

China and Brexit impacts and plastic bans discussed at BIR Convention in London

Disagreement on role of domestic consumers in the face of closing Asian markets

(EU) – The recovered paper session at the Bureau of International Recycling's recent convention in London focused on uncertainty about the future of Chinese imports and trade relations after Brexit. In a lively and wide-ranging exchange, paper division panellists agreed only that quality improvements would remain important, and that China was unlikely to loosen its import politics again.

Keith Trower, managing director of Viridor Resource Management, welcomed the imposition of stricter quality standards by China. He called the crack-down on import quality a "wake-up call for all of us about the quality we produce". Mr Trower said his company had been "investing heavily in [its] paper assets to improve the quality" in order to maintain its market reach. He said that with adequate quality, there would "always be a market for OCC, news & PAMs, all of this". Bulk grades could be absorbed by UK consumers.

There might still be certain grades that could go to China after 2020. At the same time, the industry had to prepare for the next wave of changes, said Mr Trower.

In a series of announcements beginning in July 2017, China has restricted the import of recovered paper and other wastes for recycling. This has meant bans, for instance for mixed paper, as well as tighter limits on the amount of contamination allowed in the recovered paper that could still be imported. Early this summer, the Central Committee of the Communist Party issued a paper in which they declared the country's intent to bar imports of all solid waste by the end of 2020.

Deborah Sacks, a waste and resource specialist on the renewable energy team at the UK's Department for International Trade (DIT), was asked repeatedly how Brexit would affect waste flows within Europe. Although unable to predict what provisions it would ultimately include, Ms Sachs expressed confidence that a Brexit agreement would be reached and stressed the "huge will" of the British government to ensure that materials continue to cross the boundary. At the same time she acknowledged that additional costs and delays were possible for both sides after the UK left the European Union, but said there was work being done to try to avoid them.

Ms Sacks argued for increased investment in domestic recycling capacity to replace exporting for recycling, arguing that when one exported secondary raw materials, one was exporting jobs with it. She also pointed to changes in European and UK environmental legislation that could alter the framework in which recyclers operate, namely the push to require recycled content in packaging. She also suggested that given the move to ban numerous single-use plastic items, there was a "real opportunity for paper to fill some of that gap", making the present "a crucial stage" for the paper industry. BIR president Ranjit Baxi agreed that there was some potential for substitution of paper for plastic, but believed that for the most part the materials served different market needs.

Francisco Donoso from the Spanish company Alba Servicios Verdes also believed that recovered paper market players must go forward under the assumption that China would end imports. He recalled that those who last year had expected China to moderate its course so as not to hurt its domestic paper industry had been proved

wrong.

However, he was less optimistic about bolstering local paper production as a means of absorbing recovered paper which can no longer be exported to China. China's need to package the new products it manufactured and shipped would not change. Accordingly, Mr Donoso questioned the viability of investment in new packaging production facilities in Europe or in the US as a solution. "What do you want all that packaging produced in Europe for if the goods are produced in China?" he asked. Paper mills in the People's Republic would just use more virgin fibre if they did not have access to enough recovered paper.