
PRESS RELEASE

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Paper Division: Steadily growing demand from India and China

Since early 2009, Europe has witnessed a corresponding decline in recovered paper demand and collection volumes. In China, meanwhile, imports actually increased from 5.917m tonnes in the first quarter of 2008 to 5.934m tonnes in January-March 2009, noted BIR Paper Division President Ranjit Baxi of UK-based J & H Sales International during his market presentation in Dubai.

With China and India anticipating GDP growth of around 7% this year, "steadily growing demand" for recovered paper can be anticipated from these major export markets, he continued. However, Asia's suppliers in Europe face a number of challenges, not least an average shipping freight rate increase of US\$ 400 per 40-foot container in the period from January to May this year. Further increases can be expected for June and beyond, Mr Baxi added.

The divisional President offered delegates three "golden rules" to help guide them through these testing times: "do not panic"; "develop a positive attitude"; and "don't shy away from difficult decisions".

Earlier, a series of reports from around Europe reflected the drop-off in regional demand for recovered paper and also in collection levels. According to Merja Helander of Paperinkeräys Oy in Finland, domestic collections fell 20-30% in early

2009 at the same time as a number of Finnish mills took downtime. A 10-15% decline in collection volumes was reported for Sweden by Jan Bruzelius of IL Recycling AB; and the first-quarter fall in the Czech Republic's collection total was estimated at 10% by Jaroslav Dobes of Remat SRO. For his part, Roberto Masotina of Masotina SPA suggested that "a miracle" will be required to prevent the shut-down of more consuming mills in Italy later in the year.

Two leading Asian consumers of recovered paper - Indonesia and India - are currently pondering the detail of changes to import controls, it was pointed out in Dubai. Having met with industry representatives, including Mr Baxi, senior government officials in Indonesia are understood to have signalled their willingness to revisit proposals for 100% pre-shipment inspection by nominated surveyors of all recyclables arriving in the country on or after June 24 this year. According to Mr Baxi, options that the country's officials may be considering include: extending the list of surveying companies beyond the two identified at present; and deferring the introduction of the new controls regime beyond June 24. It is also possible that 100% inspection criteria may be reconsidered, he added.

Mr Jogarao Bhamidipati of leading Indian paper producer ITC became the latest recipient of the BIR Paper Division's Papyrus prize in recognition of his efforts in establishing the Wealth out of Waste (WOW) initiative designed to boost employment and domestic collections of recovered paper so as to reduce India's heavy dependence on imports. In his speech he shed more light on his own government's import certification initiative, insisting that some "relief" from requirements proposed earlier may be forthcoming before the middle of June. At present, he noted, the country buys in 4.3m tonnes of recovered paper each year at a total cost of around US\$ 1.2bn.

Guest speaker Lina Chaaban, EnviroCare Manager at UAE-based waste management company Tadweer, outlined moves within Dubai to increase recycling rates. At present, the Emirate conducts virtually no sorting at source but recovers some 7-10% of paper and cardboard from the mixed waste stream.

Another guest presentation from Atul Kaul, Director of Pulp and Paper at Arab Paper Manufacturing, confirmed that annual papermaking capacity in Saudi Arabia is set to rise from around 800,000 tonnes to 1m tonnes in the near future. Monthly recovered paper collections amount to some 60,000 tonnes, of which 5000-10,000 tonnes is exported - mainly to India.

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