

NERC

Northeast Recycling Council, Inc.

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Paul Boyle, Senior Vice President, Public Policy
Newspaper Association of America
National Press Building
529 14th St., NW, Suite 440
Washington, DC 20045-1402

Dear Paul,

Thank you for your letter of October 12, 2004 regarding the Northeast Newspaper Publishers' Agreement (Agreement). We were pleased to see your recommendation that the Agreement be extended. This is welcomed and we would like to discuss the modification to the Agreement that you identified that relates to the collection of data. Your thought was that it be discontinued but that "the intent and commitment to continue to sustain and improve recycled content usage be articulated as an ongoing policy position."

The NERC Board of Directors discussed the willingness of the NAA to extend this landmark Agreement, along with the suggested modification, at its semi-annual Board Meeting on October 28th. We are delighted at the desire to secure an ongoing Agreement and endorse that as a goal. However, some members expressed concern at ending the data collection component of the Agreement, resulting in neither party being able to track recycled paper usage.

Although the Agreement stipulated that after three years there would be a determination of the impacts of the Resolution on the investment decisions of newsprint manufacturers and on the economic sustainability of old newspaper recycling in the Northeast, NERC does not have the resources to conduct such a study. The current ONP market appears to be relatively healthy and to be driven in great part by China's demand for recycled paper to feed its new paper mills. But markets do not remain static (China will probably start generating its own source of recycled paper and may not be as dependent on ONP from the U.S.) and we need to support the domestic recycled newsprint infrastructure. In order to provide this support it is important to be able to depend upon the continued commitment of the Northeast newspaper publishers to favor recycled newsprint fiber over virgin. This is especially important in light of the likelihood of a recycled newsprint mill (Empire Newsprint) opening in Rensselaer County, New York within the next few years.

The Executive Summary of the Newsprint Task Force Report recommended that publishers would agree to:

(1) Not only “implement a buy recycled purchasing policy that would include a commitment by individual publishers to continue purchasing newsprint at the same 1997 base level of 27 percent recycled fiber content but”

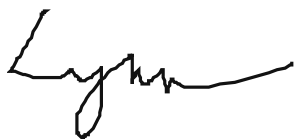
(2) Would also “articulate a clear preference for recycled content newsprint”.

This included a commitment by publishers to evaluate future investments, retirements, selective use of existing capacity, or other changes in newsprint production capacity by their suppliers. Publishers would encourage new newsprint suppliers to invest in recycled content capacity rather than virgin capacity, and they would encourage suppliers to modify and utilize their existing capacity in a way that would increase the use of recycled fiber in their newsprint (i.e., through favoring retirement of virgin capacity over recycled capacity and favoring utilization of recycled capacity over virgin capacity).

If there is a way to document whether publishers articulate a clear preference to suppliers for recycled newsprint paper and encourage supplying mills to favor the production of recycled content newsprint paper over virgin content, NERC members would welcome this type of reporting over the percent of recycled newsprint fiber used, as the Agreement currently requires. Of primary concern is ensuring a mechanism for documenting continued implementation of the terms of the Agreement and an associated long-term commitment to using recycled fibers in newsprint.

The Board is open to your suggestions and Board looks forward to the opportunity to discuss this with you. Thank you for your ongoing support and commitment.

Sincerely,



Lynn Rubinstein
Executive Director

Cc: Connecticut Daily Newspaper Association
New England Press Association
Massachusetts Newspaper Association
MDDC Press Association
New Jersey Press Association
New York Newspaper Publishers Association
New York Press Association
Pennsylvania Newspaper Association