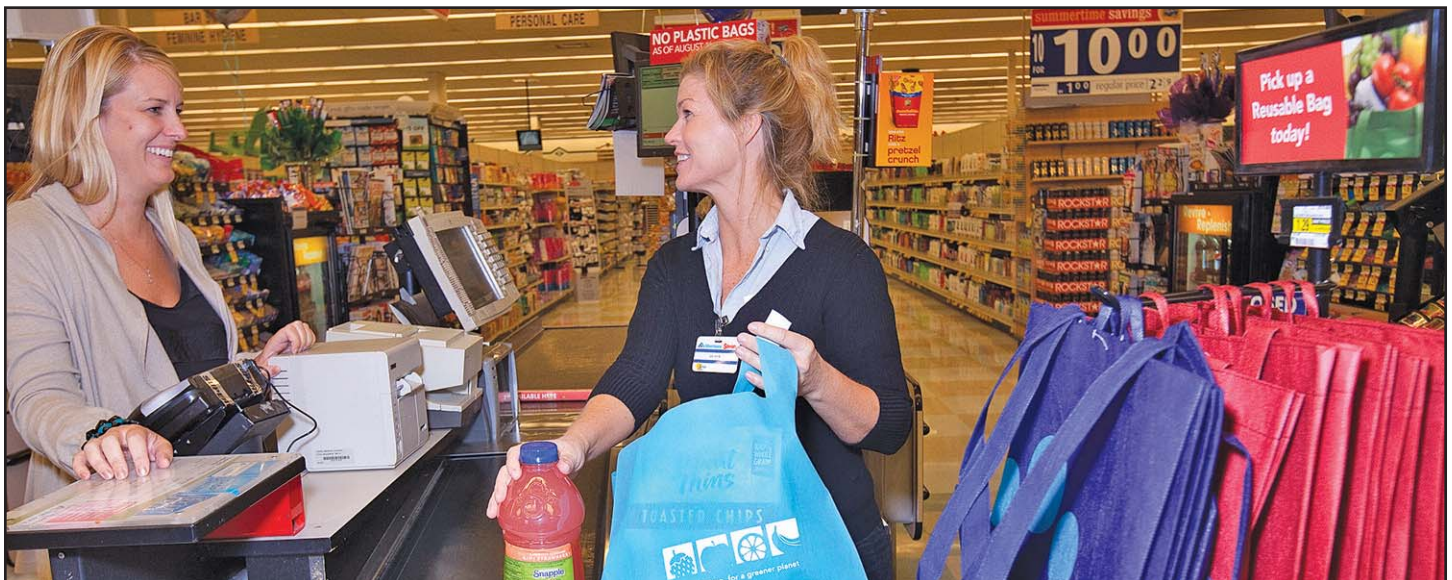


# Long Beach

## BUSINESS JOURNAL

August 30-September 12, 2011

## Made In China: Are Reusable Bags Good For American Business?



A checker at an Albertsons store in Long Beach packs groceries in one of the reusable, non-woven polypropylene bags made in China. (Photograph by the Business Journal's Thomas McConville)

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**E**ven something as simple to make as a lightweight reusable bag has U.S. companies and municipalities purchasing it from China.

This came to light recently when a Business Journal employee visited an Albertsons store in August that, for a limited time, offered free, light blue reusable bags made of non-woven polypropylene to customers who spent \$30 or more. This deal was part of the store's marketing campaign during the first month of the ban on plastic bags that began August 1 in the City of Long Beach.

The employee received one of these bags, and upon returning home he checked the tag inside to see if the bag was washable. He noticed the bag was sold by a company named Earthwise but was made in China. "We can't even make a reusable bag in this country, we have to go to China for this too?" asked the employee.

This shopping experience left us wondering: how has the plastic bag manufacturing industry been impacted by the pur-

chase of these reusable bags from China?

