

Paper

Europe losing market share in China

The shift in international raw material flows over recent years was brought into sharp focus in Singapore where leading Asian recovered paper importers - China, India and Indonesia - were put under the spotlight at the BIR Paper Division meeting. Delegates were also updated on latest key developments in Europe.

China's imports of recovered fibre stumbled to 22.19 million tonnes in 2010 following the 'bumper year' of 2009 when overseas suppliers had provided 27.64 million tonnes. As for 2011, the country's import total is likely to fall somewhere between these two figures at perhaps around 26 million tonnes, according to the BIR Paper Division's President Ranjit Baxi of UK-based J&H Sales International. His prediction of a significant recovery in Chinese imports was backed by statistics for the first quarter which indicated that volumes jumped from 6.367 million tonnes in the first three months of 2010 to 6.569 million tonnes in January-March this year. '2011 will not be as bad as 2010,' Mr Baxi ventured.

However, the same speaker had some sobering news for Europe's exporters: their shipments to China actually fell in the first quarter - from 2.064 million tonnes in 2010 to almost exactly 2 million tonnes in 2011. By the same comparison, US exports to China surged from 2.87 million tonnes to 3.1 million tonnes. According to Mr Baxi, America can be expected to gain

around one million tonnes of additional business in China this year - largely at the expense of Europe. If Europe wants to sustain or rebuild its export volumes, he added, it needs to refocus on 'quality, quality, quality'.

'More than doubled'

Mr Baxi also provided the context for a presentation on the recovered paper market in India by noting that, among the world's ten largest economies, the country is stranded at the bottom of the list in terms of per-capita consumption of paper. If India were to double its consumption rate from its current 'very low' level, then its annual demand for fibre would soar by around 9 million tonnes, delegates were told. Right on cue, guest speaker Jogarao Bhamidipati of ITC Ltd in India offered the encouraging news that domestic per-capita consumption had already more than doubled since the year 2000 from around 4.5 kg to 9.5 kg. Over 500 mills in India rely on recovered paper as a key raw material and its importance will continue to grow in a country where paper production

capacity is expected to soar to around 28 million tonnes per annum by the year 2025. India needs to 'wake up' and improve its current recovery rate of around 14%, he added.

Indonesia looks to Europe

While Europe's share of China's recovered paper imports is under pressure, the continent remains easily the main overseas supplier to Indonesia, according to figures presented by Susanna Agus of Indah Kiat Pulp & Paper. Of the 2.47 million tonnes of recovered fibre imported by Indonesia last year, some 51% - equivalent to 1.257 million tonnes - was of European origin as against 11% from North America and only 1.3% from Japan. 'As freights from the USA and Japan are not competitive, volumes from Australia, New Zealand and the Middle East may increase this year,' said Ms Agus.

OCC accounted for 1.51 million tonnes of the total Indonesian imports, with ONP/OMG on 660 000 tonnes and mixed papers on 180 000 tonnes.



One of the driving forces behind Indonesia's emergence as a significant recovered paper importer has been the sharp growth in its test-liner/medium production capacity growth. Having stood at around 2.9 million tonnes as recently as 2006, installed capacity is slated to reach 3.9 million tonnes this year and 4.4 million tonnes in 2012.

Recycling rate recovery

An insight into paper and board recycling in the BIR Spring Convention's host city state of Singapore was provided by Iris Tan of Likok Paper Trading. She pointed out that some 738 200 tonnes was recycled in 2010 - easily outstripping the previous record of 619 000 tonnes established in 2007.

The city's paper/board recycling rate climbed steadily to 52% in 2007 but dropped back to 48% in both 2008 and 2009, before pushing on again to 53% last year, her figures revealed. 'All paper recovered is 100% exported as there are no paper mills in Singapore,' she underlined.

