

2018 BIR Spring Convention: A shot in the foot?

China's restrictions on scrap paper imports have caused great disruption, but perhaps nowhere more so than in China itself.



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Pictured above: Guillermo Vallés of Spain-based SAICA

Recyclers around the world have been affected by the government of China's restrictions on imported scrap materials, but in the recovered fiber sector the foremost victims of the sudden policy may ultimately be paper and board manufacturers and buyers in China.

Current [Bureau of International Recycling \(BIR\)](#) President Ranjit Baxi told attendees of the 2018 BIR World Recycling Convention & Exhibition Paper Division meeting that prices of old corrugated containers (OCC) and other recovered fiber grades in China have skyrocketed, causing ripple effects in its paper industry.

Baxi of London-based [J&H Sales International](#) said with old corrugated containers (OCC) priced at between \$440 and \$480 per ton in China, "Chinese mills buy at these high prices," and in turn finished containerboard prices in China are now hitting from \$700 to \$800 per ton.

Baxi said Indian and Association of Southeast Asian Nations (ASEAN) containerboard mills are beginning to take advantage of this situation by shipping finished containerboard to Chinese converters and box producers. "Should Europe be thinking of shipping finished corrugated to China?" he asked.

Per statements by the Chinese government, it wants to steer China toward secondary commodity self-sufficiency, but Baxi said it is unclear how long this will take. In the

meantime, China's paper producers are being pressured by the government to keep their prices in check at the same time they are paying more for raw materials.

Former BIR Paper Division President Dominique Maguin of France-based [La Compagnie Des Matieres Premieres](#) said, "I cannot imagine the Chinese market being able to continue in that way. I don't know how the industry can afford to pay this high price for its raw materials."

As well, governments in the ASEAN region are beginning to mimic China's attitude toward imported scrap materials. Referring to an announcement by Indonesia's KSO import inspection agency, Baxi said Indonesia is going to implement 100 percent inspection of imported recovered fiber. "This is a problem for several reasons," he commented, referring to bottlenecks at Indonesian ports, unclear quality specifications and Indonesian mills missing out on an opportunity to import affordable fiber.

Regarding the spreading scrutiny of scrap paper shipped globally, Baxi said, "I call it the unilateral imposition of regulations." The sudden policies are combined with a lack of clarity. "I still don't know what China's 0.5 percent quality standard means. For OCC, is that referring to nonbrown OCC, non-OCC paper or nonpaper contaminants? What is the 0.5 percent yardstick?"

Confusing for United States-based shippers is the status of its CCIC preshipment inspection offices for materials heading to China and what will happen regarding the future of that agency as well as China's General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ), which is reportedly being merged into China's General Administration of Customs (GACC).

Baxi ended his remarks by saying, "I have no conclusion; I am as confused as when I started."

Providing a perspective from BIR 2018 convention host country Spain, Guillermo Vallés of Spain-based paper producer [SAICA](#) said his company was not "the biggest consumer of recycled paper in Europe." He said Europe's recovered fiber collectors and its mills must work together to ensure that the 72.5 percent of the fiber recovered in Europe can continue to find a home.

Regarding scrap paper quality, Vallés stated, "China is showing us the way we are collecting and recycling in the last 10 years was not sustainable, and we have to change things."

Emiliano Guainella gave an overview of the European operations of U.S.-based [International Paper \(IP\)](#). He noted that IP is in the process of converting a newsprint mill in Spain to a containerboard mill with 400,000 metric tons of annual capacity.

He said the presence of contaminants in scrap paper shipments, as determined by pulper waste at Spanish mills, has improved from 7.1 percent in 2013 to 6.5 percent in 2016. He told delegates that each ton of contaminants creates a "snowball effect" that decreases the yield of raw materials at each stage of the papermaking process.

The [2018 BIR World Recycling Convention & Exhibition](#) was at the Sofia Hotel in Barcelona, Spain, May 27-30.