

# China Recovered Paper Report

January 15, 2008

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Issue (08) – 01

## I. US Market

US waste paper generation entered into its seasonal increase starting from December. However, the decrease in supply of ocean bound containers significantly slowed down the export shipment. The build-up of export materials at the bailers, together with the growing generation of bulk grades forced price of OCC to slip in certain regional markets in the USA in December. In general, the rising oil prices will push the inland and ocean freight to rise further. And the tight pulp market will lead to the rise in demand and prices of de-inking waste paper and other pulp substitutes.

According to OBM, price of OCC for domestic sales lost US\$5/ton in Los Angeles and San Francisco, US\$10/ton at southeast and west markets, and US\$15/ton at northwest market. As a result of the erosion, the price ranged between US\$135~145/ton in Los Angeles-San Francisco and US\$95~100/ton in southwest regions. For export, OCC price also lost US\$2~5/ton as reported by OBM. It went down to US\$175~178/ton at FOB Los Angeles and US\$167~170/ton at FOB New York.

For ONP, price remained fairly steady, except a US\$5/ton slip in the Los Angeles-San Francisco market. It ranged between US\$135~145/ton in Los Angeles and US\$90~95/ton in Buffalo, New York.

Market for high grades continued to follow the market pulp business and their price rises had been expected. Most noticeable was #37 SOP, whose price gained more than US\$20/ton in almost all markets, except the West Coast. Under the increase, #37 was transacted between US\$185 and US\$225 per

short ton, according to OBM.

Price of #31 hard white envelope cuttings (HWEC) rose US\$10/ton in the southwest of USA and US\$20/ton in southeast and east regions. It ranged between US\$445~455/ton in the East Coast and US\$390~400/ton in the West Coast.

Latest data from the US Chamber of Commerce showed a total of 494,600/ton of OCC was exported in October 2007, +11.4% from a year ago. YTD exports totaled 4.20 million/ton. Also in October, exports of ONP went down to 350,400/ton, -2.4%. YTD exports totaled 3.40 million/ton, +13.8% from that of 2006. Exports of high grade de-inking waste fell to 55,900/ton in October, -13.5% from a year ago, yet YTD totaled at 595,500/ton, +4.8% from that of 2006. Exports of pulp substitutes surged +40.6% from a year ago to 94,300/ton in October and making the YTD total at 920,000/ton, +42.3% from that of 2006.

## II. China Mainland Market

Market remained firm and upward in December. The reluctance to ship by European and US suppliers further the tightness. While more suppliers joining the rank to stop offers to China at the second half of December, major ocean carriers announced to raise freight effective on January 2008. In summary of the market performance in 2007, both volume and price set new record heights. The rise in Chinese currency against US dollar apparently fell behind the price increases of all grades of recovered paper, which wrote off the gains by the appreciation of the Chinese currency. It is unquestionable that Chinese paper and board producers, especially the

packaging board producers, will have to rely more on imported recovered paper in view of a series of planned capacity start-ups in 2008.

**Price.** Chinese consumers, led by the newsprint producers, became more aggressive in inquiries and building fiber stocks in December. Such eagerness met with great uncertainties in container availability and the holiday breaks overseas. Contrary to the slip in North America, OCC price in China climbed steadily. By the last week of December, US OCC was quoted US\$12~13/tonne more than end-November, or US\$65~67/tonne over a year ago. Demand for ONP went on its 6-month consecutive growth. The start-up of the #9 PM - a 400,000/mtpy newsprint – at Guangzhou Paper in December as well as a 200,000/mtpy SC machine at Stora-Huatai Paper earlier added to the on-going strength of the demand. At the last week of December, imported ONP was transacted US\$12~14/tonne more than 30 days ago and US\$48~50/tonne above that of a year ago.

Sorted mixed waste paper demand seemed less hectic with moderate rise in price. At end-December, price gained US\$3~5/tonne from 30 days ago and US\$46~48/tonne from a year ago.

With the surge in Chinese consumption, demand for #10 OMG from USA continued to grow strongly. At end-December, transaction price went up another US\$15~16/tonne from end-November and gained US\$64~66/tonne from a year ago.

