

Paper



According to a recent monitoring report, the paper recycling rate in Europe stood at 64.5% in 2007.

Not all doom and gloom

Despite the sudden sharp downturn in the recovered fibre market, the BIR Paper Round-Table in Düsseldorf still uncovered good news on both the EU's REACH chemicals regulation and on the European industry's progress towards the 66% recycling rate target for 2010. Outstanding industry achievements were also recognised and rewarded.

feeling the effects of the global downturn. In 2007, the Asian giant recorded a fibre import increase of 15% to some 22.6 million tonnes; in 2008, this total is expected to rise to around 24 million tonnes - equivalent to growth of nearer 6% and 'much less than what we have been seeing in the past', noted Mr Baxi. 'And I expect this could also be the trend next year,' he added.

The global recessionary trend, weakening demand for fibre and collapsing freight rates are combining to ensure that the remainder of 2008 and the first quarter of 2009 will be 'the most challenging and difficult period in our business', according to BIR Paper Division President, Ranjit Baxi of UK-based J & H Sales International.

While time limitations prevented the customary sweep of country and regional market reports at the BIR Paper Round-Table meeting in Düsseldorf, Mr Baxi doubtless spoke for the vast majority of the world's recovered paper specialists in describing recent weeks as 'some of the most challenging in our lifetimes' given that prices had weakened

sharply, trade had slowed dramatically, credit had become a lot tighter, and some buyers had been unable to meet their payment obligations.

Even China, the engine room of recovered paper demand over recent years, is

Significant swing

Recovered paper exports from Europe to China jumped from 1.89 million tonnes in the first quarter of 2008 to 2.24 million tonnes in the April-June period. But the flow slowed in the third quarter, with just over 1.2 million tonnes dispatched over the two months of July and August. Nevertheless, Europe's share of the Chinese import market improved from 32% in 2007 to 33% in the first eight months of 2008 while the US accounted for 45% in January-August 2008 as against 44% for the whole of 2007. Fellow Asian countries lost market share in China during the first eight months of this year, securing 19% of the business compared to 21% in 2007.

Mr Baxi's statistics also revealed a significant swing in market share among the various European countries. The UK, China's leading European supplier of recovered paper, saw its



Michael Moulton of Texas, USA based Koch Pulp and Paper Trading.



Guest speaker Horst Menge, Raw Materials Co-Ordinator at Myllykoski Continental in Germany.



Guest speaker George Chen, President of the US Institute of Scrap Recycling Industries' Paper Stock Industries chapter.

share dip from 36.18% in the first quarter to 32.65% by quarter two before a strong recovery to 38.03% was mounted in July and August. In similar vein, the Netherlands accounted for 23.52% of all European fibre exports to China in the first quarter - a proportion which dropped to 20.36% in the second quarter before climbing to 22.41% in July and August. Interestingly, the opposite trend applied to the next five leading exporters out of Europe: Belgium, Italy, Germany, Spain and France commanded a larger share of the Chinese import market in the second quarter of 2008 when compared to the first three months of the year. In July and August, however, all five countries saw their shares decline; notably, France's exports to China plummeted from approaching 118 000 tonnes in the second quarter to just 35 667 tonnes in the ensuing two months.

FEFC is no more

In Düsseldorf, Mr Baxi also underlined the relevance of the recent abolition of the Far Eastern Freight Conference (FEFC). For many years prior to October 18, the FEFC had brought price stability through a common tariff and had co-ordinated capacity to strike a balance between supply and demand. Now, however, 'container lines will be operating individually, fixing their rates and surcharges directly with their customers,' Mr Baxi explained. But he went on to say: 'I am sure each line will always endeavour to maintain stable market conditions.' Container freight rates are likely to remain weak, according to the BIR Paper Division President,

given that significant additional capacity is slated to come on stream between now and 2010. With demand weakening, shipping lines are set to respond by withdrawing capacity from certain services and by operating their vessels more slowly to conserve fuel, thereby resulting in longer journey times.

