Recovered paper market prices

Independent coverage of the recovered paper markets since 1990

PSR The Paper Stock Report

Volume 30, Number 8 • June 15, 2019

Published by McEntee Media Market Intelligence

An independent, American-owned company

Portland pilot will test secondary MRF concept

By Ken McEntee

A 60-day pilot project at Far West Fibers, in Portand, Ore., will test the concept of a regional secondary materials recovery facility (MRF) that will further sort the residuals from primary MRFs.

The Plastics Industry Association, based in Washington D.C., will manage the project.

Between July 15 and September 15, a "portable" secondary optical sorting system located at Far West Fibers will take residuals from four other MRFs in the region to demonstrate how a wider range of materials can be captured from the curbside recycling stream. The secondary sorting equipment will be provided by Los Angeles-based Titus MRF Services.

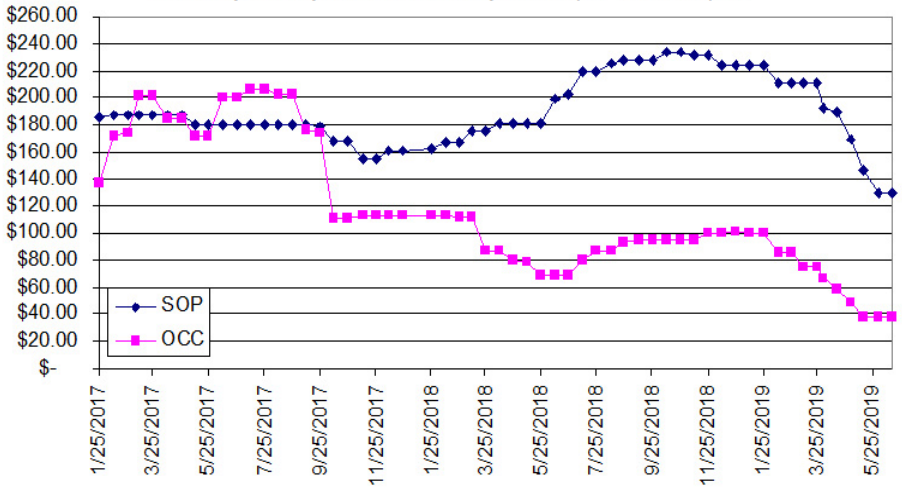
Kim Holmes, vice president of sustainability for the plastics association said the pilot project will take in 40-ton samples of residue from each of four area MRFs to determine what types of materials can be recovered through secondary processing.

Mike Centers, founder and president of Titus, recently discussed his concept of regional secondary MRFs with *The Paper Stock Report*, suggesting that such facilities would provide an efficient and cost effective way to recover more recyclables

(See Secondary MRF, page 4)

OCC, SOP prices

U.S. average national mill buying price, $ per ton, FOB sellers dock, based on surveys of buyers and sellers by *The Paper Stock Report*



Indonesia relaxes contamination standards for recovered paper

By Ken McEntee

The Indonesian government said it will adopt ISRI (Institute of Scrap Recycling Industries) standards for imported recovered paper, according to ISRI. The decision marks an easing of a previous announcement that Indonesia would adopt a China-like 0.5 percent contaminant limit and 100 percent pre-inspections of Indonesia-bound shipments.

The earlier announcement was a response to illegal shipments.

ISRI said the Indonesian government will instead use the ISRI specifications which set a standard of 1-2 percent for prohibitives and 3-4 percent for outthrows. It is also using ISRI specifications to define its use of the word "homogenous" in describing the condition of bales.

ISRI said "confusion reigned" over the global recovered paper industry last month when Indonesia introduced its strict requirements, which said incoming shipments needed to be "clean, dry and homogenous."

