



PSR The Paper Stock Report

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The Market: Traders wait out the end of the China era

By Ken McEntee

With just a few weeks left in the window for timely shipments to China before that nation bans scrap paper imports, most North American mills in September were reportedly taking a "wait and see" position on buying of old corrugated containers (OCC).

Most containerboard mills were reportedly running strong and had balanced OCC inventories, but saw no reason for desperation with hundreds of thousands of tons potentially becoming available as early as October.

"I have a feeling that a lot of mills are sitting on their hands waiting to see what happens with China," summarized a broker in Chicago.

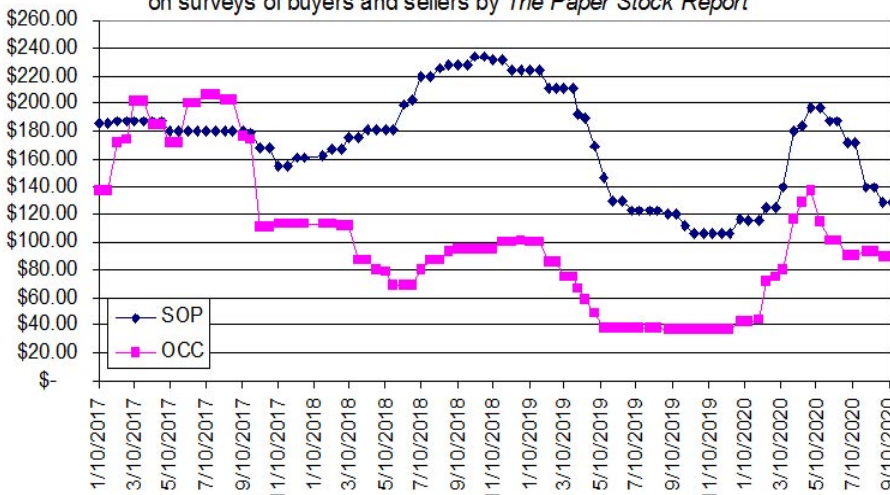
Traders noted some speculation that the Chinese government might still reverse its decision to forbid scrap paper imports after the end of 2020 - particularly for major buyers like America Chung Nam - but all of them were skeptical that it would actually happen.

"(Exporters) are hoping that China will find some way to reclassify certain grades, like magazines, overissue news, double-lined Kraft and maybe double-sorted OCC to allow the continuation of those imports," said an exporter in the New York

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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*



GP mills accepting mixed paper bales

Georgia-Pacific is now accepting mixed paper bales that contain single-use polyethylene (PE)-coated paper cups at its recycled paper mills in Green Bay, Wisc. and Muskogee, Okla. GP said the development follows two years of partnership with the Foodservice Packaging Institute (FPI) and collaboration with the NextGen Consortium, a global initiative led by Closed Loop Partners with founding partners Starbucks and McDonald's to help open opportunities for paper cup recycling.

"As single-use paper cups have grown in popularity in recent years so, too, has paper cup waste," said John Mulcahy, vice president of sustainability for Georgia-Pacific, which manufactures the Dixie

fewer resources as part of our longer-term strategy to identify solutions that benefit society. Accepting mixed paper bales containing PE-coated cups at our Green Bay and Muskogee mills is a significant step in this direction."

PE coatings, along with any remaining liquid and food left behind from use, have

(See GP, page 4)

Highlights

- Current recovered paper prices
- Kruger mill ends newsprint production
- Wilmington Paper recognized

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:	20/50	20/50	30/60	30/60	30/60	30/60	0/60	0/65
White ledger, at generator's dock:	50/90	50/90	50/90	50/85	50/85	55/95	30/65	50/110
Old newspaper, delivered to dealer:	-10/20	-10/20	0/20	0/20	0/20	0/30	0/20	0/20
Old corrugated containers, delivered to dealer:	0/25	0/25	0/30	0/30	0/30	0/35	0/45	5/45
Old corrugated containers, supermarket-sized bales	15/50	15/50	20/60	15/45	15/45	20/60	25/65	20/75
Old magazines, delivered to dealer:	0/50	0/50	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 definition numbers.

