

NAPCOR POSITION: PET RECYCLING RATE GOAL FOR 2013

WHEREAS, the annual PET container growth rate is estimated at 3% annually, so the volume of PET available for recycling will be approximately 5,795 MMlbs. by end 2013.¹

WHEREAS, the end-use markets for recycled PET continue to expand, and RPET usage demand is estimated at no less than 2,080 MMlbs. by end 2013.²

WHEREAS, with PET bale yields estimated at 75%, an RPET end-use requirement of 2,080 MMlbs. of clean flake will require 2,800 MMlbs. of PET bales to produce.

WHEREAS, domestic PET reclamation capacity continues to expand and innovate to meet market requirements and demand.

WHEREAS, we cannot predict the buying patterns of the export markets, and therefore have not included these volumes in our analysis.

WHEREAS, major brands Nestle, Pepsi and Coke have publicly stated goals for bottle recovery (or equivalent bottle recovery) at 60% by 2018; 50% by 2018; and 50% by 2015, respectively.

WHEREAS, Pepsi recently introduced a bottle made from 100% recycled PET in Canada and plans to expand production of this bottle.³

WHEREAS, 2,800 MMlbs (the estimated RPET volume required to meet demand by 2013) as a percentage of 5,795 MMlbs (the estimated volume of PET available for recycling by 2013) yields a recycling rate of 48%.

THEREFORE, based on estimated PET market growth, strong RPET demand, and growing domestic reclamation infrastructure, NAPCOR anticipates requiring a recycling rate of no less than 48% by end 2013.

¹ Predicated on 2009 PET Recycling Rate Report figure of 5,149 MMlbs, http://napcor.com/PET/pet_reports.html

² 2,080 MMlbs of clean flake equivalent. Estimated end-use markets include: PET Bottles (580 MMlbs.), Thermoforms (700 MMlbs.), Fiber (500 MMlbs.), Strapping (200 MMlbs.) and Engineered Resin/Composite/Other (100 MMlbs.). PET Bottle volumes take into account an average 10% RPET usage; PET Thermoform volumes, an average 25% RPET usage.

³ Based on July 14, 2011 public announcement.