(See Indonesia, page 3)

Highlights

Recovered Scrap Paper Prices: Dealer/Processor Prices

These prices reflect the estimated value of recovered scrap paper accepted by or sold to paper stock dealers and/or recycling centers unless otherwise indicated. Prices are listed in dollars per short ton for loose (not baled) material in small quantities, unless otherwise noted. Negative values indicate a charge to accept the materials. Estimated prices are based on surveys of buyers and sellers and are not binding. Prices for grades marked "at generator's dock" indicate the estimated value for material picked up by a dealer from the place where material is generated. Prices for grades marked "at dealer's scale" indicate the estimated value of material brought to the dealer's plant or recycling center.

Grade	N.Y.	NewEng BOS	SEast ATL	PITTS/ CLEV	MWest CHIC	SWest Tex	L.A.	NWest SEAT
Mixed paper, at generator's dock:	-60/0	-60/0	-50/0	-55/0	-55/0	-50/0	-60/0	-60/0
Mixed office paper, generator's dock:	0/50	0/50	40/75	50/70	50/70	40/75	20/60	0/65
White ledger, at generator's dock:	90/130	90/130	90/120	110/140	110/140	105/140	90/130	80/140
Old newspaper, delivered to dealer:	-25/0	-25/0	-15/0	-15/0	-15/0	-15/0	-25/0	-25/0
Old corrugated containers, delivered to dealer:	-25/0	-25/0	-25/0	-25/0	-25/0	-25/0	-25/0	-25/0
Old corrugated containers, supermarket-sized bales	5/30	5/30	5/40	5/30	5/30	5/40	10/50	5/50
Old magazines, delivered to dealer:	0/40	0/40	0/40	0/40	0/40	0/50	0/50	0/45

Recovered Scrap Paper Prices: Mill Buying Prices

These figures are average prices paid by paper and board mills for the grades listed. Prices are listed in dollars per short ton, baled, FOB seller's dock (exclusive of freight), packed to PS-2017 specifications. Numbers in parenthesis are PS-2018 grade defintion numbers.

Post-consumer grades:	Northeast	Southeast	Midwest	Southwest	LA	Northwest	Natl Avg	Last Issue	Last Month	Last Year
Mixed paper (54)	0/5	0/15	0/10	0/25	N/A	0/5	5.00	5.00	5.00	2.50
Sorted residential papers & news (56)	10/35	20/40	20/40	20/40	10/20	10/35	25.00	25.00	25.00	5.42
Sorted clean news (58)	85/95	75/90	65/75	75/90	50/70	50/90	75.83	75.83	109.17	98.33
Old corrugated containers (OCC) (11)	25/40	25/50	25/40	25/50	35/50	35/55	37.92	37.92	49.17	69.58
Sorted office paper (37)	115/140	120/140	115/140	120/150	120/140	120/140	130.00	130.00	169.17	180.83
White ledger, post-consumer (40)	250/270	250/270	260/280	260/290	240/260	230/270	260.83	260.83	288.33	258.33
Old magazines (10)	50/80	60/100	60/90	60/90	80/100	70/90	77.50	77.50	92.50	127.50
Industrial / Commercial grades	**Northeast**	**Southeast**	**Midwest**	**Southwest**	**LA**	**Northwest**	**Natl Avg**	**Natl Avg**	**Last Month**	**Last Year**
Boxboard cuttings (4)	30/45	25/35	25/35	30/45	30/50	30/50	35.83	35.83	48.33	93.75
New double-lined kraft cuts (DLK) (13)	60/70	70/80	60/70	70/80	60/80	60/80	70.00	70.00	76.25	110.83
White news blanks (24)	170/220	190/220	180/220	210/250	170/210	170/190	200.00	200.00	275.00	270.00
Coated soft white shavings (28)	300/320	300/320	300/320	300/320	310/340	300/330	313.33	313.33	363.33	263.33
Hard white shavings (30)	420/440	420/440	420/440	420/440	420/440	420/440	430.00	430.00	485.00	422.50
White ledger, post-consumer (40)	250/270	250/270	260/280	260/290	240/260	230/270	260.83	260.83	288.33	258.33
Coated book stock (43)	115/145	120/145	120/145	120/155	120/145	120/145	132.50	132.50	165.00	180.83
Coated groundwood sections (44)	50/85	60/100	60/95	60/95	80/105	70/95	79.58	79.58	92.50	137.50
Unprinted bleached sulfate (SBS) (47)	350/380	350/380	350/380	350/380	350/380	350/380	365.00	365.00	405.00	422.50
Weighted average national price							66.13	66.13	78.99	100.96

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Weigh in...

