

**MIM**

Rapporto sul mercato  
del riciclo cartario

2008





## EXECUTIVE SUMMARY *(english version)*

The recovered paper market is going through a deep change that involves interesting perspectives, as well as a number of uncertainties. In these circumstances, the International Recovered Paper Monitor (Monitor Internazionale Maceri, MIM) wishes to gain an insight of the sector's most significant dynamics and trends with special focus on Italy, however considering the wider international context as well.

In the 2007 edition, a broad survey was carried out on the development of recovered paper markets in the main European Countries, considered within the context of the world market, identifying the main trends, the key issues, and the likely perspectives.

The 2008 MIM, now at its ninth edition, analyzes the recovered paper sector in the wider context of international raw material markets. Its aim is to understand the recovered paper value formation process, reviewing its evolution, and identifying its main drivers. This approach starts from the recent increase in the price of recovered paper and from the present different role of international players.

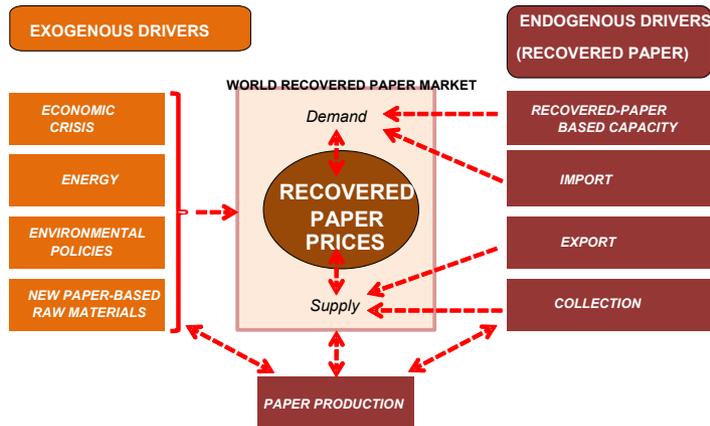
The value of recovered paper is central to the design and success of environmental policies for separate waste collection and material recycling.

The survey falls within the framework of the wider international macro-economic scenario, which saw the main raw materials – including both energy and others – increase their quotations for some time.

These increases, also tied to financial speculations on commodity markets, are among the causes for the decline of the world economy, particularly in Europe and in the US.

The analysis focuses on such issues as the use of recovered paper, the trend of the recovered-paper based production capacity, the evolution of prices, the growth in Asia, and the potential role of biomasses in the energy sector. Finally, the influence of these complicated dynamics on the Italian market is analyzed. For better understanding of such dynamics, a model was designed, relating the most significant variables for the sector.

**Figure I: A model for the interpretation of recovered paper prices**



The world recovered paper market should be observed within the more general economic context. The steady growth of Asia and China resulted into an increase of energy and commodity prices: in the past five years, oil prices have increased almost threefold, while copper prices have increased fourfold. The recent decline of such prices, however, did not change the general picture. The prices of recovered paper and pulp were no exception, and recorded a continuous increase from 2006 to 2008, thus giving place to one of the most significant upward trends of the past few years.

Recovered paper prices are boosted by the growing imports of China, which pays higher prices compared to the main European markets. China is investing significantly in recovered-paper based capacity, particularly in packaging, but cannot satisfy the material requirements of its plants through domestic collection alone. In Europe, where usage in the paper industry is constant and collection continues to increase, exports are growing. The “20-20-20”<sup>2</sup> package of the EU Commission could have a strong impact on the recovered paper sector. The use of wood-based biomasses

<sup>2</sup> The recent EU provision, known as “20-20-20 package”, aims at mitigating the environmental impact of the energy sector. The proposal approved by the European Commission on January 23, 2008 sets the following targets: generating 20% of energy from renewable sources; improving primary energy consumption efficiency by 20%, and cutting carbon dioxide emissions by 20%. Such targets should be met by 2020.

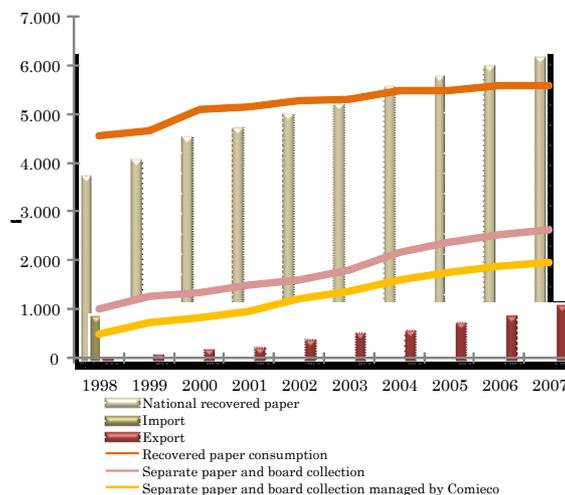
for power generation required to meet the targets could cause a shock of wood demand, which would also affect paper raw materials and recovered paper prices.