Most of the manufacturing for the Burbank-based Earthwise is done at company-owned plants in Asia – particularly in China. More recently, the company has begun some manufacturing in Mexico. However, the company has never manufactured on a large scale in the United States.

Earthwise provides a variety of reusable bags to Albertsons and other stores owned by the Minneapolis-based company SuperValu. According to Steven Batzofin, vice president of marketing for Earthwise, the company also supplies bags for Kroger, a company based in Cincinnati, which owns Ralphs stores.

"Albertsons has really created the variety so they can give their customers some choice, especially in places where they can't receive plastic and potentially have to pay for paper," he said, referring to the new bag regulations in Long Beach and Los Angeles County unincorporated areas. Batzofin said he thinks the plastic bag ban "will have and has had a positive impact" on Earthwise business.

Rick Crandall, director of environmental stewardship for the Southern California

division of SuperValu, said the company chose Earthwise as the reusable bag supplier for Albertsons stores through a bidding process four years ago because they were able to meet certain standards and pricing needs. However, Crandall noted that Albertsons does also work with local vendors that manufacture in the U.S.

"We use several local vendors that do manufacture their bags in California and locally," he said. "They just won't be selling us our mainstay bags because they can't stay competitive." These other bags, which Crandall calls "designer bags," come from U.S. companies like Joann Marie Design and are distributed in 30 to 50 of the 453 Albertsons stores nationwide.

Though Albertsons sells a variety of reusable bags, many of the alternatives are at more than double the price of the cheap, non-woven polypropylene bags made in China. The Business Journal was not able to reach SuperValu's Business Support Manager Vicki McHargue for comment on the specific reason for purchasing Albertsons' mainstay reusable bags from a company manufacturing in China.

Grocery stores are not the only ones buy-

ing reusable bags from China. Jim Kuhl, manager of the Long Beach Environmental Services Bureau, said the City of Long Beach has distributed about 70,000 reusable bags over about 10 years, 10,000 of which were given out somewhat recently in anticipation of the ban. Each of the council offices was provided 600 to 800 bags to give out to constituents.

"They came from my vendor who provides them to me. They basically came from China," Kuhl said. "We did a lot of research looking for bags, and most come from China. We found a few local resources. . . . Santa Monica is working with a group of veterans who produce a bag made out of old fabrics and remnants and stuff. We looked at some of those bags, but I think we paid about 93 cents per bag for ours. Some of these are \$3 to \$6 a bag. They're too expensive for us to give out on the broad scale, so that's why we ended up with the one we did."

### **Manufacturers, Consumers And Retailers Impacted By Bans**

Because of plastic bag bans across the state, Albertsons has stopped carrying plastic bags at 12 stores as of September 1, which decreases its supply needs from vendor Hilex Poly. The significance of this decline in purchases is minimal, according to Crandall. "If we have 12 of our 1,118 [SuperValu] stores in 38 states not using plastic bags, it's going to be a .01 percent dent in our bag distribution," he said.

Hilex Poly is a manufacturer of plastic bag and film products based in South Carolina. Mark Daniels, vice president of sustainability and environmental policy, said plastic bag bans instigate a culture change in the use of plastic and has created an increase in another product stream from China.

"[China's] selling to a retailer for 30 cents to 35 cents, and then the retailers are selling it for a dollar. A U.S. manufacturer has no shot at competing with that labor cost," he said. "I don't know what today's labor rates are in China, but there are significantly higher in the United States. That's why the majority of our clothing manufacturing is done where the least expensive labor market is. It's the same for that particular market."

According to import statistics, Daniels said 1.8 billion of the non-woven polypropylene bags have come in to the U.S. in the past few years, with nearly 4 billion coming here in the past 10 years. "There are well more than 20 reusable bags in the United States for every family in the United States," he said. "It's a pretty good indication that, yes, we are exporting our jobs to China, based on legislation from

city councils like Long Beach and L.A. County unincorporated." However, Daniels said that, to date, Hilex Poly has not had any layoffs because "the majority of businesses in the U.S. still use plastic bags."