Post-consumer grades:	Northeast	Southeast	Midwest	Southwest	LA	Northwest	Natl Avg	Last Issue	Last Month	Last Year
Mixed paper (54)	10/50	0/50	10/50	0/50	N/A	0/40	21.67	21.67	15.83	5.00
Sorted residential papers & news (56)	65/90	75/95	70/95	75/95	60/90	60/90	80.00	80.00	63.75	25.00
Sorted clean news (58)	105/135	110/135	100/125	110/135	90/140	80/120	115.42	115.42	97.50	70.42
Old corrugated containers (OCC) (11)	70/85	80/90	60/75	80/95	80/130	90/140	89.58	89.58	93.33	37.92
Sorted office paper (37)	110/130	115/135	105/135	115/135	120/160	130/150	128.33	128.33	139.17	120.00
White ledger, post-consumer (40)	185/210	190/205	185/200	190/210	170/190	185/220	195.00	195.00	212.50	254.17
Old magazines (10)	60/90	70/95	60/90	70/95	70/90	70/90	79.17	79.17	79.17	77.50
Industrial / Commercial grades	Northeast	Southeast	Midwest	Southwest	LA	Northwest	Natl Avg	Last Issue	Last Month	Last Year
Boxboard cuttings (4)	40/65	50/75	40/65	50/75	50/70	40/65	57.08	57.08	61.25	35.00
New double lined Kraft cuts (DLK) (13)	110/140	120/150	100/140	120/150	120/140	130/170	132.50	132.50	132.50	72.50
White news blanks (24)	210/260	230/260	220/250	230/260	200/230	200/240	232.50	232.50	232.50	200.00
Coated soft white shavings (28)	300/325	300/325	300/325	300/325	300/325	300/325	312.50	312.50	312.50	313.33
Hard white shavings (30)	340/375	320/360	330/370	330/370	340/380	340/380	352.92	352.92	360.00	425.00
White ledger, pre-consumer (41)	185/210	190/205	185/200	190/210	170/190	185/220	195.00	195.00	212.50	254.17
Coated Book Stock (43)	105/125	110/130	110/130	110/130	115/155	124/145	123.33	123.33	139.17	121.67
Coated groundwood sections (44)	80/115	80/115	70/110	80/115	90/110	80/100	95.42	95.42	95.42	79.58
Unprinted bleached sulfate (SBS) (47)	330/360	330/360	330/360	330/360	330/360	330/360	345.00	345.00	345.00	365.00
Weighted average national price							96.81	96.81	99.27	65.36

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Join the survey...

The Paper Stock Report surveys scrap paper traders twice a month to obtain current, unbiased market prices.

Fill in the anonymous survey online at

<http://paperstockreport.com/market-survey/> or email ken@paperstockreport.com.

It'll take less than a minute.

Weigh in...

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



Production

U.S. containerboard production up 4 percent

U.S. containerboard production through the end of August was up 4 percent compared to the same time last year, the American Forest & Paper Association (AF&PA) said in its August 2020 Containerboard Monthly Report.

Total containerboard production during the month of August remained essentially flat (+0.4 percent) compared to August 2019.

The August Containerboard Report also said:

- August 2020 production of containerboard for export decreased 9 percent compared to the same month last year; it was up 23 percent year-to-date.

- The containerboard operating rate was 92.1 percent, essentially flat (-0.4 pts.) compared to August 2019, and up 2.7 points year-to-date.

- Mill inventories of containerboard at the end of August increased by 35,000 short tons compared to the previous month and were up 68,000 short tons compared to August 2019.

The complete report with detailed tables, charts and historical data can be purchased by contacting Kory Bockman at Statistics_Publications@afandpa.org or 202-463-4716.

Capacity

Kruger ends newsprint production at Brompton

Due to market conditions that remain unfavorable, after a six-month temporary shutdown, Kruger Specialty Papers has permanently shut down newsprint, specialty papers and

pulp production at its Brompton, Quebec mill. The water treatment plant will continue to operate and the biomass cogeneration plant will restart, Kruger said.

As a result of the shutdown, Kruger's overall annual production will be reduced by 110,000 tons of newsprint and 77,000 tons of specialty paper.

The company said it will use all the measures at its disposal to minimize the impact of this shutdown on the 189 affected employees, including the creation of a reclassification committee. Furthermore, about 25 employees will return to work to restart the biomass cogeneration plant.

Founded in 1904, Kruger is a producer of tissue products; 100 percent recycled containerboard products; corrugated packaging; publication papers; specialty papers; renewable energy; cellulosic biomaterials; and wines and spirits. The company has facilities in Québec, Ontario, British Columbia and Newfoundland and Labrador, as well as in Tennessee, Maine, New York, Virginia and Rhode Island.