Use the survey form to submit your observations about current scrap paper markets.

Legislation/Regulation

Indonesia

From page 1

ISRI's scrap specifications include *Guidelines for Paper Stock: PS-2018,* which are internationally recognized by buyers and sellers of recycled materials and products.

Meanwhile, Indonesia's Ministry of Environment and Forestry (KLHK) said in mid-June that it was turning back five containers of contaminated recovered paper to the U.S. A report from Reuters identified the shipment as originating in Canada,

An announcement from KLHK didn't mention Canada, but does mention the load's "home country."

The announcement, written in Indonesian and translated into English using Google Translate because Indonesian is the only world language I don't speak fluently, follows:

KLHK and the Directorate General of Customs and Excise, Ministry of Finance, jointly have witnessed five containers owned by PT. The shipment must be returned to its home country or re-exported to the United States.

The five containers based on Import Declaration (PIB) and company-owned permits as producers of Non-B3 waste in the form of paper from the Ministry of Trade, should only be able to load paper scrap with clean conditions not contaminated with B3 waste and not mixed with garbage. The implementation of container loading into ships for re-export has been started since Thursday, June 13, 2019 and on June 14, 2019 all containers are already on the Zim Dalian Ship ready to leave for the United States.

The initial identification of the detained container originated from the suspicion of the Directorate General of Customs and Excise. When entering the port, the containers are diverted to the red lane, which means further inspection is needed.

In the inspection with KLHK, impuritas or other waste were found in the 5 containers, including shoes, wood, trampers, cloths, food packaging and a number of large amounts of plastic taps. Arrangement of violations of the entry of waste into the NKRI area has been regulated through Law No. 18 of 2008 concerning Waste Management, while the regulation prohibiting the entry of B3 waste is regulated through Law No. 32 of 2009 concerning Environmental Protection and Management. The regulation of international cross-border waste transfers has also been regulated through the Basel Convention which has been ratified by Indonesia through Presidential Decree No.61 of 1993, where the vocal points of the Basel convention are Director General of Waste, Waste and Hazardous Toxic Management, KLHK.

This re-export is proof that Indonesia has committed to safeguarding its territory so that it is not polluted by the entry of garbage or waste from other countries. Internationally, Indonesia as a ratifying country the Basel Convention means that it has also overcome the transboundary movement of illegal waste as stipulated in the Basel convention.

Politicians: Fee on paper bag is crucial to eliminate plastic

A 10-cent fee on recyclable paper bags is a "crucial" component of Massachusetts legislation aimed at reducing the impact of plastic on the environment, the bill's sponsors said.

HB771 and its senate companion S462, introduced in January, would prohibit retail establishments from providing free bags to customers.

The legislation would force stores to offer recyclable paper bags to customers for a dime each, and would allow stores to sell reusable bags for a dime each.

The stores would be allowed to keep the dime.

This month, State Rep. Lori Ehrlich and State Sen. Jamie Eldridge, sponsors of the legislation, explained their reasoning in an op-ed in the *Worcester Telegram*.

"If Massachusetts is committed to creating a sustainable future for the environment and our residents, we must take the first step of banning single-use plastic bags," they wrote. "It is also essential to put a fee on all single-use bags, to encourage consumers to transition to more reusable bags, rather than resource intensive paper bags."

The politicians cite the World Economic Forum's projection that plastic will outweigh fish in our world's oceans by 2050.

