

### In its 60<sup>th</sup> year, BIR celebrates its key place in recycling

The BIR Congress on June 2 to 4 in Monte Carlo was attended by more than 1300 delegates. The recycling industries continue to benefit from a strong level of demand from Asia which is to some extent making up for the economic slow-down which is hitting the western economies the worst. The main concerns relate to the environmental recognition of the role of recyclers, and of the economic benefits they can attract, for instance, through carbon credit allocations.



In the centre, Dominique Maguin and Ranjit Baxi during the Prize giving. They are seen with the Vice Presidents of the BIR Paper division

The meeting of the Paper division, held at the end of the Congress, confirmed the trends of recent months. RCF prices are down, but demand still remains at a fairly good level. The shutdown of a number of facilities has however upset some national markets

#### The new missions for the BIR

The representatives provided updates on 2007, a year that saw peaks reached for recycled materials.

**Dominique Maguin**, Director of BIR, took a look back at the sixty years that have formed today's BIR. *"Industrial consumers, the political world, the N.G.O.s, the conventional players in waste, these four elements are pushing us to become ever-more efficient and above all requiring us to be increasingly professional and much more transparent"*.

He presented the new tools intended to fulfill these expectations: *"We must, without delay, take on three leading projects: first of all, the creation of a Statistical Observatory, the measuring of the carbon footprint of our activities and the setting up of an International Trade and Arbitration Commission"*. The creation of the Observatory was welcomed by **Nicholas Stern**, author of the well-known Stern Report, who spoke during the General Meeting. The equivalent of 500

million tonnes of CO<sub>2</sub> saved thanks to recycling is, as he puts it, *"a very significant contribution"*.

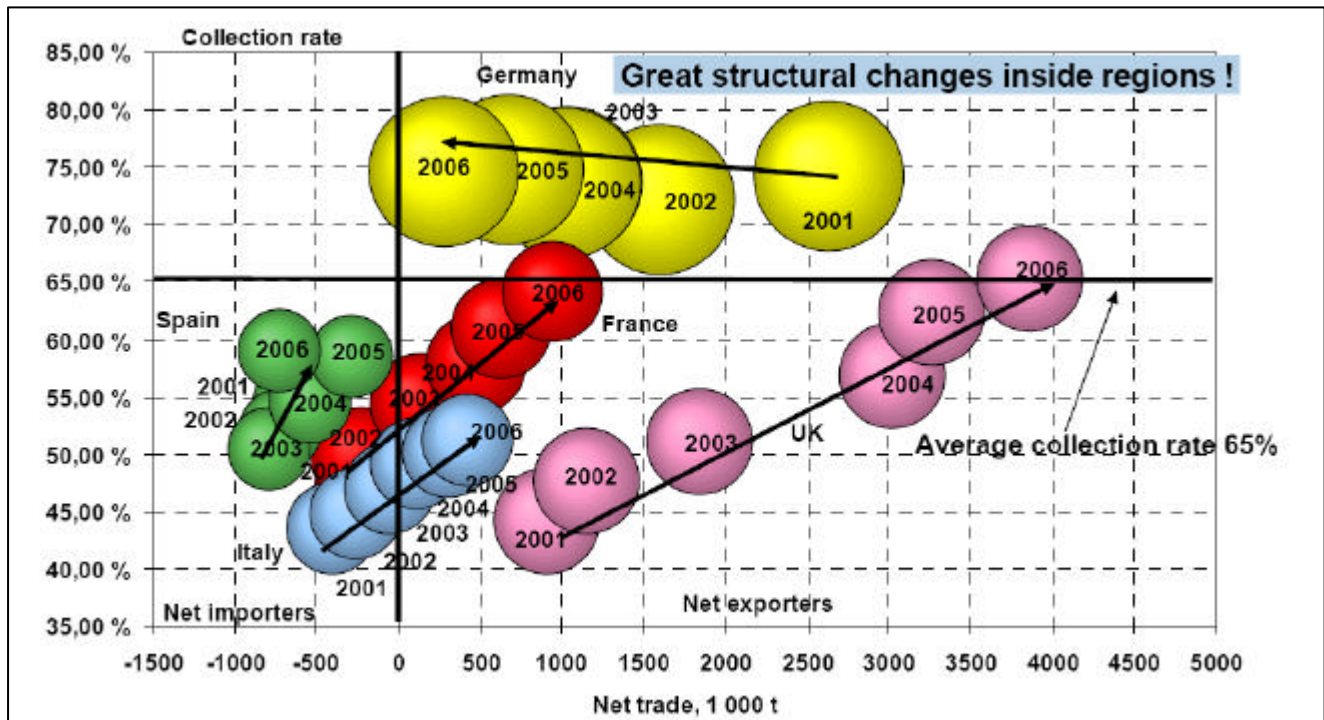
According to the BIR Treasurer, **Anthony Bird**, the organization has the advantage of *"a financial position that is more secure than it has ever been"*, after 2007 which was *"the best year ever recorded"*. He hands over to **Björn Grufman**.

