

UK Paper and Board Recovery: 2007 State of Trade



Collection Cracks the 8.6 Million Tonne Mark

Confederation of Paper Industry (CPI) analysis of UK paper mill raw material usage and H M Revenue and Customs (HM R&C) trade data shows solid progress through 2007 in the recovery of used paper products from the UK waste stream for recycling.

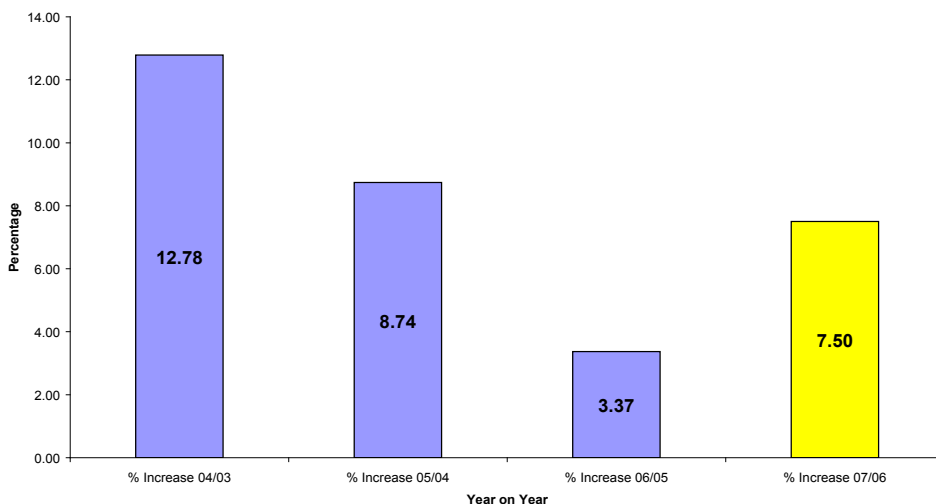
The data suggests that just over 8.7 million tonnes of recovered paper was either used in the UK (46%, 4.05 million tonnes), or exported for reprocessing overseas (54%, 4.66 million tonnes). Taking away the HM R&C import data for waste paper classifications (around 90,000 tonnes), CPI estimates the collection of recovered paper from the UK waste stream to be just over 8.6 million tonnes.

This paper and board recycling performance represents greenhouse gas savings of over 11 million tonnes of CO2 equivalent in comparison to other UK disposal options such as landfill and incineration.

Collection Growth Back on Track

The 2007 UK collected tonnage was 7.5% higher than that collected in 2006 (602,000 tonnes), and is a welcome rise after the poor growth levels seen in 2006 (3.4%, 261,000 tonnes). The 2007 performance compares more favourably with the growth levels achieved in 2005 (8.7%, 623,000 tonnes) and in 2004 (12.8%, 808,000 tonnes). When viewed alongside the apparent growth in the collection of paper and board packaging² from the UK waste stream in 2007 (estimated at near 155,000 tonnes³), the apparent growth of paper and board recovered from non-packaging related UK waste streams would appear to be around 446,000 tonnes. However, HM R&C data suggests that significant volumes of paper packaging waste are being exported for reprocessing overseas outside the Packaging Waste Regulations, probably as a result of the excessive bureaucracy of the system and low PRN/PERN values, and means it is difficult to accurately gauge the collection picture at a grade specific level.

Annual percentage Increase in the collection of recovered paper and board



Exports continue to rise

Exports of recovered paper rose 707,000 tonnes through 2007, with around 15% of this growth associated with a decline in UK reprocessing (106,000 tonnes) rather than increased collection. The majority of the recorded fall

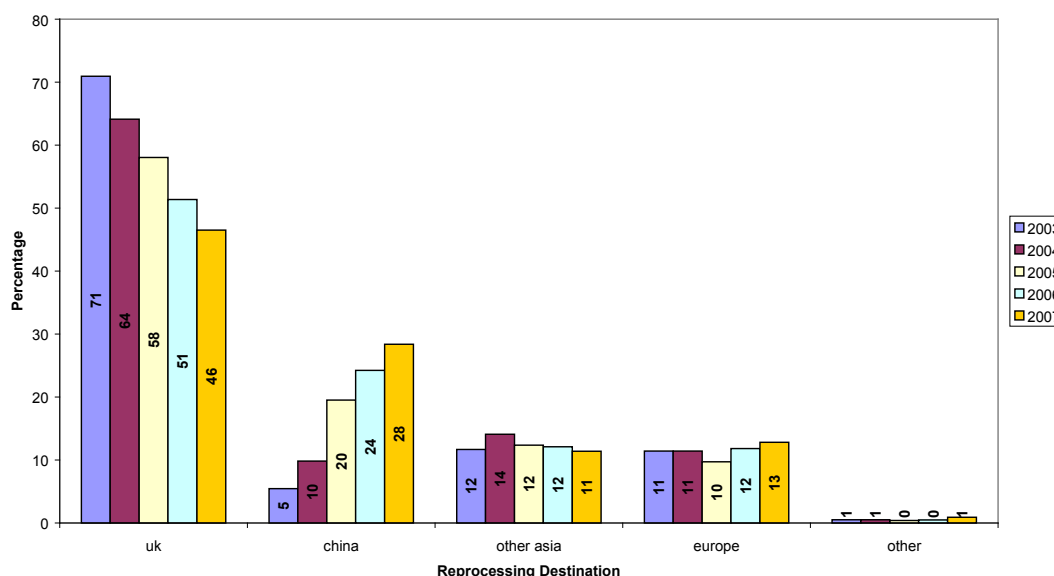
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in UK reprocessing was, however, associated with 2006 closures rather than those of 2007. It is expected that in 2008 domestic usage of recovered paper will remain around 4 million tonnes, with exports continuing to exceed UK usage. 2009 should provide evidence of increased UK reprocessing through the development of new domestic papermaking capacity.