Transportation

U.S. rail traffic down from last year

U.S. weekly rail traffic was down 10 percent during the week ending September 12 compared to the same time a year ago, the Association of American Railroads (AAR) reported. Rail traffic during the week totaled 474,785 carloads and intermodal units.

Total carloads for the week were 214,142 carloads, down 15.2 percent compared with the same week in 2019, while U.S. weekly intermodal volume was 260,643 containers and trailers, down 5 percent compared to 2019.

One of the 10 carload commodity groups posted an increase compared with the same week in 2019. It was grain, up 3,098 carloads, to 21,550. Commodity groups that posted decreases compared with the same week in 2019 included coal, down 20,518 carloads, to 60,278; nonme-

tallic minerals, down 9,007 carloads, to 26,760; and metallic ores and metals, down 4,648 carloads, to 18,157.

For the first 37 weeks of 2020, U.S. railroads reported cumulative volume of 7,884,697 carloads, down 15.8 percent from the same point last year; and 9,158,459 intermodal units, down 6.9 percent from last year. Total combined U.S. traffic for the first 37 weeks of 2020 was 17,043,156 carloads and intermodal units, a decrease of 11.2 percent compared to last year.

North American rail volume for the week ending September 12, 2020, on 12 reporting U.S., Canadian and Mexican railroads totaled 309,596 carloads, down 12.7 percent compared with the same week last year, and 348,700 intermodal units, down 5.9 percent compared with last year. Total combined weekly rail traffic in North America was 658,296 carloads and intermodal units, down 9.2 percent. North American rail volume for the first 37 weeks of 2020 was 23,480,706 carloads and intermodal units, down 10.5 percent compared with 2019.

Canadian railroads reported 77,003 carloads for the week, down 5 percent, and 70,777 intermodal units, down 5.5 percent compared with the same week in 2019. For the first 37 weeks of 2020, Canadian railroads reported cumulative rail traffic volume of 5,159,513 carloads, containers and trailers, down 8.1 percent.

Mexican railroads reported 18,451 carloads for the week, down 11.6 percent compared with the same week last year, and 17,280 intermodal units, down 19.1 percent. Cumulative volume on Mexican railroads for the first 37 weeks of 2020 was 1,278,037 carloads and intermodal containers and trailers, down 9.6 percent from the same point last year.

Market

China

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area. "But that's absolutely nothing but speculation."

Meanwhile, Chinese agents were report-

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Suppliers

Wilmington Paper named an Exporter of the Year

Wilmington Paper Corp., a Pine Brook, N.J. family-owned business specializing in creating recycling management programs in folding carton and converting plants around the globe, has been named an Exporter of the Year by the Export-Import Bank of the United States (EXIM).

EXIM made the announcement during its 2020 Annual Conference, which was held virtually September 9-11.

"I am honored to recognize Wilmington Paper Corporation on behalf of EXIM for its outstanding contributions to fulfilling our agency's mission of supporting American jobs by facilitating U.S. exports," said Kimberly A. Reed, EXIM president and chair. "The winners of EXIM's Exporter of the Year award come from every region of our country and many different industries, but all represent American ingenuity and success. Approximately 90 percent of EXIM's authorizations directly support small businesses like the exporters being awarded today, and at EXIM we are proud to help in the success of these small businesses as they compete in the global marketplace and support American jobs."

Established in 1977, Wilmington Paper has introduced innovative recycling programs utilized by more than 250 facilities worldwide. In addition to exporting scrap, WPC provides a variety of services, including consultations that help customers establish recycling systems that capture fibers, plastics and metals for resale, allowing them to generate revenue from their recyclables.

Exporting was a strategic growth initiative for Wilmington Paper from the outset, the company said.

With the backing of an EXIM export credit insurance policy for environmentally beneficial products, the company was able to offer its foreign customers open account credit terms while at the same time reducing the risk of nonpayment.

That allowed the company to enter crucial international markets in Asia, Europe, and South America that otherwise would have been too risky for a small business. Wilmington Paper's exports account for about 40 percent of total sales and support half of the company's 40 employees. Since 2014, EXIM has supported exports valued at nearly \$17.2 million. The company's policies are facilitated by EXIM broker Alliant Insurance Services Inc., headquartered in California with offices nationwide.

