

RECOVERED FIBRE

NEWS...

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DOUBLE HEADACHE FOR FIBRE EXPORTERS

With Freight Rates and National Sword

Delegates at the recent BIR World Recycling Convention & Exhibition in Hong Kong (22-24 May 2017) were told that an 'explosion' in container rates "had nearly dealt a death blow to the shipping of recovered paper", said outgoing President, Reinhold Schmidt of Germany-based Recycling Karla Schmidt. Freight costs for shipments between Europe and China

had soared more than US\$ 1000 per container – or US\$ 40 a tonne – in the opening months of 2017.

Although rates were dropping below US\$ 2000 per container and were likely to stabilise at nearer US\$ 1200-1400 in the coming months, BIR World President Ranjit Baxi of J&H Sales International said greater dialogue was required

with the shipping industry to ensure it understood the impact of precipitously steep rate increases on the recovered paper industry. "We never have an audience with the shipping lines," he lamented during a panel discussion, moderated by Recycling International magazine's Chief Editor Martijn Reintjes.

The panelists, who also included

Brian Taylor of US-based Recycling Today magazine and Nobuyuki Shiose of Daiwa-Shiryō Co., Ltd of Japan also spotlighted China's National Sword initiative to tackle illegal imports. Mr Baxi supported China's desire to eliminate incoming material that was contaminated and unsuitable for use as a secondary raw material. "A zero tolerance approach would affect us all as sorting systems are unable to achieve 100% purity," he said. But at the same time, exporters from Europe, for example, "must move their quality a notch higher". If National Sword served to deflect volumes away from China, "those tonnes will go somewhere", contended Mr Taylor, although he also acknowledged that

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Double Headache for Fibre Exporters (cont. from page 1)

market problems might arise in the short term.

For European OCC and mixed paper shipments to China, a steep price decline around the start of the second quarter of 2017 had been followed by an almost immediate recovery. This was explained in a European market report from new Paper Division board member Martin Soth of Štěrné Suroviny UH sro of the Czech Republic. This about-face was attributable to "lower stocks and more stable containerboard orders for mills in China" as well as to "the strength of fibre demand in Europe itself", he said.

In his guest presentation, Mr Shiose noted a growing preference among Japanese paper mills for dealing with those fibre suppliers able to offer larger tonnages. "It is possible to get higher prices if you can offer more volume," he said. This trend could lead to consolidation

within the supply sector and create a competitive environment in which "small companies will be the losers".

During the Hong Kong meeting, Thomas Braun of BVSE in Germany stepped down as General Delegate of the BIR Paper Division after 15 years. In his role as Vice President of the European Recycling Industries' Confederation and its recovered paper branch ERPA, he pointed to continuing 'tensions' with the paper manufacturing industry which sees opportunities in the EU's Circular Economy package to "restrict exports of recovered paper outside Europe". Mr Braun argued this short-term vision should be opposed as the European market's structural oversupply of recovered paper made exports necessary to "support collection, increase recycling rates and maintain competitive prices".

www.bir.org

Brexit Issues Discussed

Speaking at the Confederation of Paper Industries Biennial Health and Safety Conference late in June, Andrew Large, Director General of the CPI discussed the challenge for the new UK government as regards the domestic paper industry. "We are willing and able to contribute to economic and employment growth across all of the UK, but, we need to work with the Government to secure the right support to be able to play that role to our fullest extent."

For CPI's members, Mr Large outlined the three issues that stand out above all others in the current Brexit negotiations. The number one priority for the Government must be to ensure that the UK avoids a chaotic exit from the European Union, leading to a situation in which the rules which govern UK trade are unclear, and trade is significantly impeded while negotiations conclude. Such a situation might arise if:

- Non-tariff barriers emerge in respect of UK-EU trade.
- Customs procedures with the EU for UK goods are unclear
- The UK has not formalised its independent membership of WTO

"The UK paper industry is strongly in favour of the phased implementation of any eventual Brexit agreement to prevent trade from falling off a cliff edge and enable business and governments to adjust to the new trade relationships," says Mr Large.

"Secondly, the UK paper industry depends greatly on its EU supply chains of pulp and paper, capital, machinery and people. The final Brexit agreement must ensure that these supply chains remain linked and that they are not disrupted by new tariffs, non-tariff barriers related to standards or regulations or restrictions on skilled workers and those with manufacturing skills, especially those coming to the UK for short term intra-company roles.

"Thirdly, both the Brexit agreement and future UK regulations must deliver the most competitive UK business environment possible, within the

context of continued frictionless trade with the EU. This applies especially to environmental, natural resources, business rates, employment and health and safety legislation.

"The UK paper-based industries welcome the commitment to transpose EU law into UK law from day one of Brexit, as a provider of legal certainty. However, we urge the Government to move quickly to reduce regulatory burdens on business, consistent with continued access to EU markets."

VK 5012 On Show

HSM GmbH + Co. KG, the German manufacturer of baling presses, PET solutions and document shredders, will be exhibiting innovative product solutions "Made in Germany" at the upcoming RWM Exhibition (12-14 September 2017) Hall 5, Booth P90.

On their stand will be a fully automatic channel baling press HSM VK 5012. With an extremely high pressing force of 500 kN and a large format fill opening, the VK 5012 processes most bulky materials such as cardboard, paper, DSD goods and PET bottles.

This baler is equipped with a frequency-controlled drive which makes a significant contribution to environmental protection and efficiency, reducing energy costs by 40 per cent. Depending on the material, the highly compressed bales reach a weight of up to 550 kg, have a bale mass of 1,100 x 750 x 600-1,200 mm and is held together by a fully automatic, horizontal 4-fold wire strapping.

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