High grade de-inking waste and pulp substitutes followed the strength of the market pulp business. Price for #37 SOP rose US\$8~10/tonne from end-November and US\$100~104/tonne from a year ago. Demand grew continuously.

**Price of recovered paper from Europe and Japan** in December also went up. This was especially true for shipment from Japan

which benefited from the geographic vicinity. At the last week of December, OCC from Japan was transacted US\$13~14/tonne more than 30 days ago and stood roughly the same as shipment from USA. Because of quick delivery, OCC from Japan was favored by mills in eastern part of China.

Price of Japanese ONP marched up apparently driven by improved domestic demand in Japan. At end-December, its transaction price in China was US\$6~7/tonne more than 30 days ago.

Following the same trend, price of sorted mixed waste from Japan also moved up US\$2~3/tonne from end-November.

By end-December, OCC from Europe (90/10) gained US\$14~15/tonne from 30 days ago. ONP from Europe also gained US\$9~10/tonne. Though less enthusiastic, price of sorted mixed paper from Europe went up US\$3~4/tonne.

Price Watch-Early Jan. 2008	
(CIF CMP In Metric Ton)	
Grade	US\$
#3 Mixed (USA)	198
#3 Mixed (Japan)	200
#8 ONP (USA)	230
#8 ONP (Europe)	215
#8 ONP (Japan)	233
#9 ONP (USA)	240
#10 OMG (USA)	238
#11 OCC (USA)	230
#11 OCC (Europe 90/10)	205
#11 OCC (Japan)	225
#37SOP (USA)	310
#40 SWL (USA)	335
Note: List price. For reference only. Price varies in transaction	

**Imports.** According to latest data from China Customs, China's import of recovered paper in the first 11 months of 2007 totaled 20.91 million/tonne, +17.17% from the same period of 2006. This also exceeded the full-year imports of 19.66 million/tonne in 2006. In November alone, imports of all grades of recovered paper reached 1.95

million/tonne, +25.6% from October and +9.3% from a year ago. The greatest contributor to the growth was OCC, whose shipment arrivals net at 1.07 million/tonne, +23.29% from October and +10.06% from a year ago.

Imports of ONP in November reached 475,550/tonne, +35.52% from October and

+9.6% from a year ago.

Sorted mixed waste imports in November went up by +9.5% from October to 382,950/tonne. This was also a +9.625 growth from a year ago.

Shipment arrivals of de-inking grades in November surged to 19,690/tonne, +61.8% from October and +10.03% from a year ago.

### III. Statistics

China's OCC Imports								
(In US\$000/MT000)	Nov-07	Nov-06	Change%	YTD 2007	YTD 2006	Change%	Ave. Price2007	Ave. Price2006
<b>Total Value</b>	<b>225,892.74</b>	<b>145,757.07</b>	<b>54.98%</b>	<b>2,015,324.50</b>	<b>1,353,235.09</b>	<b>48.93%</b>	<b>180.79</b>	<b>142.70</b>
<b>Total Volume</b>	<b>1,074.52</b>	<b>976.33</b>	<b>10.06%</b>	<b>11,147.47</b>	<b>9,482.87</b>	<b>17.55%</b>		
<b>Origin</b>								
USA	518.36	405.79	27.74%	4,282.73	4,050.25	5.74%	198.08	152.86
Germany	23.66	44.10	-46.35%	471.13	500.12	-5.80%	164.53	131.59
Holland	94.88	85.51	10.96%	1,089.91	861.02	26.58%	173.37	134.15
Hong Kong	36.94	33.85	9.14%	387.46	318.15	21.79%	155.95	131.26
Belgium	42.91	34.03	26.09%	489.70	319.56	53.24%	175.31	134.01
Japan	99.43	140.82	-29.40%	1,313.04	1,200.62	9.36%	171.33	138.61
Australia	29.41	19.16	53.51%	297.54	188.37	57.95%	168.70	133.44
UK	109.43	115.95	-5.63%	1,346.96	1,087.34	23.88%	170.00	140.76
France	22.98	15.94	44.18%	269.15	134.46	100.17%	169.98	131.76
Canada	9.48	21.36	-55.63%	189.87	190.43	-0.29%	187.38	144.93
Others	87.05	59.82	45.50%	1,009.98	632.55	59.67%		
<b>Destination</b>								
Shanghai	84.30	97.93	-13.92%	989.04	956.99	3.35%		
Nanjing	196.07	147.39	33.03%	2,204.53	1,429.88	54.18%		
Qingdao	103.98	94.28	10.29%	1,022.71	858.26	19.16%		
Huangpu	245.79	140.60	74.81%	1,921.19	1,642.90	16.94%		
Shenzhen	237.02	228.35	3.80%	2,603.71	2,188.89	18.95%		
Others	207.37	267.78	-22.56%	2,406.29	2,405.95	0.01%		

