

Phil Zigby, Chair, Markets Committee
 Association of Municipal Recycling Coordinators
 59 Carden St.
 Guelph, ON
 N1H 3A1



Dear Mr. Zigby:

**Re: Canadian Polystyrene Recycling Association (CPRA)
 Suspending Operations**

We regret to inform you that the Canadian Polystyrene Recycling Association (CPRA), located in Mississauga, is suspending its recycling activities effective immediately. Despite the desire and best efforts of the CPRA Board and its members to continue operations, CPRA has become financially unsustainable.

The suspension of CPRA's operations is not a market or material issue. The market for polystyrene and other recycled plastics remains strong and healthy growing at 14% a year. Indirect pressures have made the CPRA Association business model unviable at this time.

Since commencing operations in 1991, CPRA has invested close to \$7 million in recycling equipment. Over that period, CPRA has had to contend with high fixed costs, single material (polystyrene) dependence (which means that other plastics could not be recycled in our facility), as well as blue box volumes that fell well short of capacity.

Recently, the Association invested \$300,000 in new state-of-the-art sorting equipment in anticipation of significant new volumes with Toronto planning to accept polystyrene in its blue box program sometime in 2008.

In spite of these investments and the anticipated increase in volumes in 2008, CPRA has had to make the difficult decision to suspend operations. CPRA's high fixed costs coupled with the rapid rise in the Canadian dollar make the Association's business model unsustainable at this time. The currency fluctuations led to a 30-per-cent-decline in revenues.

Unfortunately, CPRA is a victim of timing and cannot hold on until the new volumes from the City of Toronto come online.

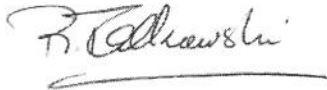
Although the capabilities and capacity of the Mississauga facility could not be fully exploited in a timely manner for CPRA to be able to continue business into the new year, we believe that a private sector business with a less restrictive material processing mandate can succeed -- with polystyrene as a viable and vital component of the material mix particularly given the vitality of the North American plastic recycling market.

CPRA has had a meeting with its financial advisors to determine the best course of action to limit the financial exposure of all parties involved. CPRA has suspended operations and has filed a Notice of Intention to File a Proposal. CPRA is already working with others in the industry to try to put in place a more viable polystyrene recycling operation responsive to market forces and, therefore, more competitive than the Association business model.

A short-term approach is to find brokers who will take the recycled materials. Ultimately, the goal is to have CPRA's equipment quickly purchased and integrated into an established plant where polystyrene recycling is part of a more comprehensive recovery program.

CPRA and its members remain committed to plastic recycling, and we will be working with industry, governments, communities and other stakeholders in the coming weeks to find solutions.

Sincerely,

A handwritten signature in dark ink, appearing to read "R. Talkowski", with a horizontal line underneath.

Roman Talkowski
Chair, Canadian Polystyrene Recycling Association