

Repacar sees RCP market on the verge of collapse

The recovered paper industry is deeply concerned about the latest market developments. Demand is weak and prices are lower than they have been in a long time. In this market environment, some recycling firms are starting to fear for their continued existence. Recycling associations in various countries are sounding the alarm. Repacar, the Spanish association of paper recycling companies, recently commented that under the current conditions there was "no market" for recovered paper produced in Spain. In the present circumstances – shaped by a significant supply overhang – the market is on the verge of collapse, the association warns.

One factor Repacar highlighted was the decline in exports. China's import restrictions had created shifts in the market and curtailed sales opportunities to the Far East, it said. The association also noted that Spain had recently been importing more recovered paper, which caused supplies to swell even more on the domestic market. According to Repacar, the country's recovered paper imports in the first four months of the year rose by 10 per cent to 484,339 t. Some 370,373 t of this volume came from neighbouring France. As a result, Spanish recovered paper merchants have overflowing warehouses. Some of them are now at the limits of their storage capacity, according to the association. Against this backdrop, recovered paper prices had fallen to a level that no longer covered the costs of collecting and processing the material, Repacar said.

The lower grades of recovered paper in Europe are currently fetching prices last seen in 2009. A comparison over the past two years shows the downward trend for the reference grade old corrugated containers (grade 1.05 according to the European list of standard grades EN 643). A considerable downturn in prices is particularly noticeable since the first months of 2018, which is the year when the Chinese government drastically tightened the quality standards for imported recovered paper. In the months following the implementation of the new rules, prices initially slumped to a trough and then recovered somewhat. Now, prices in some cases have fallen back to or even below this level. In contrast to then, the weakness of today's market stems from the combination of several factors. Not only is there a limited overseas export market, demand within Europe has also tapered off in recent months.

Unirima in Italy calls for waste firms

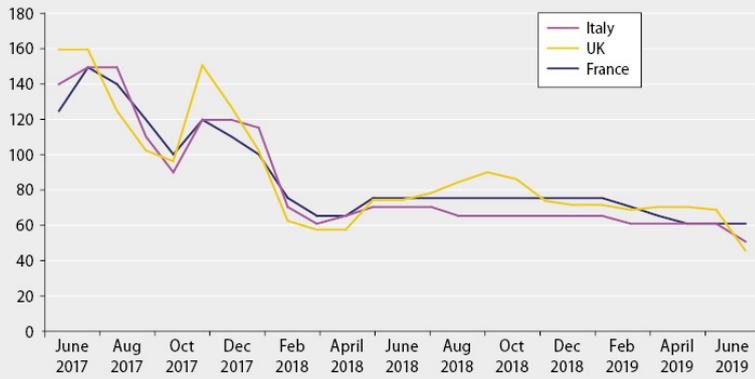
to be paid by waste generators

The recovered paper sector in Italy is also calling attention to the problems it faces. The industry's association Unirima says that in times of low recovered paper prices waste management companies should not be paying for the recovered paper volumes received from waste generators, but should be receiving payments themselves instead. It must be understood and accepted that recovered paper is an important raw material that is subject to the laws of the market and its value can change, the association underlines. Unirima demands that this should be taken into consideration in the contracts with waste generators.

The association also criticises the stance taken by politicians and the public with regard to waste incineration facilities. Waste is not being seen as a resource, according to the association. Italy lacked waste incineration plants for non-recyclable waste, Unirima said. The number of plants was steadily declining over time and no investments were being made in new or existing facilities, it added. This was driving prices higher and hindering the recycling loop, the association said. Furthermore, with not enough plants in the country, waste has to be exported, which ultimately runs counter to the proximity principle, it notes.

OCC (1.05) prices in Europe have fallen drastically in the past two years

Price in €/t ex works



* Chart shows prices on the lower end of the EUWID price range.

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