

SUBSCRIBE NOW

CONSTRUCTION &
DEMOLITION
RECYCLINGrecycling
today
GLOBALwaste
todayrecycling
today

News and Information for Recycling Professionals



© Treeoflife - dreamstime.com

Recyclers report strong demand for recovered paper persists in July

Packaging demand is helping to prop up demand for recovered paper.

July 19, 2021



Megan Smalley

SUBSCRIBE

Paper

Municipal / IC&I

Demand for recovered paper remained very robust in the July buying period, pushing prices up for most grades in the domestic and export markets.

"Demand is really good," says Bryce Stalcup, recycling operations manager at Iowa-based **Waste Commission of Scott County**. "The values of cardboard and mixed paper are going up. This month, it looks like prices will be in the \$90 a ton range for mixed paper. We were selling it not too long ago for \$2 a ton."

Pete Keller, vice president of recycling and sustainability at Phoenix-based **Republic Services**, adds that he has not seen any challenges related to movement of recovered paper "with the exception of some shipping lane congestion" in some export markets.

"Movement is good," Keller says. "Markets appear like they are going to be good for a little while."

Packaging demand is helping to prop up demand for recovered paper. Kyle White, equity research lead analyst on paper and packaging and environmental services at New York-based **Deutsche Bank Securities Inc.**, says strong packaging demand this summer is driving robust demand for old corrugated containers (OCC) in the U.S., with containerboard mills running as hard as they can.

White says domestic containerboard mills consumed 22.8 million tons of OCC in 2020, which represents 4 percent year-over-year growth from 2019. Through May, he says consumption of OCC was up 5.8 percent year over year compared with the same time last year.

He adds that export demand for OCC is similarly robust—U.S. exports of the grade are up 18.4 percent year over year from January through April.

Strong demand has kept prices for recovered paper high this summer. White says OCC is averaging \$129 per ton in July and has experienced at least eight consecutive months of price increases. "We have not seen this high of level for pricing since September 2017 prior to the beginning of China's ban on imports," he says.

Although supplies of OCC are tight compared with demand, White says it's not a big concern.

"I would assume there is still enough OCC supply to meet domestic demand, considering there will likely be north of 10 million tons exported this year," he says. "That said, I have seen reports of domestic containerboard producers looking for fiber alternatives, with mixed paper being a possible solution in some cases for corrugating medium."

Green Bay Packaging (GBP), Green Bay, Wisconsin, opened its new paper mill earlier this year. The company tells *Recycling Today* that it built that mill with flexibility in mind. Matt Szymanski, vice president of mill operations at GBP, says it can consume 60 percent mixed paper furnish with 40 percent OCC furnish. "It could also do 100 percent OCC. The plant is very versatile," he says.

Other proposed mill projects in the works will be able to consume mixed paper. According to a report released by the **Northeast Recycling Council (NERC)**, Brattleboro, Vermont, in mid-June, almost all projects on its list will consume OCC and mixed paper. NERC reports that NORPAC is converting existing production capacity to make linerboard, corrugated medium, bags and specialty kraft paper that will consume 400,000 tons per year of OCC and mixed paper and is expected to be completed in 2022. That same year, NERC says Kamine Development Corp. is opening a facility in Tampa, Florida, that will make 400,000 tons per year of recycled pulp from OCC and mixed paper. Additionally, Atlantic Packaging Products is opening a mill in 2022 in Whitby, Ontario, that will consume OCC and mixed paper to produce 400,000 metric tons per year of corrugated medium and linerboard.

Containerboard projects aren't expected to slow down, either.

"Demand has been robust, with some unprecedented growth in box shipments for an industry as mature as this," White says of containerboard markets. "According to Fibre Box Association, box shipments increased 8.2 percent year over year on a daily basis in the second quarter of 2020, following an increase in the first quarter of 2021 of 5.5 percent year over year. That said, I would assume this peak

Subscribe to our Newsletters

Enter your email for an upgraded inbox!

Email

SUBMIT

SPONSORS

EDITORIAL MULTIMEDIA

recycling
today

Managing unpredictability

SPONSORED VIDEO

ACCENT
WIRE-TIE

ACCENT R400® Wire Tier

The next-generation wire tier

for growth as we start having more challenging year-over-year comparables beginning in the third quarter. We already saw some slowdown as April was up 11.4 percent, May was 8.8 percent but June was up 4.6 percent."

He adds that he estimates containerboard capacity will increase by over 4 percent in 2021 with just over half being recycled containerboard and the remaining being virgin kraft liner.

White concludes, "However, a lot of this increase is ramping up from the capacity additions in 2020. In 2023 and 2024, we estimate capacity to increase roughly 2 percent each year with approximately 70 percent being recycled containerboard."

[Containerboard](#) [Material Recovery Facilities/MRFs](#) [Mixed Paper](#) [OCC](#) [Packaging](#)

Get curated news on YOUR industry.

Enter your email to receive our newsletters.

SUBMIT



News and Information for Recycling Professionals