"It is now time for Massachusetts to join California and New York with one clear standard to eliminate single-use plastic bags," they wrote. "Our bill would ban these bags and create statewide uniformity for businesses in every part of the Commonwealth. It would also include a fee on paper bags to encourage consumers to think sustainably and bring reusable bags to the store. The fee is crucial – without it, Massachusetts might wind up with an increase in paper bags which are heavier, more costly to shop owners and have their own negative environmental impact."

Ehrlich and Eldridge wrote that 121 Massachusetts cities and towns, covering half of the state's population, already have a municipal ban on single-use plastic bags.

"Businesses like Trader Joe's and Whole Foods have also voluntarily taken action to encourage their customers to bring reusable bags and eliminate plastic bags in their stores," the op-ed said.

This is the sixth session in which this legislation has been filed without passage. This session, 96 legislators from both chambers have cosponsored the bill.

"Only with a strong, statewide bag ban that includes a fee will we be able to wean ourselves off of plastic and other unsustainable single-use bags, save money by cleaning up our recycling and prevent plastic bag litter," the sponsors wrote. "We can't wait any longer. It's time to ban the bag."

Technology

Secondary MRF

From page 1

from single stream residential collections. Centers said the concept would work best by taking in residuals from five or six MRFs in a metropolitan area of 5 million to 8 million homes.

Titus, a vendor that services single stream MRFs, operates a secondary MRF that processes about 1,200 tons of primary MRF residuals per month. Centers said regional facilities that would process 7,000 to 9,000 tons per month would be the most effective.

"We're running one shift in an old MRF without a lot of space," he said. "We have $5million in equipment. The facility that we want to design is a $15 million plant."

Before China's import restrictions and contamination limits were put into place, the Titus facility sold its paper for around $100 per ton. Paper, Centers said, made up about 30 percent of the facility's output, and old corrugated (OCC) made up about 40 percent of the paper.

"I sold two loads this month (November 2018), but I'm only getting $20 (per ton)," he said.

Centers said Titus developed the concept and hopes to locate three regional facilities on the West Coast to prove its value.

"We believe that the municipalities in major metropolitan areas would embrace it if they saw the value," Centers said "There are about 13 metropolitan areas where we think this would be the best fit - places like the Greater Seattle-Portland area, Dallas, Houston and Minneapolis among them."

The Los Angeles MRF charges 5 percent below the landfill fee to take the residuals.

"Every MRF should charge a sorting fee," Centers said. "In Los Angeles we charge a sorting fee, the share the value of selling our commodities back to the primary MRFs. They are doing the same to the cities they serve, so we're trying to link in with that model."

A secondary regional MRF, Centers said, is a better financial alternative to individual MRFs investing in equipment to recapture usable materials from their residuals and other materials that are hard to recover.

"It's the cheapest way to fix the system because you're investing the capital in one plant," he said. "There isn't enough volume in a single primary MRF to justify $12 to $15 million. But a regional facility taking in tons from five to six MRFs in a region creates a cost effectiveness."

The secondary MRF concept, Centers said, is what typically happens with glass recycling.

"Glass recycling is not direct to mill," he said. "A MRF sends it to the beneficiation facility, then it goes to mill. Now we have to do a secondary process for all the other stuff like mixed plastics and mixed paper and the 3D cardboard from Amazon that they can't get out."

The regional MRFs, Centers said, would ideally be independently owned and operated.

"If I partner with somebody like Waste Management, for example, then maybe Republic Services doesn't want to send me their material," he said. "To make it work you have to have a partnership with all of the MRFs in the region and you have to treat everybody the same."

The plastics association said the pilot project at Far West Recycling will create six additional streams of recyclables from the residuals from the four primary MRFs.

"MRFs across the country are doing their best to extract value and marketable commodities for domestic markets, but many are technologically limited in what they can recover and sort for," Holmes said. "With this project the funders hope to show what is possible when secondary sorting capability is brought into a region to further sort that valuable material, sending it to market rather than the landfill."