"EXIM is integral to our business," said Nini Krever, export sales specialist for Wilmington Paper. "Even though our claims have been minimal over the years, we would not have done the business we did without EXIM behind us."

Since 2014, EXIM has supported exports valued at \$3 billion from 142 companies — including 105 small businesses like Wilmington Paper Corporation — across Pennsylvania.

Market

China

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edly buying strongly, as export prices for OCC climbed in early September, then receded slightly by mid-month.

OCC exports from the U.S. to China in July reached nearly 400,000 tons - the highest volume in 11 months and far above the January-to-June average of 285,000 monthly tons. U.S. containerboard production through the end of August was up 4 percent compared to the same time in 2019, the American Forest & Paper Association (AF&PA) said, noting that August production was up very slightly compared to a year earlier. The eight-month number included a robust 23 percent improvement in the production of containerboard for export.

Even with mills running strong in most regions of the U.S., and export prices trending upward, average national domestic OCC prices fell by around \$5 per ton, with scattered pockets of higher prices. Most sources suggested that there will be a free fall in fourth quarter prices, but few were confident enough to predict where

prices might bottom out.

"It's going to depend on what alternative markets (to China) we're able to develop," a West Coast broker said.

Increasingly, traders were expressing that new North American mill projects would be the solution to better OCC markets.

Traders said clean groundwood grades - particularly overissue news - continued to strengthen in September. Sellers of mixed paper and office paper grades benefitted, as mills that were able to inquire about those grades as alternatives to groundwood. Still, prices of sorted office paper, coated book stock and ledger grades continued to tumble with little prospect for near-term improvement. As long as away-from-home tissue production remains weak, so will demand for chemical deinking grades, traders suggested. Likewise, as long as pulp prices remain depressed, pulp substitute grades will continue to drag, they said.

GP

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historically left single-use paper cups out of the recovery and recycling process. GP, though, has proven through its extensive re-pulping trials that the Green Bay and Muskogee mills can effectively recapture valuable cup fiber from paper cups while screening out PE-coatings and reuse the fiber to make toilet tissue, napkins and paper towels.

Kate Daly, managing director of the Center for the Circular Economy at Closed Loop Partners, said GP's new repulping capability will greatly benefit the foodservice industry and further advance the industry's environmental stewardship.

"We are heartened to see Georgia-Pacific accelerate paper cup recycling through its acceptance of cups in mixed paper bales," she said. "This acceptance will also benefit new non-polyethylene next generation cups, marking an important step forward for the industry as a whole, and we hope even more mills will follow this lead. GP's actions reinforce the value of the materials in paper cups and build critical markets for recycled materials. As the managing partner of the

NextGen Consortium, we continue to work with leaders like GP to engage, educate and collaborate with stakeholders across the cup value chain in order to keep valuable materials in play."

Beyond its current repulping efforts, GP is also collaborating with the NextGen Consortium to trial at its mills next generation paper cups that have replaced the PE-coating with materials that can be recycled and/or composted. As founding partners of the NextGen Consortium and strong advocates of reducing single-use paper cup waste, McDonald's and Starbucks are supportive of ongoing collaboration with GP and encouraged by the company's current re-repulping efforts.

"Increasing and improving the recyclability of cups is a vital part of our work within the NextGen Consortium." said Michael Kobori, chief sustainability officer at Starbucks. "We are taking a meaningful step forward with Georgia-Pacific toward our goal of reducing paper cup waste. We're excited by this progress and look forward to our continued partnership with organizations that support our vision of a resource-positive future."

Marion Gross, chief supply chain officer, North America with McDonald's

added, "Recovering, recycling and reusing the valuable materials in our cups is an important part of our sustainability ambition and our work with the NextGen Consortium. By accepting and reprocessing single-use cups, Georgia-Pacific is not only enhancing recycling pathways but also generating a supply pipeline of recycled content critical to positively impacting the environment and achieving our goals."

With its Green Bay and Muskogee mills now engaged, GP is working with FPI to expand and accelerate single-use PE-coated paper cup acceptance in curbside recycling programs in an effort to increase the number of households that can recycle the paper cups.

Natha Dempsey, president of FPI said that as the voice of the foodservice packaging industry, FPI is committed to reducing the impact of its products on the environment and to advancing recycling and composting.

"We are thrilled to work with Georgia-Pacific in its effort to recover and reuse PE-coated paper cups, and we are excited to partner with new communities that previously didn't have the capability to recycle them," Dempsey said.



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