

Recycling industry 'so much

In an ideal world, a new president would assume the role at a time of buoyant market conditions and problem-free trading. But this luxury has not been accorded Reinhold Schmidt who, in Warsaw, chaired his first meeting as head of BIR's Paper Division. Problems facing the exporter community attracted particular attention at the Round-Table.

Paper



Overcapacity among graphic paper producers; China's 'Green Fence' import quality controls; the slowdown in China's economic growth; the Euro crisis; over-regulation of the recycling markets; and the damaging impact of protectionism. In his debut meeting as president of the BIR Paper Division, Reinhold Schmidt of Recycling Karla Schmidt in Germany found no difficulty in identifying challenges currently facing the recovered paper industry.

Against this backdrop, he issued a reminder to policy-makers around the world that the recycling industry was 'so much more than a service provider' in that it served as a vital and sustainable link in the supply chain while also helping to prevent climate change.

The BIR Paper Division's immediate past president Ranjit Baxi of UK-based J&H Sales International elaborated on the international trade

issues broached by his successor. Although China's 'Green Fence' had been gobbling up all the headlines, he noted, other Asian countries had been putting import quality controls in place. He used the example of major recovered fibre buyer India which, in May 2010, issued a list of specifications stricter than those currently enforced by China in many instances. For a number of overseas destinations, exporters were routinely hampered by 'excessive' documentation demands and random spot inspections at the point of export in Europe, Baxi added. In effect, quality and legislative controls had become 'the central focus of global trade' and a 'game-changer'.

Even more precipitous

It was Baxi's contention that Europe needed to ask itself serious questions about the direction in which it was heading if it wished to remain the second-largest exporter of recovered fibre to China. The comment followed his familiar statistical round-up in which he noted that US fibre shipments to China had soared around 30% over a four-year period - from 5.72 million tonnes in the first half of 2009 to

7.39 million tonnes in the opening six months of 2013. And yet the corresponding figures for Europe revealed a decline of nearly 12% from 4.77 million tonnes to 4.21 million tonnes.

Bill Moore:

'India is a new and emerging paper market for the USA.'

Comparing January-June 2013 with the same period last year, Europe's leading recovered fibre exporter - the UK - had seen its shipments to China slashed from approaching 1.91 million tonnes to less than 1.58 million tonnes. The scale of the decline for the Netherlands, Europe's second-placed exporter, had been even more precipitous, with shipments sliding from 1.17 million tonnes in the first half of 2012 to 797 581 tonnes in January-June 2013. Indeed, none of Europe's top suppliers to China had experienced market growth in this period, Baxi pointed out.

'Disappearing' grade

With the USA already identified as the world-leading supplier to pre-eminent fibre importer China, more light was directed on to the North American market as a whole by guest speaker Bill Moore. ONP had become a 'disappearing' recovered paper grade, with the region's



Ranjit Baxi: other Asian countries have also been putting import quality controls in place.



Merja Helander emphasised the huge importance attached to securing end-of-waste status for recovered fibre in the EU.



Thomas Braun stressed that collection volumes across most parts of Europe were declining.

more than a service provider'

demand for ONP/OMG likely to dwindle from 4.82 million tonnes as recently as 2010 to 3.49 million tonnes by 2016, he pointed out. Over the same six-year period, production of newsprint across the USA and Canada was expected to tumble from 7.84 million tonnes to 5.86 million tonnes, according to the president of the US-based international consulting firm Moore & Associates which specialises in analysing the recovered paper markets.

Conversely, containerboard production represented 'a fairly healthy business', with combined US and Canadian production expected to increase from 32.73 million tonnes in 2010 to 35.61 million tonnes in 2016. Moore projected regional demand for OCC and kraft to climb from 19.01 million tonnes to 19.43 million tonnes over the same period. After several years without any new OCC mill projects in North America, Moore identified four developments involving Greenpac

(Cascades), Atlantic Packing, Boise and SP Fiber Tech. With the possibility of more projects to follow, 'containerboard may go into oversupply', it was suggested in his presentation.

'Bright spot'

Turning to exports, Moore noted that America's overseas shipments of recovered fibre fell almost 5% in the first half of 2013. However, a drop in orders from, among others, China (-5%), Mexico (-8%) and Canada (-14%) had been offset to some extent by the 'bright spot', namely India, which upped its purchases by 6% when compared to the opening half of 2012. 'This is a new and emerging paper market, and will continue to be a growth market for the USA,' the guest speaker assured delegates.

By some considerable distance, however, China remains the leading importer of US recovered fibre with a 71% share of all outbound shipments in 2012 compared to just 15% in the year 2000. Last year, India laid claim to 7% of US fibre exports.

The European recovered paper market had been covered in depth by the BIR World Mirror released prior to the convention. Summaries were provided in Warsaw by Merja Helander of Lassila & Tikanoja in Finland, Lars-Gunnar Almryd of IL Recycling in Sweden, Thomas Braun of Germany's BVSE and the division's honorary president Dominique Maguin of France. In all cases, they highlighted declining

collection volumes across most parts of Europe. In her role as president of the European Recovered Paper Association, Helander also emphasised: the huge importance attached to securing end-of-waste status for recovered fibre in the EU; and the 71.7% paper recycling rate achieved in Europe last year - a figure of which the industry should be 'very proud', she said. □

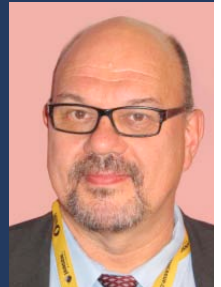
What's in a name...?

Nothing short of 'chaos' is afflicting recycling-related terminology in the paper and board industry, Paper Round-Table guest speaker Ilpo Ervasti claimed in Warsaw.

According to the senior advisor at Finland-based independent consultancy Indufor Oy, the 365 trade grades identified globally were 'partly overlapping' and 'not well-defined'. By way of example, he suggested four terms - waste paper recovery, recovered paper collection, recovered paper recycling and recycling of paper for recycling - all described 'the same things at different times'.

Ervasti called for 'one uniform, global system for recovered paper-related terms and variables' in order to 'enable comparisons between regions'.

Ilpo Ervasti



Reinhold Schmidt reminded the audience that the recycling industry is a vital and sustainable link in the supply chain.



Bill Moore: ONP has become a 'disappearing' recovered paper grade.

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