The funders are the American Chemistry Council, Americas Styrenics, Berry Global, the Carton Council, LyondellBasell and Metro - the regional government that serves the greater Portland metropolitan area.

The materials collected - which the association said will include a wide range of packaging forms and types of plastics as well as gable top and aseptic cartons - will be measured, sorted and marketed to show how the efficiencies and economics of recycling can be positively shifted with added secondary sorting capabilities. The data collected through the course of the pilot could help inform communities across the U.S. about the new streams of material that could be captured from their curbside programs.

For the funders of the project, creating new streams of valuable recycled materials will help them and many others meet the growing post-consumer recycled material demand, the plastics association said.

"Metro is working with the Oregon Department of Environmental Quality, local recyclers and others to ensure that the region has a strong and resilient recycling system in the future," said Roy Brower, director of regional waste programs for Metro, a regional government serving the greater Portland metropolitan area. "Metro is supporting this demonstration project because it will test a potential innovative sorting approach that could increase recycling."

Centers said the portable sorting system will be used to demonstrate sorting technologies, conduct material audits and use that data to learn how best to sort more materials placed in the recycling bin by the area's homeowners.

A Bay Area broker, commenting by email about the web version of this article, expressed doubts about the viability of the project.

"My concern about the viability of this project is that the secondary processed material, especially fiber, is of very low quality and small in size which when I marketed this material, drew concern from mill buyers," he said. "With Southeast Asia now beginning more stringent rules on quality along with inspections, this could be a financial disaster for investors as market opportunity will be limited along with reduced pricing. I speak from experience having marketed secondary processed material when I reference lower quality. Market dynamics are not what they once were."

For more information visit www.PNWsort.org

Market

BIR speakers optimistic about paper recycling

Short-term pain should give way to longer-term gain for the paper recycling industry, according to presenters at last month's convention of the Bureau of International Recycling (BIR), held in Singapore.

During the meeting of the BIR Paper Division, Ranjit Singh Baxi, of U.K.-based J&H Sales International, said, "At the moment, we're in a blip. But in the long term I'm super-optimistic that demand for our product will continue to grow. While the Chinese government is taking measures that will adversely affect the country's imports of recycled fiber, it cannot control the inexorable growth in paper consumption worldwide and the widespread development of new production capacities. So like water, fiber will always find places to flow."

In a statement, BIR noted that China is engaged in a policy shift which seems likely to bring an end to its supreme dominance as an import market for recovered paper - even though domestic mills have an ongoing requirement for the fiber and are hoping imports will still be possible after the end of this year. The result of the Chinese government's actions has been to create tumultuous market conditions for exporters in that they have been forced to explore and develop alternative outlets for a large proportion of their recycled products.

"China has been closing its doors since 2017," said divisional Honorary President Dominique Maguin, of La Compagnie des Matières Premières, in France. "But despite the big turmoil this has caused for suppliers, other existing buyers - including India, Malaysia, Indonesia and the Philippines - have already increased their import volumes significantly. Now we have new possibilities to sell."

Looking ahead, Maguin suggested overall demand for paper will expand as a result of global population growth.

"And the best way to produce that paper is from recycled fiber - it's less expensive and less polluting," he said. "So the question is simply where do we need to deliver the fiber to reach that demand."

The Paper Division's current president, Jean-Luc Petithuguenin, of Paprec Recyclage, in France, agreed that the recycling of paper "is a good solution for a greener planet" and that overall demand for paper is set to grow, particularly in the packaging segment.

"For our industry, I'm very optimistic," he said.

The speakers congratulated the paper recycling industry on its ability to adapt to changing circumstances. The 0.5 percent limit on non-paper components set by the Chinese government "had looked impossible two years ago, but it is the norm

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Market

BIR

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today," Baxi said.

