



June 27, 2005

Defense Acquisition Regulations Council
Attn: Ms. Michele Peterson
OUSD (AT&L)DPAP(DAR)
IMD 3C132
3062 Defense Pentagon
Washington, DC 20301-3062

Re: DFARS Case 2004-D011
(48 CFR Parts 211, 212 and 252)

Dear Ms. Peterson:

The Paper Recycling Coalition (PRC) respectfully submits its comments to the Department of Defense on the proposed DFARS rule requiring the use of Radio Frequency Identification tags on certain items shipped to DOD facilities. Unfortunately, the proposed rule does not address potential recycling problems. However, we would like to offer suggestions to address these matters.

THE RECYCLING INDUSTRY IN AMERICA – WHO ARE WE?

The recycling industry has been in existence since the late 1800's and consists of long established industries like paper and steel recycling. It is also new with industries such as plastic and computer recycling. What both old and new have in common is that they are taken for granted. Yet, the recycling industrial sector of the US economy represents 1.1 million direct jobs at more than 56,000 public and private sector facilities all across the country. The recycling industry has \$256 billion in gross, annual sales with a \$37 billion payroll. This makes the "invisible" recycling industry comparable to auto and truck manufacturing.

The paper industry as a whole, including box converters, employs 511,000 people and has sales of approximately \$160 billion. Of that, the recycled paper and paperboard manufacturers alone have almost 140,000 employees and \$49 billion in annual receipts.

The PRC was formed in 1990 to educate policy leaders, regulators, and others about the 100% recycled paper industry. The PRC regularly meets with Members of Congress and staff, Environmental Protection Agency, environmental groups, the Office of the Federal Environmental Executive and other industry groups to advise them of the industry's interests and concerns. The PRC has also conducted tours of its facilities for regulators, legislator and their staff, and for the press and has testified before Congress.

PRC facilities play a key role in the growth of the nation's recycling capacity. Our companies operate commercial paper collection programs, paper mills, and manufacturing facilities throughout the United States.

The members of the Coalition manufacture a wide array of commonly used products from of 100% recycled paper. The majority of cereal, cracker, and shoe boxes are made of 100% recycled fiber. So are, mailing tubes, puzzles, bookcovers, and countless other items used by individuals on a daily basis. Other PRC member products include packaging materials, the facing on gypsum wallboard that is found in almost all homes and offices, and paneling for automobile interiors. These products are known by the technical term: "paperboard".

Members of the Coalition include: The Smurfit-Stone Container Corporation, The Rock-Tenn Company, The Newark Group, Caraustar Industries, the Newman Company, and the White Pigeon Paper Company.

SUMMARY OF THE PROPOSED RULE:

The Department of Defense (DoD) is proposing to amend the Defense Acquisition Regulation (DFARS) to add a policy pertaining to marking packaging in order to facilitate tracking and identification by DOD through passive radio frequency identification (RFID) tags. The proposed changes would require contractors to affix passive RFID tags at the case and palletized unit load levels when shipping certain packaged items, including: operational rations, clothing, individual equipment, tools, personal demand items, or weapon systems repair parts, to the Defense Distribution Depot in Susquehanna, PA, or the Defense Distribution Depot in San Joaquin, CA.

OUR COMMENTS:

The PRC is grateful for the opportunity to comment on the proposed changes to the DFARS, because these changes are significant to us. We believe that RFID tags will play an important part in commerce in the future and we support our customer's interest in using them. Because of the size of DoD procurement,

these new rules will become a 'defacto' national standard. This has been true of other FAR and DFAR changes in the past.

The most commonly available technology is a plastic laminated label containing a metal foil antenna. The likely goal is for RFID tags to be used on virtually all products. Current technology suggests that will have to be done by using metallic inks. If these inks are printed on a clear plastic tag, for example, the normal recovery processes used by the recycling industry will remove the contaminant. If, instead, the ink is applied directly to the paper product it may not be able to be removed. If this is indeed a problem, we want to work with you to solve it.

The PRC is concerned about the effects that future RFID tag technology might have in the processes of recovering different paper grades for recycling, when the paper products are affixed with such tags.

As many paperboard products, especially those used in food packaging, must go through a metal detection system, the particulate metal and metallic compound content of paperboard is a concern to the paperboard industry and its customers. Consequently, DoD should evaluate, prior to widespread adoption, future technologies not yet envisioned for impact on the recycled paperboard industry.

PRC recommends a collaborative effort with DoD to avoid incorrectly applying data from one segment of the recycling industry to recycled paperboard. For example, DoD offers, as evidence that RFID tags aren't a problem for the recyclers, one unnamed manufacturer who is using the RFID tags in paper cores and who has determined that the tags are not a measurable problem in their waste. It is important to understand that 'cores' do not represent the majority of uses or recycled paperboard.

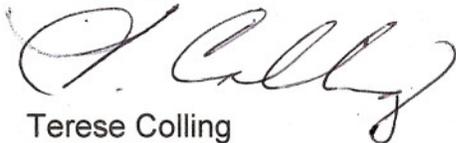
Rolls that are RFID tagged are tagged in the cores. The cores are used to wind-up the paper as it is produced. That paper is then transferred to other machinery (either within the same facility or to another facility) and the cores either reused or recovered for recycling (by the roll processor's recycler). Recovered fiber from cores is typically reconverted into recycled coreboard not requiring metal detection. Due to this difference in acceptability standards for cores, the fate of any metal introduced with the recovered paper is not as critical as it is for recycled paperboard.

SUGGESTION AND CONCLUSION:

The PRC understands the advantages of using RFID tags in commerce. We want to work with DOD in a collaborative effort to define potential problems for the recycling industry and find solutions to them. To that end we would like to meet to discuss specific ways we can help. For example, our mills could be used to run trials that could test the efficacy of various RFID techniques and

technologies as well as efficient methods of dealing with them in our industrial processes. We look forward to discussing this and other ways we can be of assistance in bringing this technology to maturity while preserving the nation's recycling capability. We want to be involved in the development of this technology so that we can make it work.

Sincerely,

A handwritten signature in black ink, appearing to read 'T. Colling', written in a cursive style.

Terese Colling
Washington Representative
Paper Recycling Coalition