#### RCF: Slowdown in the first quarter

The session on paper and board did not provide evidence contrary to these excellent results. Chaired by **Ranjit Baxi**, the meeting presented Dominique Maguin with an award in recognition of his contribution to the paper recycling industry. A second award was also made, this time to an organization, and will be handed over during the BIR Congress in the fall.

The national representatives outlined the principal developments in their markets. They noted that there was an overall rise in stock levels in recent months, alongside a fall in recovered corrugated board prices, linked with a slackening in Chinese demand. Some countries have also experienced site closures, such as at Steti (Norske Skog) in the Czech Republic, Valladolid (Smurfit Kappa) in Spain, and in France, the problems overwhelming Matussière & Forest. In Italy, according

## MARKET FOCUS



to **Giuseppe Masotina**, the situation is very critical, mainly in terms of the ordinary grades and/or lower grades. Burgo has suspended or cutback production on some machines because of empty order books. It was reported that 8 paper mills have been closed in recent months because of slack demand. In Finland, in a very poor market, the papermakers are concerned about the construction in Russia, near the border, of a new LWC machine with a scheduled output of 365,000 tonnes by 2010.

Ranjit Baxi reported on the evolutions in the Asian market, notably in the first quarter 2008. Exports of packaging from China are down slightly because of the US and European economic slowdowns. Imports into China of RCF however continue at a high level, with an increased enthusiasm for deinking grades. In 2008, demand could still grow by between 7% and 8%. For this quarter, America accounted for 47% of China's RCF imports, slightly up against 2007. Europe continued at 32% of Chinese imports, with the United Kingdom and the Netherlands as the leading exporters. They respectively accounted for 11.6% and 7.5% of all Chinese imports. Imports to China from Europe amounted to 1.89 million tonnes, with 92,000 tonnes coming from France.

**Ilpo Ervasti**, from Poyry, pointed to the respective importance of RCF and virgin fibers in paper production in Europe. Without the injection of new fibers, the paper industry would be facing a shortage in 2 to 3 months. Taking into account international trade, the rate of collection and production losses, only 46% of fibers are recycled in Europe.

The rates of collection and the positions of the leading European countries have changed significantly since 2001. France, the United Kingdom and Germany are already near the absolute collection rate, estimated by Poyry at between 56% and 70% based on intrinsic data for each country (population density, etc.). (cf. graph).

The positive contribution that recycling makes to the environment, which emerged as something of an anthem during the Congress and the conferences, was reemphasized by **Holger Alwast**. He presented a study by the consultancy firm Prognos which showed that better management of wastes could contribute between 16% and 27% towards the objectives set for the reduction of greenhouse gas emissions by 2020. Every tonne of recycled paper in effect represented 840 kg less CO<sub>2</sub>.

**Yann Trentesaux**

### M-real and Antalis agreed on Map price adjustment

The acquisition of Map, the paper merchandising division of M-real, by Antalis became effective on October 31, 2007 for a total transaction value of Euro 382 million. At the date of the closing, Antalis held back Euro 17 million in cash, waiting for the price adjustment to be determined and jointly agreed on the basis of the audited and final closing balance sheet.

On July 2, 2008, M-real and Antalis agreed on the price adjustment. Antalis will pay Euro 9 million out of the Euro 17 million cash held back since the date of closing, thus reducing the estimated cash outflow by Euro 8 million in 2008.