO.

FPA publishes results of 2008 sustainability study

Recently, the Flexible Packaging Association published the results of its most recent flexible packaging sustainability study. FPA commissioned Battelle Memorial Institute to conduct research into the energy consumption and savings in

manufacturing and use of flexible packaging, and end-of-life scenarios for flexible packaging focusing on recycling and waste-to-energy. The study also included several case studies, which examined flexible packaging in various applications including food (dried fruits, snack food), beverages (juices) and mailers.

The study yields important information regarding the sustainability of flexible packaging. The report is currently available to FPA members within the Members Only section of the FPA website, www.flexpack.org. Printed copies of the report will be available shortly.

These study results add credible information and data to FPA's sustainability initiatives. FPA has also published two brochures highlighting the industry's sustainable advantages:

- *Sustainability and Flexible Packaging: More Value. Less Waste.* provides a comprehensive overview of the sustainability efforts and initiatives of the flexible packaging industry.

- *Sustainability Solutions: Examples of the Environmental Advantages of Using Flexible Packaging*, a companion brochure, includes comparative flexible packaging case studies. The case studies examine the quantitative efficiencies of flexible packaging and illustrate how innovative advancements have resulted in many of the sustainable benefits seen today in flexible packaging.



For more information on FPA's sustainability initiatives, market research and publications, contact the association at 410-694-0800 or visit www.flexpack.org.



FPA releases industry financial reports and surveys

The recently published *2008 Second Quarter Earnings Report* provides key financial measures for flexible packaging converters, such as summary level P&L (profit and loss) and expense data broken down by company size (based on full year revenue) and primary manufacturing operations. Information from the report can be used to benchmark key performance attributes of flexible packaging converters. The report is available only to FPA converter members that participated in the Earnings Survey.

FPA is compiling the results of its 2008 Third Quarter Pulse of the Industry Survey. The survey results will provide insight into the industry's performance during 3rd quarter 2008 versus 2nd quarter 2008 and 3rd quarter 2007. The survey also gathers information to assess expectations for sales performance and volume/output in the 4th quarter 2008 versus the previous period (3rd quarter 2008).

The Flexible Packaging Association is also preparing the *FPA member 2009 FPA State of the Industry Report*. FPA is also gathering information from non-member flexible packaging converters through the FPA Flexible Packaging Industry-Wide Converter Information Survey. Preliminary survey results will be presented during the 2009 FPA Annual Meeting, Feb. 25-27 in Naples, Fla., at the Ritz Carlton Golf Resort. ■

For more information on these and other FPA benchmarking reports, as well as the FPA Business & Economic Research Program, contact the association at 410-694-0800 or visit www.flexpack.org.