\* Im.Price is "US\$/MT".Source: China Customs Administration/Chinapaperonline

China's De-inking Imports								
(In US\$000/MT000)	Nov-07	Nov-06	Change%	YTD 2007	YTD 2006	Change%	Ave. Price2007	Ave. Price2006
<b>Total Value</b>	<b>4,893.38</b>	<b>3,606.15</b>	<b>35.70%</b>	<b>42,069.21</b>	<b>37,883.59</b>	<b>11.05%</b>	<b>236.88</b>	<b>191.63</b>
<b>Total Volume</b>	<b>19.69</b>	<b>17.90</b>	<b>10.03%</b>	<b>177.60</b>	<b>197.69</b>	<b>-10.16%</b>		
<b>Origin</b>								
USA	11.52	6.54	76.32%	84.76	100.33	-15.52%	266.23	206.44
Germany	0.11	0.23	-53.85%	3.46	3.03	14.25%	242.92	226.38
Holland	1.03	1.38	-25.00%	8.93	8.91	0.26%	212.58	206.63
Hong Kong	1.60	2.69	-40.44%	17.28	32.40	-46.67%	153.10	151.75
Belgium	0.15	0.41	-62.56%	1.80	3.49	-48.35%	238.24	192.66
Japan	3.95	3.39	16.81%	36.00	27.95	28.79%	207.68	161.38
Australia	0.22	0.54	-59.12%	1.96	1.71	14.94%	274.87	214.12
UK	0.42	0.39	6.96%	2.72	5.66	-51.93%	268.38	213.07
Others	0.68	2.34	-70.88%	20.69	14.23	45.42%		
<b>Destination</b>								
Shanghai	6.49	2.46	164.29%	39.75	8.07	392.54%		
Qingdao	3.90	4.74	-17.67%	60.94	69.27	-12.03%		
Jiangmen	1.54	2.58	-40.57%	21.04	23.39	-10.08%		
Tianjin	1.31	2.52	-47.82%	25.33	22.80	11.10%		
Others	6.45	5.60	15.19%	30.54	74.16	-58.82%		