Other issues debated in Singapore included Brexit, with BIR Paper Division Vice President Keith Trower, of Viridor Resource Management, U.K., arguing that the outcome will not have a major effect on flows.

"The big issue is quality," Trower said. "If the quality is right, then the material will travel. We have to ignore the politics and do our job."

Capacity

Stora Enso to convert paper machine to linerboard

Stora Enso plans to convert a paper machine at its Oulu mill in Finland from fine paper to virgin linerboard. The company has placed an order for an extensive paper machine grade conversion rebuild with Valmet Oyj.

The value of the order will not be disclosed, Valmet said.

The project is part of Stora Enso`s investment plan to transform to higher profitability business with grade conversion projects. The Oulu mill will cease to produce wood-free coated papers by the end of 2020. The start-up of the rebuilt PM 7 is scheduled for the end of 2020.

"The conversion of Oulu Mill will enable Stora Enso to further improve its position in the growing packaging business and we are taking a major step forward in our transformation," said Ari Saarnio, project director for Stora Enso.

Valmet said its s delivery will include a new world-class production line for virgin-fiber based kraftliner (both brown and white-top). The annual capacity will be 495,000 short tons.

The paper machine was originally supplied by Valmet in 1997.

The Oulu mill, in northern Finland, currently produces wood-free coated paper and bleached softwood pulp.

Statistics

Containerboard production drops 6 percent in May

U.S. containerboard production decreased 6 percent in May 2019 compared to May 2018 and was down 4.5 percent year-to-date, the American Forest & Paper Association (AF&PA) announced.

The average daily production compared to April 2019 was 0.9 percent higher, AF&PA said.

May's containerboard operating rate increased slightly from 91.5 percent in April to 91.9 percent as the total linerboard rate rose above 90 percent for the first time since January. In spite of the bounce back in the last couple of months, the May operating rate was 6.7 points lower than the same month last year and the year-to-date operating rate was down six points compared to last year.

Production for export, most of which is liner, was down nearly 18 percent year-over-year and nearly 20 percent year-to-date.

U.S. packaging papers shipments down 7 percent

U.S. shipments of packaging papers in May were down 7.2 percent compared to May 2018 and down 2.4 percent year-to-date, the American Forest & Paper Association (AF&PA) announced.

AF&PA said bag and sack shipments were down 0.6 percent year-to-date; multiwall shipments were down 7.5 percent; food wrapping shipments were essentially flat; and converting shipments were down 2.8 percent.

The operating rate for May decreased to 85.2 percent compared to 88.4 percent in April. Inventory levels decreased 2.3 percent from April.

Transportation

U.S. rail traffic down 5 percent

U.S. weekly rail traffic during the week ending June 15, 2019 totaled 527,989 carloads and intermodal units, down 5.4 percent compared with the same week last year, the Association of American Railroads (AAR) reported.

Total carloads for the week ending June 15 were 257,385 carloads, down 4.6 percent compared with the same week in 2018, while U.S. weekly intermodal volume was 270,604 containers and trailers, down 6.2 percent compared to 2018.

AAR said two of the 10 carload commodity groups posted an increase compared with the same week in 2018.

They were petroleum and petroleum products, up 1,528 carloads, to 12,747; and chemicals, up 701 carloads, to 32,431. Commodity groups that posted decreases compared with the same week in 2018 included coal, down 7,625 carloads, to 77,903; nonmetallic minerals, down 2,226 carloads, to 37,766; and forest products, down 1,284 carloads, to 9,547.

During the first 24 weeks of 2019, U.S. railroads reported cumulative volume of 6,032,967 carloads, down 2.8 percent from the same point last year; and 6,385,232 intermodal units, down 2.8 percent from last year.

Total combined U.S. traffic for the first 24 weeks of 2019 was 12,418,199 carloads and intermodal units, a decrease of 2.8 percent compared to last year.

