

Urgent need to reconcile circular economy in paper with market realities as paper recycling industry faces difficult situation

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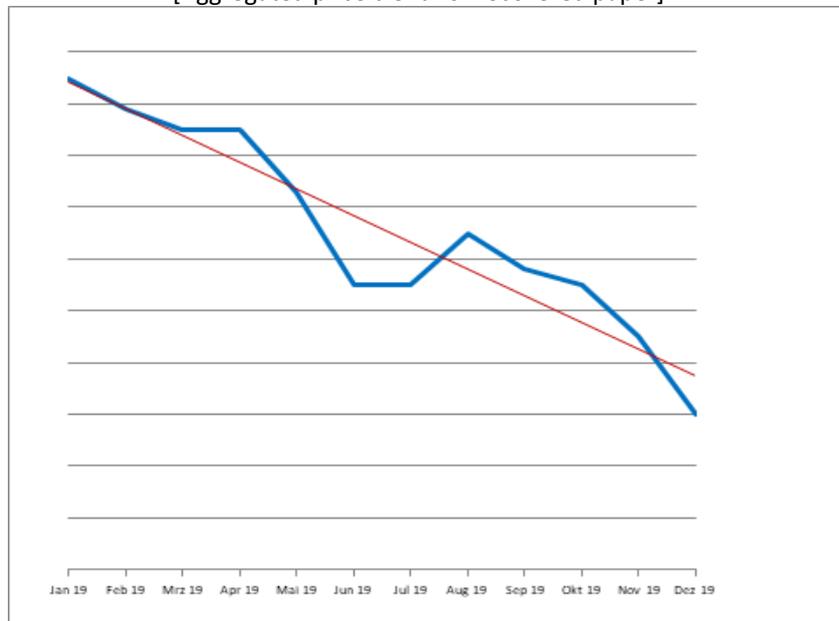
The European paper recycling industry currently encounters an extremely difficult market situation. The situation has considerably worsened since the previous statement of ERPA, the paper recycling Branch of EuRIC, released in August 2019. A periodical year-end slowdown in domestic demand from paper mills in Europe combined with long-lasting trade restrictions at international level have further increased the misbalance between supply of recovered paper collected and treated in Europe and domestic demand in the EU-28. As a matter of fact, the efficiency of Europe’s paper collection and recovery value chain leads on a year to year basis to an oversupply of an average 8 out of 56 million tons, dependent on exports. **Consequently, there is not yet an end to this downward spiral in sight, as strongly supported new capacities announced will take time before being effective.**

The absence of end-markets, be it domestically or via export markets impacted by non-tariff trade obstacles, directly impact sales of recovered paper. As these sales substantially finance separate collection and treatment in many European countries and systems associated to them, the incentives for proper collection are endangered alongside with recycling companies which are increasingly ceasing activities.

Additionally, in the absence of end markets, costs for collection and processing are no longer covered by revenues of the recovered paper. Hence, some parts of Europe are already in need of financial contribution by municipalities.

As a result, it is the entire ecosystem for paper collection and recovery which is in danger.

[Aggregated price trend for recovered paper]



However, using recovered paper compared to primary materials for the production of new paper saves more than 60% of energy. Paper recycling is hence inherently resource and climate-efficient.



The recycling industry unconditionally supports the transition towards a more circular economy. Time has come to bridge the high level of ambition of the European Union with market realities.

Therefore, ERPA strongly calls for both quick wins aiming at pulling the demand for recycled fibers in Europe and medium to long-term ones to alleviate market barriers affecting the recycling industry:

- **Pulling the demand for recovered paper via green public procurement, and incentives rewarding the use of recycled fibers** along the value chain to foster investment in circular capacity-building in Europe and diversify end-markets;
- Continue pushing and rewarding **separate collection** and **quality of recovered paper meeting EN 643 standard**;
- **EU wide end-of-waste criteria for paper based on EN 643** standard list of recovered paper grades to incentivize quality while boosting Europe's internal market;
- **Eco-design to ensure that paper can be recovered in all products** once they reach end of life and phase out unrecyclable products;
- Firmer actions by the European and national authorities to **prevent the implementation of trade restrictions**, such as currently encountered in Indonesia, based on discriminatory and disproportionate criteria and restore a free and fair access to international markets needed to balance supply and demand;
- **Substantially increasing**, whenever technically and legally feasible, the **financial contributions** to companies involved in the collection and recovery of waste paper falling under EPR schemes;
- **Minimum requirements for EPR schemes** in the revised Waste Framework Directive must be enforced in order to ensure that the fees collected by those schemes are directly and solely spent on the financing of recycling and waste management.

EuRIC - The European Recycling Industries' Confederation - is the umbrella organisation for recycling industries. Through its Member Federations from 21 EU&EFTA countries, EuRIC represents across Europe over:

- 5,500+ companies generating an aggregated annual turnover of about 95 billion €, including large companies and SMEs, involved in the recycling and trade of various resource streams;
- 300,000 local jobs which cannot be outsourced to third EU countries;
- Million tons of waste recycled per year (metals, paper, glass, plastics, textiles, tyres and beyond);

By turning wastes into resources, recycling is the link which reintroduces recycled materials into the value chains again and again. Recyclers play a key role bridging resource efficiency, climate change policy and industrial transition.