



## BIR 2017 Convention: Stresses add up in recovered fibre sector

Soaring ocean freight rates quickly eroded margins for recovered fibre traders in Europe in early 2017.

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*Pictured above: Ranjit Baxi, president of the BIR and honorary president of its Paper Division.*

Heading into 2017, demand and pricing for recovered fibre was strong and margins seemed healthy, but new factors in the market have taken away much of that momentum in recent months. At the Paper Division meeting of the 2017 Bureau of International Recycling (BIR) World Recycling Convention, held in late May in Hong Kong, division members discussed the state of the market as of mid-year 2017.

“During the first quarter [of 2017], we saw a sea freight hike of over \$1,000 per container from Dec. 2016 rates—an increase of \$40 per tonne,” remarked Ranjit Baxi, BIR president and honorary president of the Paper Division, regarding the situation for recyclers in Europe. Baxi also is president of London-based J&H Sales International Ltd.

Current Paper Division President Reinhold Schmidt of Germany-based Recycling Karla Schmidt said the dramatically increased freight charges had “nearly dealt a death blow to the shipping of scrap paper.”

Thomas Braun of the European Recovered Paper Association (ERPA) said that in Europe “the supply of recovered paper structurally exceeds the demand for recovered paper, hence the importance of exports” to the sector.

New BIR Paper Division Vice President Martin Soth of Sberné suroviny UH in the Czech Republic said the price of old corrugated containers (OCC), after hitting some \$200 per tonne, “plummeted” in the second quarter of 2017. In the United Kingdom, said Soth, “OCC prices were about cut in half, but then rebounded almost as quickly as they dropped.” Mixed paper, he added, “has not recovered to the same extent as OCC.”

Guest speaker Nobuyuki Shiose of Japan’s Daiwa-Shiryo Co. Ltd. said the decrease in print communication in Japan has caused that nation’s recovered paper volume to peak in 2013, so far in this decade.

While some 9.3 million tonnes of printing and communication paper was produced in Japan in 2010, that figure has fallen to 8.3 million tonnes in 2016. As in other parts of the world, mills are converting from graphic papers to board production, he added.

Even with reduced volumes, Shiose said about 20% of Japan’s collected recovered paper is exported. Sea freights between Japan and China have grown increasingly favorable for recyclers since 1992, said Shiose. He said currently rates are about \$100 per container, but “they could go to \$150 in the near future.”

Within the BIR’s Paper Division, Schmidt noted that his second and (as dictated by BIR’s bylaws) last term as president is coming to an end. Braun also announced that he is stepping down as a Paper Division general delegate, a role in which he has served since 2002. Schmidt thanked Braun for his role in helping prepare “almost 40 Paper Division meetings.”

The BIR 2017 World Recycling Convention was held at the Hong Kong Convention Centre 22-24 May.