North American rail volume for the week ending June 15, 2019, on 12 reporting U.S., Canadian and Mexican railroads totaled 363,560 carloads, down 3.4 percent compared with the same week last year, and 359,366 intermodal units, down 4.4 percent compared with last year.

Total combined weekly rail traffic in North America was 722,926 carloads and

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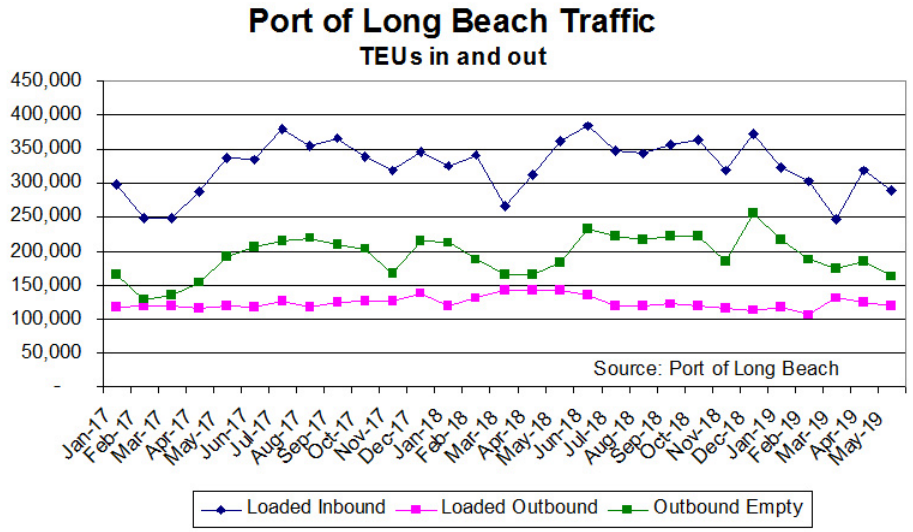
intermodal units, down 3.9 percent. North American rail volume for the first 24 weeks of 2019 was 16,908,063 carloads and intermodal units, down 1.9 percent compared with 2018.

Canadian railroads reported 85,070 carloads for the week, up 0.6 percent, and 70,512 intermodal units, up 1 percent compared with the same week in 2018. For the first 24 weeks of 2019, Canadian railroads reported cumulative rail traffic volume of 3,607,069 carloads, containers and trailers, up 2.1 percent.

Mexican railroads reported 21,105 carloads for the week, down 4.7 percent compared with the same week last year, and 18,250 intermodal units, up 2.9 percent. Cumulative volume on Mexican railroads for the first 24 weeks of 2019 was 882,795 carloads and intermodal containers and trailers, down 4.2 percent from the same point last year.



Long Beach cargo down in May

Port of Long Beach cargo volumes in May fell compared to a year ago, when a historic high was set for the month. A variety of factors are combining to impact international trade, according to Port of Long Beach Executive Director Mario Cordero.

"One year into the trade war, escalating tariffs have pushed retailers to order goods early, warehouses are brimming with in-

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The Paper Stock Report (ISSN 1064-1432), established in 1990, is published 24 times per year on the 10th and 25th day of each month by McEntee Media Corporation, 9815 Hazelwood Avenue, Strongsville, OH 44149, United States of America.
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Transportation

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ventory as a result, and in response, ocean carriers are managing their vessels to deal with reduced demand," Cordero said. "We are hopeful Washington and Beijing can resolve their differences before we see long-term changes to the supply chain that impact jobs in both nations."

A total of 573,623 twenty-foot equivalent units (TEUs) moved through the port in May, 16.6 percent down compared to the same month in 2018.

Imports decreased 19.5 percent to 290,568 TEUs. Exports declined 15.3 percent to 120,577 TEUs, while empty containers sent overseas dipped 11.7 percent to 162,479 TEUs.

During the calendar year to date, the port has handled more than 3 million containers, 6 percent fewer than the same point in 2018.

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