Welcome respite

At the Round-Table, there was some welcome respite from the generally gloomy market news with the presentation of the first-ever 'Papyrus' prize. This award will be given each autumn by the BIR Paper Division to a company or organisation which has excelled in one or more of the following areas: innovation in the use of recovered fibre; promotion of partnership along the supply chain; substantial growth in recovered fibre consumption; and leadership in social, quality and environmental management. The first recipient was family-owned Emin Leydier which operates two paper mills in France and consumes some 800 000 tonnes of recovered paper per annum. The award was accepted by the company's Christophe Leydier and Yves Herbaut. The latter underlined: 'Use of recovered paper contributes to a valuable reduction in greenhouse gas emissions.' According to Mr Baxi, Emin Leydier deserved this recognition for growing its recovered paper consumption and for promoting partnership with its suppliers.

More cheer was provided by Finland's Merja Helander of Paperinkeräys Oy in her President's report on the affairs of the European Recovered Paper Association. She hailed as 'great news' the fact that cellulose fibre has earned an exemption under the EU's regulation on the Registration, Evaluation and Authorisation of Chemicals (REACH) and therefore falls outside of its registration/pre-registration requirements. And she described as 'a good result' the findings of a recent monitoring report which confirmed a 64.5% paper recycling rate in Europe for 2007 after 60.1 million tonnes was dispatched to mill customers - an increase of 7.6 million tonnes compared to 2004. The industry is on track to meet its voluntary target of 66% by 2010, she added.

Focus on quality

Ms Helander also recommended use of the voluntary European Recovered Paper Identification System launched by the Confederation

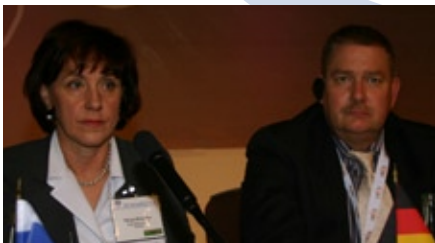
'Asian of the Year'

At an awards ceremony broadcast to an estimated 80 million people, BIR's Paper Division President Ranjit Baxi has been named the 2008 'Asian of the Year' - an achievement recognised during the Paper Round-Table meeting in Düsseldorf by BIR World President Dominique Maguin.

The award was conferred on Mr Baxi by BBC News presenters Matthew Amroliwala and Riz Lateef at a London ceremony organised by 'Asian Who's Who International', a publication about leading Asians in the UK. According to the award citation, Mr Baxi's company - J & H Sales International Ltd - has grown to become a leading European recycled fibre exporter, operating across the USA, Europe and many countries in Asia, including China and India. In 2001, the company received the prestigious Queen's Award for Enterprise (International Trade). In October 2007, Mr Baxi became the first person of Asian descent to become President of a BIR Division. His family originated in India although Mr Baxi spent his early years in Tanzania before moving to the UK to study. He has been involved in the recovered paper business for approaching 30 years.



BIR's Paper Division President Ranjit Baxi has been named 2008 'Asian of the Year' in the UK.



Merja Helander of Paperinkeräys Oy in Finland and Reinhold Schmidt of Recycling Karla Schmidt in Germany.



BIR Paper Division Ranjit Baxi (right) presents the division's first-ever 'Papyrus' prize to Christophe Leydier of Emin Leydier, which operates two paper mills in France.

of European Paper Industries in late October. The initiative enables recovered paper suppliers to register on a website (www.recoveredpaper-id.eu) for a unique supplier code that will then be added to their recovered paper bales. The President of the US Institute of Scrap Recycling Industries' Paper Stock Industries chapter George Chen told delegates in his guest presentation to the BIR Paper Round-Table that rising labour costs are making China's mill operators increasingly reluctant to sort poor-quality imported recovered paper. 'If the quality is poor, they will reject it,' he warned. Fellow guest speaker Horst Menge, Raw Materials Co-Ordinator at Myllykoski Continental GmbH in Germany, made an impassioned plea for greater professionalism among recovered paper suppliers and greater co-operation with mill customers 'on a practical daily basis'. □