

China going through phase of readjustment

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Published 4 Nov 2016

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Writing in the BIR World Mirror (Recovered Paper), for the period July to October, Ranjit Baxi (J&H Sales International Ltd) explains that China, an economy of US\$ 11tn-plus, is currently going through a period of readjustment, with the service sector enjoying a corrective growth phase while the manufacturing sector is in something of a declining phase. China's GDP is still projected to grow at a rate of over 6% for this year, which is equivalent to some US\$ 700bn.

"Fibre exports in the third quarter of 2016 have remained challenging owing to price volatility with European mills paying higher prices, increasing European demand and a slight reduction in export volumes and prices. Having been at lower levels, US prices started to show significant gains which helped to sustain European export volumes.

"Currency fluctuations with a strong US dollar and a weakening Euro and Pound following the Brexit vote certainly helped to increase Europe's export volumes at competitive prices. Prices for OCC have been maintained and demand for mixed paper has also improved during the quarter.

"Beyond China, other Asian markets maintained a weakening but steady demand for various grades as the trend was to buy more US fibre which was being offered at fairly competitive prices in early July before gradually increasing during the quarter.

"In the summer holidays, there was a reduction in collection volumes at a time of increasing European demand and prices. The hope is that October will bring an increase in collection levels, with the possibility of some downward adjustment of prices by European mills which will again make the continent's exports more competitive for the rest of the year."

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