

Waste paper prices surge

Global demand for recycled product picks up

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Waste paper prices continue to soar on short supply as recycling picks up across the globe. Pushed by the need for conservation, international players in the US, Europe and China are using more waste paper domestically. The impact is being felt in India which is a major importer, say industry representatives.

According to Mr B. Jogarao, Vice-President (Commercial), ITC (Paperboards and Specialty Papers Division), in the last one year prices of major grades of waste paper have shot up. Import prices of ONP (Old News Paper) is now about \$275 against \$175-180 a year ago, OCC (Old Corrugated Cartons) \$320 (\$170) and mixed waste \$210 (\$130) and pulp substitute grades of waste paper \$610 (\$480). ITC uses close to two lakh tonnes of waste paper annually.

He says the increasing demand for waste paper from China which is shutting down wood pulp mills and focuss-



The world waste paper industry is on a roll. — K.K. Mustafah

ing on recycling paper has added over 6 million tonnes to its usual waste paper imports of about 26 million tonnes annually. Comparatively, India now imports about 4.8 mt.

The US and European countries too are giving a policy push to recycling waste paper to address conservation issues, say paper manufacturers. All this is contributing to an increasing demand for waste paper and growing prices. Due to the shortage of wood pulp follow-

ing the shut down of pulp mills last month after the Chile earthquake, paper manufacturers are also stepping up use of waste paper pulp to make up for the shortage of wood pulp.

The demand for waste paper is also growing in the US. The US, according to paper manufacturers here, has suspended a tax credit subsidy to pulp mills for the use of black liquor as an alternative fuel. This subsidy running into several billion dollars, given to the pulp mill by product,

till last year will mean that manufacturers will cut back on forest sources of wood fibre and increase use of recycled paper. This will step up the demand for waste paper. European countries too encourage use of recycled paper.

Mr S. R. Rabindar, President, South Indian Kraft Manufacturers Association, there is no short-term fix to the problem and cost of production is bound to increase for kraft manufacturers. Kraft paper, the industrial grade of paper used to manufacture corrugated boxes for packaging, is primarily made from recycled waste paper. Kraft manufacturers import about 1.5 million tonnes of waste paper.

In India, waste paper prices are now around Rs 880 a tonne against Rs 600 in December 2009. With the US and Europe stepping up waste paper usage and cutting down on virgin wood pulp use, the situation is only bound to deteriorate. India will have to step up its waste paper collection system.

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