

OCC SUMMIT

The first OCC Summit, sponsored by the Paper Stock Industries (PSI) national chapter of ISRI, attracted representatives from the United States and overseas recycled fiber industries to discuss the state of the OCC industry in today's marketplace. Conducted in Tunica, Mississippi, prior to the annual "Shoot for the Heart" fundraising event in April, the summit featured a panel comprised of representatives from various facets of the OCC supply chain.

Panelists included Myles Cohen of Pratt Industries, Linda Leone of Rock Tenn, Doug Mowry of Waste Management, Johnny Newsome of Sonoco, Jonathan Sloan of Canusa Hershman, and Leonard Zeid of Midland Davis. Joel Litman of Texas Recycling/Surplus and president of PSI, moderated the session.

Questions were presented to the panelists on a variety of topics related to the OCC industry. The questions and the answers are summarized below:

QUESTION 1:

WHAT HAS BEEN THE IMPACT OF THE VAST GROWTH OF THE AMOUNT OF "NON-DOMESTIC" OCC (MAINLY ASIAN) CONTAINED IN THE OCC THAT IS CONSUMED AT PAPER MILLS TODAY?

There were a myriad of opinions as to the impact of non-domestic OCC in the manufacture of new paperboard grades. The impact of this OCC depends on a variety of factors that includes percentage of non-domestic fiber in a bale, grade of paper being produced, yield, freight costs and the mill's production schedule.

Each mill can have different fiber specifications that are determined by what it's producing. Yield, crush tests, and the quality of the finished product can also be instrumental in how much non-domestic is consumed by a mill. When received at mills, some representatives believe visual tests are the best methods to use to separate non-domestic and domestic corrugated. Mills stress that their unloaders are continually educated as to what to see and understand when bale trucks are unloaded at the receiving dock.

There was a "spirited" dialogue as to the need to classify non-domestic OCC separately from regular OCC. Although there were some differing opinions as to the need for a separate grade, the mill groups on the panel agreed that each mill has a certain tolerance level for how much non-domestic OCC can be used in their paper mills. One mill stated that "we can't put an entire trailer load on the conveyor to the pulper at one time...it needs to be 'metered' in slowly and mixed with domestic OCC." Another mill stated that "you can't make chicken salad out of chicken feces..." (paraphrased), while another mill group stated that "non-domestic OCC usage depends on the grade of paper being produced...on some 'lightweight' grades where shorter fibers can be used, more non-domestic OCC was more acceptable, while on heavyweight or high performance grades that had more robust 'strength' requirements, the use of non-domestic OCC could prove problematic."

Freight also plays an important role in the value of corrugated, and can have an impact on how the landed costs effect the production costs at the mill.

QUESTION 2:

WHAT HAS BEEN THE IMPACT OF MINING OCC AT LANDFILLS?

Mining for OCC at landfills can be expensive, and can also result in poor quality. If the costs to process tons at a landfill can be lowered, then economics may make it a viable solution. Most

panelists believed that intercepting OCC prior to it being sent to a landfill is a better solution. One panelist spoke about intercepting OCC at their "transfer stations," while another panelist mentioned putting a MRF on property owned by a landfill to intercept trucks prior to them tipping at the landfill. Most panelists agreed that the cost of mining OCC from landfills could be economically viable only when the price of OCC skyrockets when it is cost effective to go deeper into the waste stream to find fiber when generation is scarce. All panelists believed that this mining must occur as soon as possible after the OCC is dumped at the landfill, and digging down into the landfill for last year's material was not cost effective, and that material would be too contaminated to be used.

QUESTION 3:

SHOULD THE CURRENT SPECIFICATIONS FOR PROHIBITIVES AND OUTTHROWS BE RECONSIDERED?

Specifications for outthrows and prohibitives as outlined in the ISRI Paper Specifications Guide should also be followed, and should be used as standards for the industry. Concern over how to get suppliers to adhere to the specifications is always present. The general consensus was not that the specs should be changed, but rather that the industry should do a better job adhering to the specifications that are published today.

PSI and ISRI are the governing bodies of the specifications for each grade. If a grade is to be added, revised or deleted, PSI's Specifications Committee will review the notes, receive industry comment then propose a recommendation to the PSI and ISRI membership and boards for approval.

QUESTION 4:

WHAT HAS BEEN THE CURBSIDE SINGLE-STREAM'S IMPACT ON OCC?

Single stream processing systems don't necessarily improve the quality of the OCC, though automated systems seem to do a better job than manual sort. Mills and suppliers must continually work together to determine how to handle supply generated at MRFs that process material that can also include glass and plastic which can ruin expensive manufacturing equipment. Mill bale sampling results and hand sheets prepared at mills shared with suppliers can also be a useful tool in educating suppliers.

QUESTION 5:

WHAT IS THE IMPACT OF THE EXPORT MARKET?

The export market to China will continue to be strong, as will upcoming emerging markets. China does face challenges because of wage pressure, environmental issues, air and water quality concerns. Manufacturing may not be growing as rapidly as in the past, and some plants are moving to Vietnam and Cambodia. The topic of "Green Fence" was briefly discussed. It was too early to tell if this was going to be a program that would endure over many years, or if it is a short-term program. The consensus was that industry would need to "wait and see", and continue to monitor the program.

QUESTION 6:

WHAT HAS BEEN IMPACT OF INTERNET SALES?

Internet sales have helped the box industry in general as well as the OCC industry. More OCC is being generated in curbside single stream because consumers buy on the internet, but contamination levels are also increasing, due to the trash, glass, and other contaminants that have become part of the challenge in processing curbside material.