A substantial proportion of the recovered fibre collected in Singapore - including more than 80% of the ONP - is amassed by karang guni, described by Ms Tan as 'a modern form of scrap and junk collectors who visit residences door to door'. However, competition to the karang guni is now mounting from government recycling initiatives and charities, she added.

'Incredible' shift in Europe

Although the Asian market was understandably a focal point of the debate and presentations in Singapore, time was also devoted to a regionalised review of market developments in Europe. Reporting for Western Europe, Jean-Luc Petithuguenin of Paprec in France spoke of an 'incredible' shift in fortunes over the last 30 months - from the point in late 2008 when it had proved 'almost impossible to sell a tonne of our product' to the present day with 'the best prices I have ever seen in my life'. With Asia coming back into the market, there was 'no collapse possible' in packaging grade prices, while deinking values were heading higher as demand proved difficult to satisfy. In his Southern Europe report, Francisco Donoso of Spain-based Reciclajes Dolaf SL agreed: 'Current prices are in general the highest in at least 15 years, so competition to secure new sources is very strong.'

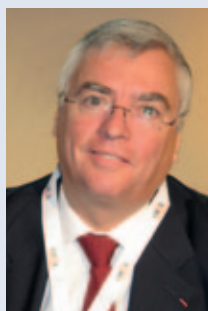
Reporting on Northern Europe, Lars-Gunnar Almryd of Sweden-based IL Recycling AB noted



BIR Paper Division's President Ranjit Baxi.



Guest speaker Jogarao Bhamidipati of ITC Ltd in India.



Jean-Luc Petithuguenin of Paprec in France.



Francisco Donoso of Spain-based Reciclajes Dolaf SL.



Iris Tan of Likok Paper Trading in Singapore (left) and Susanna Agus of Indah Kiat Pulp & Paper in Indonesia.

that recovered paper collection volumes had yet to fully recover following the harsh winter weather. In similar vein, Jaroslav Dobes of Remat SRO in the Czech Republic suggested that fibre demand is exceeding supply to an increasing extent in many parts of Eastern Europe.

It was also confirmed in Singapore that the European Recovered Paper Association (ERPA) and other bodies have made good joint progress towards updating the European List of Standard Grades of Recovered Paper and Board. ERPA's President Merja Helander of Lassila & Tikanoja in Finland confirmed that revision work 'has been finalised this spring' and that 'the next step will be the standardisation process in CEN'. Among the changes, the number of grades has been increased from 57 to 93 and a non-paper component threshold of 1.5% has been introduced for all grades. □

Ain Lindre

A minute's silence was observed at the Paper Division meeting in Singapore in honour of Ain Lindre of AS Tallinna Sekto in Estonia, who has died at the age of 55. Elected as a divisional Vice President in 2008, Mr Lindre was praised by its current President, Ranjit Baxi, for his contribution to the BIR and the paper recycling industry in general.

APL is the latest Papyrus prize-winner

Over the course of his presidency of BIR's Paper Division, Ranjit Baxi has emphasised that the global recovered paper business is a team effort involving not only collectors, processors and consumers but also several other vital partners along the supply chain.

In recognition of the substantial role played by shipping companies in the international recovered paper trade, the Paper Division's latest Papyrus prize has been awarded to APL - the global container shipping business offering over 80 weekly services and more than 500 calls at 140-plus ports.

For the first time since the Papyrus prize's inauguration in 2008, it was awarded at the BIR's General Assembly in a ceremony attended by Mr Baxi, members of the divisional board, outgoing BIR President Dominique Maguin and his successor Björn Grufman. In presenting the award to Siew Loong Wong, APL Vice President of Asia-Europe Trade, Mr Baxi said the accolade was recognition for the company's heavy investment in developing a global service and for its 'good partnerships with the paper recycling industry'.



BIR's Paper Division President Ranjit Baxi (middle) presents the Papyrus Prize to Siew Loong Wong, APL Vice President of Asia-Europe Trade. To the left, the new BIR President Björn Grufman.