

Ranjit Baxi: Europe must address quality concerns

China is likely to consume substantially less recovered paper this year when compared to 2009. And yet the same country – along with a host of other Asian nations – remains an outlet of supreme importance to the world's recovered paper exporters. Bearing this in mind, suppliers ignore at their peril the quality requirements of consumers in Asia, it was suggested in Brussels.

Europe's recovered paper industry must redouble its focus on quality if it is to avoid losing a substantial proportion of its export business. That was the rallying cry issued by BIR Paper Division President Ranjit Baxi of UK-based J & H Sales International at the world recycling body's latest Autumn Convention in Brussels. 'This year, quality standards in Europe are not as strong as they were,' he insisted. 'For us to survive and sustain our volumes, we really need to focus on quality.'

Pressure on recovered paper exporters to Asia is being intensified by 'sure growth' in the continent's own domestic collection programmes, Mr Baxi added. Indeed, some Asian countries are understood to be considering legislation to force collection rates even higher.

Shift to Japan

Latest statistics for the Chinese market provide evidence of a fall-off in orders for European recovered fibre and a pronounced shift in favour of Japanese material. In the January-March period of 2010, Europe supplied China with 2.064 million tonnes whereas the total dropped to 1.834 million tonnes in the second quarter; by comparison, Japan's shipments to China leapt from 877 997 tonnes in the first three months of this year to 1.012 million tonnes between April and June.

However, America remains China's leading supplier, having provided 2.87 million tonnes of

recovered fibre in the first quarter of 2010 and 2.659 million tonnes in a second quarter when total Chinese imports fell almost 300 000 tonnes to around 6.08 million tonnes. An even lower import total is anticipated for the third quarter given that China acquired only 3.6 million tonnes of recovered paper from overseas sources in July and August combined.

For 2010 as a whole, Mr Baxi expects China to import around 24 million tonnes of recovered fibre – a figure similar to the 24.15 million tonnes absorbed in 2008 but well short of the 27.64 million tonnes of 2009. 'There has been a general decline,' he informed delegates. 'This year, Chinese imports may not even meet 2008 volumes.'

Collections 'weak'

The divisional President's breakdown of European recovered paper exports to China reveals

that the UK and the Netherlands have led the field by a considerable margin in 2010: the former contributed 34% of Europe's shipments in the first quarter, rising to 39% in the second quarter and to 41% across July and August. Over the same three periods, the Netherlands' share was, respectively, 21%, 24% and 23%.

Reviewing the European market in more detail, David Symmers of The Recycling Association reported that his own country – the UK – has mirrored Finland, Sweden, Italy, Spain and France in witnessing 'good' recovered fibre demand from the mills. 'But collection is weak – particularly for mechanical deink grades and woodfree grades,' he added.

Mr Symmers also made the following observations: recovered paper supply has been more stable in Germany although new mill capacity to the east has continued to apply upward pressure on



Peter Hall



Merja Helander



Hubert Neuhaus



Bill Moore



prices; the Czech Republic has bucked the general trend in Europe by recording a 14% increase in collection volumes this year; and Turkey has been experiencing healthy demand from its own mills whereas exports have been adversely affected by a strong domestic currency.

Michael Moulton of Koch Pulp and Paper Trading LLC in the USA spoke of 'very strong' domestic prices in the last quarter, with OCC values exceeding historical averages. But in common with many parts of Europe, generation levels in America have been 'lower than usual'.

Strongly opposed

On the legislative front, the President of the European Recovered Paper Association (ERPA) - Merja Helander of Lassila & Tikanoja Plc in Finland - suggested that the process to determine end-of-waste criteria for recovered paper is moving forward and 'should be finalised by the end of 2011'.



David Symmers

Points of debate in this process have included a proposal to define a non-paper component as 'any material different from paper which may be present in waste paper'. ERPA's President comment-

ed: 'This is very strongly opposed by different stakeholders and instead we support the following definition: "A non-paper component is a non-paper material which is not part of the original paper product and can be separated using dry-sorting techniques".'

She went on to note that Europe had achieved a world record paper recycling rate of 72.2% in 2009 - a percentage that is close to the recovery ceiling, according to Ilpo Ervasti. The Finland-based independent consultant emphasised China's spectacular emergence as a major player in the global market, soaking up around 30% of world recovered paper consumption compared to nearer 7% as recently as 1995. In its OCC purchasing patterns, China's block approach to buying or not buying means the country 'acts like a company', he added.

East/west divide

Staying with OCC, the President of US-based consultancy Moore & Associates, Bill Moore, suggested that prices of this grade may well decline within the next six months - a forecast based on the length of the 'bull' market, stagnation of one-year swap prices and seasonal factors. However, his presentation also indicated that average OCC prices in the USA will occupy a relatively narrow band next year of US\$ 126-133 per tonne fob generator's dock.

Proposed legislative changes in Germany could lead to private recovered paper firms losing business to community-owned companies, warned Hubert Neuhaus of Neuhaus Handels GmbH. The same speaker also noted that the introduction of more than 1.5 million tonnes of recovered paper capacity in eastern Germany, Poland and Hungary has created an 'east/west divide', with higher prices in the east. This new capacity will have an even greater market influence in the future, he suggested to delegates.

The spotlight at the latest BIR Paper Round-Table also fell on shipping freight. According to Peter Hall, Managing Director of APL Liner Shipping in the UK & Ireland, rates will remain under pressure for the remainder of the year and are likely to be 'subdued' in 2011 as vessel capacity growth is expected to continue at the same time as demand for freight services seems set to be low. Equipment shortages have eased but problems could return, said Mr Hall, given the following factors: the dearth of container production taking place in 2009; slow steaming resulting in containers spending longer at sea; and bulk cargoes being shipped in containers to an increasing extent. □

Papyrus reward for Indonesian mill



From left: BIR President Dominique Maguin, BIR Paper Division President Ranjit Baxi, and Dewi Bramono and Susanna Agus of APP's Indah Kiat Serang facility of Indonesia.

Inaugurated in 2008 to recognise the outstanding contribution of an individual or of an organisation to the furthering of paper recycling, the Papyrus prize is on its way to Asia for the first time. In naming the winner as APP's Indah Kiat Serang facility in Indonesia, BIR Paper Division President Ranjit Baxi commented: 'The mill has substantially increased its recovered fibre use over the last five years and has worked hard to promote sustainability and partnerships with the recovered paper industry.'

A producer of paper and packaging products, the mill achieved ISO 9001 certification in 1995 and ISO 14001 environmental management system accreditation in 2004. The operation uses recovered paper as a staple raw material and will look to maintain a healthy balance between virgin and secondary fibre use in the future, delegates in Brussels were told by Dewi P. Bramono, APP's Deputy Director for Sustainability & Stakeholder Engagement.

Ms Bramono and fibre procurement specialist Susanna Agus received the Papyrus prize from Mr Baxi, BIR World President Dominique Maguin and members of the BIR Paper Division board. The company was 'honoured' to receive this accolade, declared Ms Bramono.

Ranjith Baxi:

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