



BVSE Conference

12th April 2018

**The effects of the new Chinese regulations
on import and quality of RP on the world
wide ratio of supply and demand**

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Setting The Scene

- UK Market for Recovered Paper
- What is happening in China?
- What are the effects on the UK?
- What do we need to do?



UK Collection vs Consumption

Effects of China Ban (CPI 2018)

	<u>2016</u>	<u>2017</u>	<u>Change</u>
COLLECTION (MT)	7.825	7.772	- 0.7%
<u>CONSUMPTION</u>			
Domestic	3.0	3.1	+4.3%
China (Total)	3.7	2.9	-22%
China (OCC)	2.4	2.1	-14%
China Mixed	1.1	0.64	-42%
Europe	0.65	0.75	+15%
Rest of World	0.59	1.1	+86%



What is happening in China?

Blue Sky 2018

- 10 month – “special actions against foreign garbage smuggling”
- 13th China National Congress “Completely prohibit garbage from being brought into China” (by 2023) – President Xi
- March 2018 - Minister of Ecological Protection – In addition to bans on plastics and mixed papers – “further measures or adjustment would be taken gradually



What Have Been The Effects?

- Stockpiles?
- Significant price reductions
- New buying patterns – gorging on cheap mixed
- Cautious buying/cautious selling – 95/5 OCC
- Containers being sent back? Is OCC part Mixed?
- “New” developing markets emerging - India, Indonesia, Vietnam, Thailand, Turkey, “Europe”



QUALITY QUALITY QUALITY

- How good is UK quality?
- Will China soften its stance? China needs packaging – what happens when other countries out compete China?
- Can domestic collections meet domestic demand? 2 separate circular markets – West still a net importer/consumer of Chinese packaging
- Licenses issued on quality? Can we meet licensed volumes?
- Will other markets follow suit? Already signs



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What Does the Future Hold?

Challenges Bring Opportunities



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