PRESS RELEASE

Recent BIR World Recycling Convention & Exhibition in Berlin (30 May – 1 June 2016)

Paper Division:

Regulatory discrimination "not the way to go"

Brussels, 3 June 2016

With paper recycling companies remaining under extreme economic and regulatory pressure, "there is no room for a further deterioration", the BIR Paper Divison meeting in Berlin on May 31 was warned by its President, Reinhold Schmidt of Recycling Karla Schmidt.

In his own country of Germany, tendering conditions for municipal contracts were often "hostile" to private recycling firms, contributing to a regulatory discrimination that was hindering fair competition. "This cannot and must not be the way to go," Mr Schmidt insisted to delegates.

One of a number of significant market trends identified by Mr Schmidt concerned the continuing decline in graphic paper volumes. During a series of regionalised reports on the European market, Paper Division Vice President Francisco Donoso of Alba Servicios Verdes in Spain confirmed that International Paper's agreement to buy Holmen Paper Madrid and to convert the newsprint machine for packaging production by the second half of next year was expected to create an additional annual demand for nearly 400,000 tonnes of OCC grades in Spain over the medium term whereas domestic demand for the deinking grades was likely to be cut by more than half.

Guest speaker Bill Moore, President of paper recycling consulting specialist Moore & Associates, alluded to a number of similar developments in the USA during a presentation entitled "The state of North American paper recycling and its impact on the global market". In the last two years alone, he suggested, newsprint machine conversions to

containerboard production had amounted to some 2m short tons. "We expect to see more conversions," he added. "The recovery rate of OCC is going to go up."

Annual newsprint production across the USA and Canada had tumbled from almost 14m tonnes in 2002 to less than 6m tonnes at present, he pointed out.

In the report from the European Recovered Paper Association's President Merja Helander of Finland, she argued: "The paper and board industry is changing the product line of machines from graphic to board production with such a speed that, one day, we will see overcapacity in these products."

Summarising market developments with a particular focus on China, BIR President and Paper Division Honorary President Ranjit Baxi of J&H Sales International noted that the country's imports of American recovered fibre had jumped 15% from the first quarter of 2015 to the corresponding period of this year whereas European shipments to China had increased by just 2% when making the same comparison. This prompted Mr Baxi to ask whether Europe was showing signs of losing an all-important focus on quality. Concerns about recovered paper quality, and specifically the decline in fibre strength, were also voiced by guest speaker Stefan Geibel, Managing Director of Veolia Umweltservice Wertstoffmanagement GmbH in Germany.

The final guest presentation - delivered by John Paul Mackens, Business Development Manager (Europe) Secondary Raw Materials at Kühne + Nagel (AG & Co.) KG in Germany - focused on the SOLAS international maritime safety treaty and its impact on export shipments. With effect from July 1 this year, he confirmed, a shipper was required to declare a Verified Gross Mass (VGM) for all loaded containers, otherwise they would not be allowed on board the vessel.

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