



BIR
Bureau of International Recycling

BIR is the international trade association of the recycling industries. More than 50 countries are represented through their national trade associations and individual companies which are involved in recycling. BIR comprises four commodity divisions: iron and steel, non ferrous metals, paper and textiles, and has committees dealing with stainless steel and special alloys, plastics and rubber. BIR's primary goals are to promote recycling and recyclability, thereby conserving natural resources, protecting the environment and facilitating free trade of secondary raw materials.

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Paper Division:

‘Internationalisation’ of the trade to produce more ‘realistic’ raw material prices

Given European mills’ continuing attempts to control costs by ‘arbitrarily’ imposing recovered paper price changes, it was ‘no small wonder’ that an increasing number of recovered paper merchants were dedicating a significant portion of their production to the export market, according to Gerry West of Severnside Recycling in the UK. It was ‘sad’, he added, that many mills in Europe appeared unwilling to sit down with their recovered paper suppliers and arrive at a joint strategy which offered the latter a reasonable profit and return on capital.

After 44 years in the recovered paper industry, this Past President of the BIR Paper Division was making his final appearance at a divisional meeting prior to his retirement. He received a standing ovation in honour of what the current divisional President Dominique Maguin of Soulier in France described as his ‘brilliant’ service to the interests of the recovered paper sector. Mr West’s final act was to present a summary of current trading conditions across Europe. He noted that, for the most part, recovered paper merchants were running with low inventories, partly due to the traditional reduction in collection activity during the summer months. Mills had ‘volunteered’ recovered paper price increases of typically €10-15 per tonne in early September although some were expected to try to claw back these increases in early November, he suggested.

In a review of the Asian market, Paper Division Vice-President Ranjit Baxi of J&H Sales International Ltd in the Far East pointed out that Asia already accounted for

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more than a third of global recovered fibre consumption and that further major import growth was anticipated over the next three or four years, notably in China and India. Having stressed the need for exporters to these countries to maintain high standards of material quality, the speaker 'failed to understand' why recovered paper prices were barely stable or even falling at a time of increasing demand. Under the continuing strong influence of exchange rate fluctuations and freight rates, Mr Baxi expected prices to remain 'volatile' over the next few years.

In this same context, Mr Maguin hoped that 'internationalisation' of the trade would help produce more 'realistic' raw material prices. He also urged BIR members around the world to be 'vigilant' with respect to 'legislative and protectionist excesses' that could undermine the recovered paper business.

Guest speaker Michael Moulton, Managing Director of US-based risk management group WM Trading, indicated that North American recovered paper markets had been relatively stable over the previous three months at prices some US\$ 10-15 per tonne above historical averages. New production capacity in Asia and the state of the US economy would play 'huge' roles in determining market developments in 2004.

In his guest presentation, Mr Moulton explained that the Recycle America Alliance (RAA) was started up in January this year by Waste Management Inc and the Peltz group, and was already responsible for handling 6.5 million tonnes of recovered fibre. Its exports of all recyclables amounted to 800,000 tonnes per annum although Mr Moulton expected shipments to Asia to double in the medium term. The speaker also suggested that, within a few years, '40 to 50% of RAA's tons will be hedged financially' in order to mitigate the effects of recovered paper price volatility and to 'liberate management to focus on operations'.

In his update of European Recovered Paper Association activities, General Delegate Thomas Braun of BVSE in Germany noted the 'good level of openness' evident in meetings with the Confederation of European Paper Industries (CEPI) although the two organisations still differed on many issues surrounding traceability, such as bale labelling. Mr Braun also highlighted CEPI estimates that Europe's overall pulp, paper and board capacity would grow by 5 million tonnes within the next few years.

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