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Paper Division: China to reduce recovered paper imports

China is on course for a significant reduction in its imports of recovered paper this year, Paper Division President Ranjit Baxi of UK-based J & H Sales International explained at the latest Spring Convention in Istanbul. Having increased 13.9% to 27.5m tonnes last year, he expected the country's import total to decline to between 25m and 26m tonnes in 2010.

In the first quarter of the year, he noted, China bought in 6.367m tonnes of recovered fibre from all overseas sources. And while this figure easily exceeded the 5.934m tonnes recorded in January-March 2009, it was well behind the 7.924m tonnes and 7.331m tonnes of last year's second and third quarters respectively.

Alluding to a "bumpy ride" for the world's exporters in recent weeks, Mr Baxi insisted that growth forecasts for key emerging markets such as China and India "are still quite bullish".

Market reports from a number of European countries highlighted a continuing shortage of recovered fibre: for example, Ain Lindre of AS Tallinna Sekto in Estonia estimated a 17-18% drop-off in the Baltic Countries' domestic collection tonnages in the first quarter of this year; and Merja Helander of Paperinkeräys Oy in Finland confirmed a 7% reduction in collection volumes during the first four months of 2010.

The report prepared by Jean-Luc Petithuguenin of Paprec in France stated: "The situation is a little bit strange. We are facing a lack of merchandise in the depots which normally leads to a price increase." And yet prices of the low grades of recovered paper were falling, he pointed out.

The forthcoming summer holiday period will also adversely affect collection tonnages, noted Reinhold Schmidt of Recycling Karla Schmidt in Germany. And the report submitted by David Symmers of The Recycling Association in the UK agreed that the shortage of material - particularly noticeable in mechanical and woodfree de-inking - "will become more acute over the next three months".

According to Jaroslav Dobes of Remat SRO in the Czech Republic, new capacity in Poland has had "a considerable impact" throughout Central Europe; this extra demand, especially for OCC, has pushed up prices "even above the level in other European countries".

In the first of three guest presentations, the Chairman of the Turkish Pulp & Paper Industry Foundation Erdal Sükan contended that his country's recovered paper recycling rate would jump from around 40% at present to more than 50% by 2015, at which point more than 3m tonnes of fibre "will be recycled locally".

According to Peter Clayson, Business Development Manager for Severnside Recycling in the UK, his company has experienced a significant difference in contamination levels between supplies of recovered paper derived from source-segregated (typically 0-2% contamination) and co-mingled (5-8%) collection systems. He urged a collaborative approach between collectors, sorters and reproprocessors to ensure that "quality remains paramount".

The meeting in Istanbul also heard from Om Bhatia, Managing Director of Macquarie Bank Ltd in the USA, who recommended the use of hedging tools such as fixed price swaps to help the recovered paper industry to reduce its risk in these uncertain times. "These tools are very common in OCC and ONP because they are the two most volatile," he told delegates.

The latest individual winner of the BIR Paper Division's Papyrus prize is Manfred Beck who founded the magazine Recycling International in 1998 and who has gone on to build a readership of around 33,000 in more than 120 countries. Mr Baxi praised the magazine for its global dissemination of the views and achievements of paper recyclers.

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