\* Im.Price is "US\$/MT".Source: China Customs Administration/Chinapaperonline

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China's ONP Imports								
(In US\$000/MT000)	Nov-07	Nov-06	Change%	YTD 2007	YTD 2006	Change%	Ave. Price2007	Ave. Price2006
<b>Total Value</b>	<b>93,196.71</b>	<b>65,996.10</b>	<b>41.22%</b>	<b>965,090.07</b>	<b>645,419.96</b>	<b>49.53%</b>	<b>179.95</b>	<b>141.66</b>
<b>Total Volume</b>	<b>475.55</b>	<b>442.20</b>	<b>7.54%</b>	<b>5,363.01</b>	<b>4,556.21</b>	<b>17.71%</b>		
<b>Origin</b>								
USA	316.37	253.66	24.73%	3,171.82	2,508.04	26.47%	184.46	146.37
Germany	2.91	3.00	-2.97%	55.78	38.90	43.41%	163.41	128.63
Holland	3.34	10.09	-66.86%	209.21	187.90	11.34%	173.10	131.98
Hong Kong	35.80	32.83	9.05%	359.97	327.81	9.81%	164.25	136.97
Belgium	2.96	7.36	-59.78%	93.45	96.58	-3.24%	169.83	127.95
Japan	40.86	59.50	-31.33%	431.24	698.56	-38.27%	187.04	139.65
UK	32.89	39.55	-16.84%	484.78	363.90	33.22%	172.13	133.36
France	1.07	0.61	75.25%	36.92	15.36	140.37%	183.21	131.14
Canada	9.24	10.71	-13.74%	119.51	94.81	26.05%	175.73	137.50
South Korea	5.11	3.74	36.85%	71.15	19.47	265.43%	175.81	143.07
Australia	14.07	8.44	66.67%	124.58	65.29	90.80%	166.81	135.65
Others	10.93	12.71	-14.03%	204.61	139.59	46.58%		
<b>Destination</b>								
Tianjin	31.70	42.51	-25.43%	301.26	323.40	-6.85%		
Shanghai	46.50	41.96	10.82%	420.06	424.34	-1.01%		
Qingdao	162.85	115.66	40.80%	1,736.20	949.56	82.84%		
Hangzhou	47.60	39.50	20.51%	415.16	402.90	3.04%		
Huangpu	56.64	60.14	-5.83%	752.43	684.90	9.86%		
Fuzhou	27.13	23.83	13.83%	331.66	293.51	13.00%		
Others	103.14	118.61	-13.04%	1,406.23	1,477.60	-4.83%		

\* Im.Price is "US\$/MT".Source: China Customs Administration/Chinapaperonline

China's Mixed Waste Imports								
(In US\$000/MT000)	Nov-07	Nov-06	Change%	YTD 2007	YTD 2006	Change%	Ave. Price2007	Ave. Price2006
<b>Total Value</b>	<b>70,966.30</b>	<b>44,680.06</b>	<b>58.83%</b>	<b>675,229.29</b>	<b>442,847.19</b>	<b>52.47%</b>	<b>159.81</b>	<b>122.58</b>
<b>Total Volume</b>	<b>382.95</b>	<b>349.36</b>	<b>9.62%</b>	<b>4,225.21</b>	<b>3,612.59</b>	<b>16.96%</b>		
<b>Origin</b>								
USA	90.45	104.69	-13.60%	1,040.14	1,118.76	-7.03%	164.01	124.99
Germany	11.56	8.96	28.97%	168.08	94.20	78.43%	152.27	116.34
Holland	15.59	8.42	85.12%	176.00	119.67	47.08%	154.82	119.02
Hong Kong	23.17	16.94	36.75%	209.63	211.62	-0.94%	147.40	137.80
Belgium	7.20	8.63	-16.60%	111.29	79.88	39.33%	155.06	114.82
Japan	111.52	85.59	30.30%	945.27	929.67	1.68%	164.42	121.76
UK	58.38	64.08	-8.88%	653.42	441.68	47.94%	153.95	115.51
Italy	7.43	5.33	39.46%	109.92	54.73	100.86%	152.97	114.41
Australia	29.27	15.84	84.79%	211.02	217.06	-2.78%	164.20	123.19
France	1.87	1.35	38.43%	29.02	9.60	202.38%	159.58	133.31
Others	26.52	29.54	-10.21%	571.42	335.74	70.20%		
<b>Destination</b>								
Tianjin	27.52	23.15	18.85%	232.80	330.67	-29.60%		
Shanghai	71.59	70.54	1.49%	742.61	601.19	23.52%		
Hangzhou	91.89	117.36	-21.71%	1,106.40	1,037.27	6.66%		
Huangpu	15.87	39.97	-60.28%	575.90	280.77	105.11%		
Qingdao	10.07	24.86	-59.49%	205.51	192.69	6.65%		
Ningbo	65.08	15.56	318.24%	518.49	407.56	27.22%		
Others	100.93	57.91	74.28%	843.50	762.44	10.63%		

\* Im.Price is "US\$/MT".Source: China Customs Administration/Chinapaperonline

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