In response to the ban in L.A. County's unincorporated areas, Command Packaging in Vernon began producing thicker plastic bags to retain or gain new clients in their market area. According to marketing director Julieun Kawasaki, the company has been trying to engage with Albertsons and other grocery stores with hope that these companies might "switch their minds to choose a product like ours."

"It's a slow process. We have been successful with one [retailer] in Calabasas, which also falls under the L.A. County legislation. They are testing our bags and they're a lot less expensive than the imported versions," she said. "So far the tests have come back very positive."

Kawasaki said she agrees that the ban is damaging to plastic culture, and notes Command Packaging isn't the only manufacturing business affected by this ban.

"All these bans do put a negative light on plastic in general, and being one of the few manufacturers actually manufacturing in the U.S., it does hurt us considerably," she said. "We've taken great efforts in creating a recycling program to try and discourage waste and litter, and the bans to threaten that quite a bit."

According to Daniels, the increased cost from the plastic bag ban hits manufacturing companies, the consumer and even the retailers. The most efficient manner of packing grocery items is by using plastic bags, Daniels said, a concept that has been proven by grocery stores' productivity gains numbers. The difficulty added to packing groceries by using paper or reusable bags may seem small, but overall productivity slows and, as a result, costs for grocers increase.

Crandall agreed, noting that the switch to reusable bags has actually increased labor costs in the production line at Albertsons stores. Each store is likely to spend \$6,000 to \$10,000 or more annually due to checkers taking more time packing groceries in reusable bags, he said. Those calculations don't include the time it takes the cashier to pause for counting and/or charging for the bags.

"It may not sound like a lot, but seconds in our business, when you multiply that by [the number of] stores times [thousands of] customers a week, it's millions of dollars," he said. "People don't get that."

Although SuperValu did not select a local reusable bag manufacturer for Albertsons

stores' mainstay bag, the fact that the grocery chain had to change its entire bag program did infuse cash into other business sectors locally, according to Crandall.

"We spent thousands of dollars getting ready for this plastic bag ban with printing of posters and fliers, and all of that is done here locally. I would wager to say that the .01 that we've now bought less from Hilex has been far greater spent in local dollars for the advertising," he said. "If someone came to me and said 'You're getting rid of American jobs,' I would say 'Absolutely not.'"

### **Citywide Effort Focuses On Phase Two Of Bag Ban**

Meanwhile, Kuhl said the city is preparing packages to mail to the 600 to 800 retailers that are impacted by the plastic bag ban as of January 1, 2012. Because the first phase was easier to implement – larger grocers have marketing teams and funds for promotional efforts – the city is starting now to prepare the small storeowners for the transition.

"We are going to be mailing them a letter with a stack of fliers to put on their counter so they can start giving them to everyone," Kuhl said. "We're going to give them a window decal similar to what you see when you go to Target that says not to forget your reusable bag when you get out of your car. Now we're going to give all these stores a decal to put on their front window or their door so that when people come into the store, they can be reminded to get their bags."

At some point, Kuhl said city officials should visit all of the stores that are impacted, particularly officials from the city's health department who typically do one or two inspections of the businesses each year. Those health inspectors, Kuhl said, would be able to provide information on the bag ban and everything the store needs to do to comply. In addition, the environmental services bureau Web site should soon include more information that targets the impacted smaller retailers.

"We do expect it to be a bit more challenging because these stores are independently owned," he said. "So they don't have the marketing people and the graphics people to do the signage for them. We're trying to get that [information] out to them early." Kuhl said he has been visiting the stores already impacted by the ban and noticed "people are getting in the habit" of using their reusable bags.

"We're trying to get as much out as possible so the small retailers . . . can stop ordering bags ahead of time so they don't end up with a big supply in January," he said. "That's why we're trying to get the information out as soon as we can." ■