The recovered-paper based capacity in Europe is going through an unusual phase, with gaps between geographic regions. Germany confirms its leadership in new investments (1.2 million additional tons by 2012), like certain East-European Countries, including Poland, the Czech Republic, Hungary, and Russia. On the other hand, stagnation is recorded in Italy, France, and Spain. A crisis is perceived in Northern Europe, with cuts of over 800,000 tons, particularly in Norway and Sweden. Overall, in Europe (including Turkey), net investments in new capacity are expected for 3.7 million tons by 2012.

Italy, in line with most European Countries, sees a high consumption of recovered paper by the paper industry, which settled on 5.6 million tons in 2007. While domestic consumption still accounts for 90% of total collection, exports are constantly growing (from 41,800 to 1.1 million tons in ten years).

### Figure II: Italy – Main indicators in the recovered paper sector

Source: Comieco, 2008



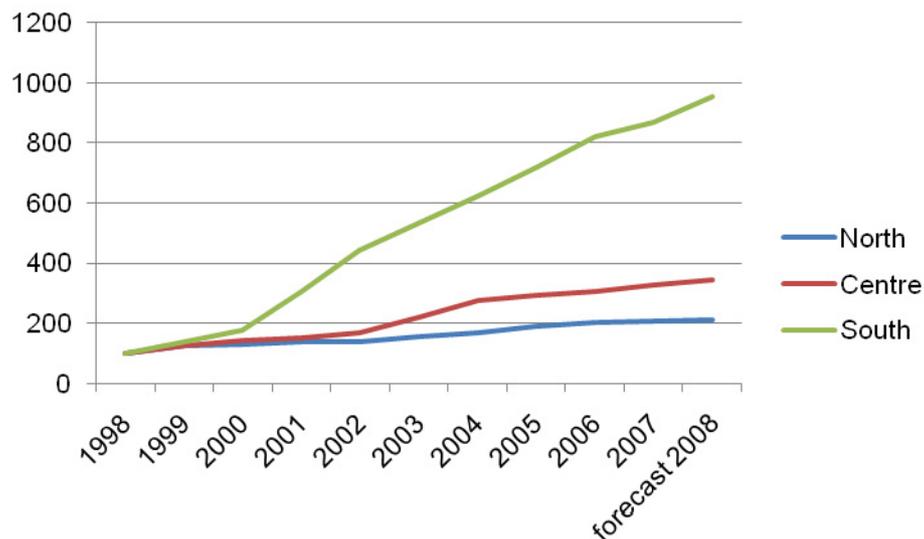
This trend can be explained by the growing quantities collected all over Italy, with an increase close to 100% recorded in the South in the past five years. Rising quotations in the Far East are, in fact, one of the reasons for the growing share of Italian recovered paper originating from separate collection and sent abroad. However, Italy's

recovered paper exports call for additional efforts to increase collection, as well as clear rules and investments in logistic infrastructures, in order to ensure competitiveness. This requires first and foremost a different strategic and cultural approach. The role of recovered paper (and, more generally, of secondary raw materials) should be understood and enhanced as a crucial resource for the paper industry, creating a social, political, and legal climate in favour of the development of the recycling industry. Investments should then be encouraged in research and innovation, while promoting cost reductions, particularly for energy and waste management.

An adjustment of national rules to the principles of the new directive on waste and the creation of efficient logistic infrastructures are among the prerequisites for a profitable development of the recycling industry, to the benefit of the Country at large.

**Figure III: Italy – Separate collection in Italy (1998=100)**

Source: Comieco, 2007







**comieco**

Consorzio Nazionale Recupero e Riciclo  
degli Imballaggi a base Cellulosica

[www.comieco.org](http://www.comieco.org)

Sede di Milano  
via Pompeo Litta 5  
20122 Milano  
T 02 55024.1  
F 02 54050240

Sede di Roma  
via Tomacelli 132  
00186 Roma  
T 06 681030.1  
F 06 68392021

Ufficio Sud  
c/o Ellegi Service S.r.l.  
via Delle Fratte 5  
84080 Pellezzano (SA)  
T 089 566836  
F 089 568240