Chinese market critical

Apparent Chinese demand continued to grow through 2007, cementing China as the key second destination for UK collected recovered paper, behind the UK domestic market. China accounted for 28% of paper and board recovered from the UK waste stream, with the domestic market falling to 46%. Europe accounted for 13% with the Far East, excluding China, accounting for the vast majority of the remainder. It is, however, likely that a significant portion of European exports are being transhipped to Far East destinations.

UK Recovered Paper Markets by %



UK consumption supply profile distorts collection performance

The apparent 2007 UK consumption of unconverted paper and board products declined slightly (-1.4%) on the 2006 figure, from 12.3 million tonnes to around 12.1 million tonnes. This means that the apparent recovery rate for paper and board in the UK now stands at around 71%, well above the European average. However, this figure does not take into account the large UK net trade imbalance in converted paper and board products (much of which will end up in the municipal waste stream), or packaging around traded goods (much of which will end up in the commercial, industrial and municipal waste streams).

Taking net trade into consideration for 2006 (Table 1) meant that UK paper and board consumption actually rose by approximately 2% to over 14.4 million tonnes. This meant that a further 2.1 million tonnes needed to be added to the unconverted paper and board available for recovery that year from the UK waste stream. Subsequently, this reduced the UK recovery rate in 2006 from 65%4 (around the European average) to around 56% (well below the European average). A similar pattern is likely in 2007.

This data suggests that, with the exception of paper packaging which shows an audited recycling rate of 76% within the Packaging Waste Regulations, there are still significant quantities of paper products available for recovery and recycling from the UK waste stream.

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Table 1: CPI estimates of full UK paper and board consumption:

UK MARKET IN PAPER AND BOARD PRODUCTS (Tonnes)						
Market	Component	Representing	Data Source	2004	2005	2006
Unconverted paper & board	Home Sales	UK paper and board mills	CPI	4,933,123	4,818,945	4,542,078
	Imports	Official imports + adjustments from other sources	CPI, HMRC + various	7,592,100	7,673,260	7,756,281
	Total (=Apparent Consumption of unconverted products)			12,525,223	12,492,205	12,298,359
Converted paper & board	Imports	from Chapter 48 - Articles of Paper or of Paperboard	HMRC	1,084,277	1,272,250	1,329,471
		Chapter 49 - Printed paper and board	HMRC	682,068	680,863	884,659
	Exports	Less exports of converted goods	HMRC	922,343	938,412	758,596
		Total (=Net trade in converted products)		844,002	1,014,700	1,455,534
Packaging	Corrugated	Net trade in corrugated packaging around other goods	CERES Logistics	608,194	629,544	651,578
	Other	Non-corrugated packaging around other commodities	Data not available			
	Total packaging around imported goods			608,194	629,544	651,578
TOTAL PAPER AND BOARD ON UK MARKET				13,977,419	14,136,449	14,405,471
TOTAL RECOVERED				7,130,606	7,754,161	8,015,488
RECOVERY RATE				51%	55%	56%

Peter Seggie, Recovered Paper Sector Manager at CPI, commented: "2007 was another difficult year for the domestic paper industry, but exports have risen to accommodate excess material as it became available on the market. The fact that there appears to be solid growth in collections through 2007, after the dramatic slow down in 2006, is very encouraging, especially with the high political and public profile of waste recycling."

"The majority of untapped recovered paper in the UK remains in the municipal, small business and away from home waste streams. Although there is evidence that this is now being targeted by government, the question of sustained quality of material remains. CPI is concerned that much of the paper available from these streams will be diverted to large scale recyclate sorting plants in the UK which is a high-risk, more problematic recovery route."

He added, "Given that a key aim of government is to be carbon efficient, the introduction of energy-hungry sorting facilities will not result in a high net benefit in the overall recycling of paper and board from the UK waste stream. Instead, it will, for recovered paper and board, simply introduce a further processing step with increased risks to quality."

CPI will continue to watch the development of UK collection with interest, and hope that the development of further UK reprocessing infrastructure is not hindered by a lack of quality recovered paper.

1 Based on WRAP work undertaken in developing the report Environmental Benefits of Recycling, published in 2006.

2 Defra data from the packaging waste regulations

3 Estimated at 5% growth based on declarations to the Regulators in Q1 to Q3 2007

4 Based on an apparent consumption of unconverted paper and board products in 2006 of 12.3 million tonnes

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For further information please contact Peter Seggie, Recovered Paper Sector Manager, on 07887 641481 or email pseggie@paper.org.uk.

Notes to Editors

For additional information on the UK paper industry, in the first instance, please contact Catherine Waterfield, External Affairs Coordinator, on 01793 889612 or email cwaterfield@paper.org.uk. Alternatively, please visit: <http://www.paper.org.uk>.

- CPI is the voice of the paper industry in the UK, representing papermakers, tissue manufacturers, corrugated packaging producers and recovered paper merchants.
- The Recovered Paper Sector integrated and independent Recovered Paper Merchant Members manage around 67% of UK collected recovered paper.
- The Recovered Paper Sector Mill Members utilise around 75% of UK used recovered paper.