

## PRESS RELEASE

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### *Recent BIR World Recycling Convention (Round-Table Sessions) in New Delhi (14 - 16 October 2017)*

## ***Paper Division:***

### **The quality issue: higher costs and continuing uncertainty**

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**Brussels, 20 October 2017**

China's proposed import restrictions on lower grades of recovered fibre will require major investments by suppliers in quality control processes and technology, according to Andreas Uriel. The Managing Director of German paper recycler Uriel Papierrohstoffe told the latest BIR Paper Division meeting in New Delhi that "these extra costs must be covered by appropriate recovered paper prices".

In his presentation on the new European standard for recovered paper quality control, Mr Uriel pointed out that technical possibilities for testing have become "more and more extensive", adding that suppliers "must ensure the evaluation of their deliveries is fair and done by reliable technology".

The quality issue and China's import restrictions are continuing to cause headaches for the global paper recycling sector. BIR World President and Paper Division Honorary President Ranjit Singh Baxi of UK-based J&H Sales International spoke of "market reports predicting a 30% reduction in recovered paper volumes going to China". A proposal to ban imports containing more than 0.3% contamination "has not been formalised"; until that happens, he said, the industry should continue to abide by the internationally-accepted threshold of 1.5% non-paper components.

Mr Baxi described the 0.3% threshold as unrealistic. He asked how it is to be measured and whether recycling plants can adapt to such a low limit. If so, will they be granted a period of at least 9-12 months to make the necessary investments in new equipment? "You cannot switch your machines just like that," he insisted.

Looking at market developments in 2017, Mr Baxi noted a sharp decrease in the volumes of mixed paper and OOC heading to China once the country's import controls began to be enforced. "We

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were confronted with a decrease of over US\$ 100 per tonne in OCC prices in a period of six weeks whereas the market grew by US\$ 125 in the December-June period.”

The good news, according to Mr Baxi, is that “we still managed to make some money thanks to decreased sea freight prices and a strong Euro”.

The BIR Paper Division meeting also featured a keynote presentation from Jogarao Bhamidipati, Director of Indian company Source Global Fiber Inc., in which he addressed the question of how the country’s Swachh Bharat movement - designed to clean up India’s urban and rural areas - can help the Indian paper industry by improving recovered fibre collections.

Pradeep Dhobale, Director and Operating Partner at Springforth Investment Managers Pvt Ltd, identified huge potential for increasing India’s current recovery of 3.5 million tons of paper per year, which is equivalent to a recovery rate of 25%. SVR Krishnan, Executive Director and Head of Operations at Tamil Nadu Newsprint and Papers Ltd, reckoned the Indian paper industry will have an annual requirement for 6-7 million tons of recovered paper by 2025.

The Paper Division meeting in New Delhi was the last to be chaired by Reinhold Schmidt of Germany-based Recycling Karla Schmidt, who was praised by Mr Baxi for his excellent contribution over many years as President. The new divisional President was announced as Jean-Luc Petithuguenin, who is founder, Chairman and CEO of the Paprec group in France.

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