

Mixed Waste Paper (MWP)

OVERVIEW

Mixed papers consist of a mixture of papers typically found in printing companies, households, institutions or small businesses. The variety of waste paper found in this category can range from high-end white ledger papers to lower value packaging papers such as cereal boxes, cleaning product packaging and milk cartons to name a few.

This grade of paper has traditionally had marginal value and, although widely generated, it is typically generated in small quantities which makes efficient recovery difficult. Near the end of 1994, however, and into 1995, mixed paper values reached record highs as a result of skyrocketing prices in other paper grades. Due to limited supply and high prices, de-inking facilities which regularly use higher grade office papers started purchasing mixed scrap paper due to its availability and lower cost. 1996 saw this paper grade come crashing back to a more traditional zero dollar value in Alberta.

A new waste paper grade called Office Pack was created in the last few years which consists primarily of an assortment of waste papers typically found in an office setting. This grade was created by several new mills in the U.S. which used

this grade as their primary feedstock. The grade is considered much more valuable than mixed paper in that there is much less contamination than that found in mixed paper. Much of the paper originating from offices historically graded as mixed can now be graded as Office Pack which commands a much higher price for the paper generator.

Alberta is fortunate in that there are two established end-users for mixed paper in the province. Both IKO industries in Calgary and BPCO in Edmonton have consistently used high quantities of mixed paper in their production of building materials.

KEY INFORMATION

Percentage of Waste Stream	8%
Definition:	Boxboard, junk mail, envelopes, file folders, multi-coloured paper, etc.
Contaminants:	Non-paper products, printing companies
Main Generators:	Households, schools, apartment buildings and small businesses.
Alberta End-Markets:	BPCO Inc. and IKO Industries.
Out-of-Province Markets:	(B.C.), Oregon, Washington and Asia-Pacific.
Current Market Value:	\$0/tonne.
Market Factors:	High price of other waste papers, price of virgin fibre, expanded mill capacity and technological improvements.
Outlook:	Prices are expected to remain low for some time.

Mixed Paper Pricing

As the lowest quality paper grade, mixed paper values are traditionally close to zero. In fact, in some parts of the U.S. there is often a negative value to mixed paper and waste paper processors have to pay to have the material taken off their hands. As a substitute grade, there is little incentive currently for end-users to utilize the material when prices for higher grade waste paper are not much higher.

When prices reached all-time highs of almost \$100/tonne in 1994/95 it was due to unique circumstances which are unlikely to reoccur for some time. The dramatic price increase for mixed

Alberta Recycling Market Profile - Mixed Waste Paper

paper was indicative of the entire paper recycling industry at the time. As the prices of higher quality paper increased, many paper manufacturers used a higher proportion of less expensive mixed paper in their feedstock.

Prices for Alberta generated

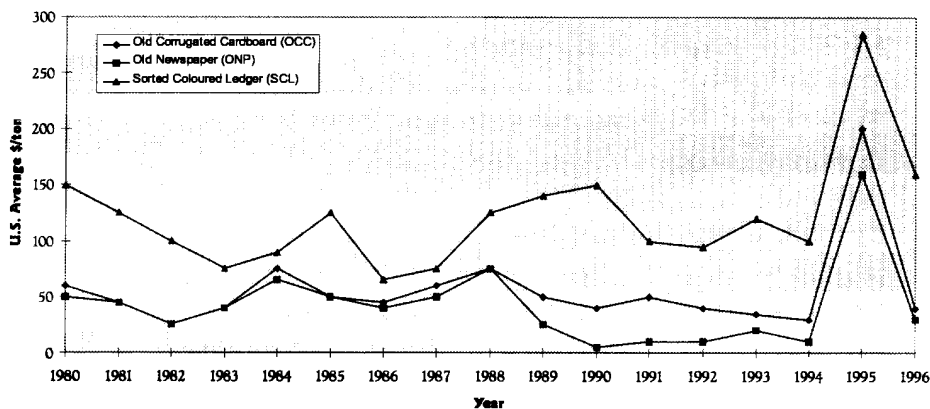
OCC prices climb too high (as they did in 95/96), both plants will likely use a higher quantity of mixed paper. It is expected that these two plants will provide a consistent outlet for mixed paper in the coming years.

Historically, the low value of mixed paper and high

When prices for mixed paper skyrocketed it was worthwhile for processors to actively collect the material and even sort out some of the higher office grades as the value of those papers justified the additional sorting. With prices back to historical low levels for mixed paper and higher grades it is unlikely that paper processors/brokers are actively sourcing mixed paper.

A high proportion of the mixed paper presently collected in Alberta is pre-consumer materials collected from print shops. Additional sources are being collected through non-sorting office programs and the City of Edmonton's blue box and drop-off program.

Historical Market Pricing



Source: Paper Recycler, Pulp & Paper Facebook, Jacob-Sirrine Consultants, 1996

mixed paper are not expected to rise in the near future and are expected to remain near zero as long as prices for other higher grades (OCC & ONP) do not significantly rise. Strong demand for building products in Alberta does not appear to affect the price of mixed paper to any recognizable degree.

Market Demand

Alberta's two end markets for mixed paper, IKO Industries and BPCO, incorporate a fluctuating percentage of mixed paper in their production of building products. The amount used in their plants depends on the market price for alternative feedstocks, such as OCC, ONP and wood chips. If

transportation costs has precluded it from being shipped out-of-province. Mixed paper is in demand periodically from export markets, however, prices would have to rise significantly above current levels to make it economically justifiable.

Supply & Collection

Mixed paper is an assortment of all waste papers commonly found in households (junk mail), small businesses and institutions. It is characterized by a high amount of what the paper recycling industry considers contaminants: cereal boxes (boxboard), sticky notes, windowed envelopes, file-folders, multi-coloured papers, etc.

Outlook

It is likely that most municipalities and waste paper collectors will be reluctant to collect mixed paper from residential sources, due to the zero or near-zero value for mixed paper. According to many industry sources the situation for mixed paper is unlikely to change for an extended period of time. The higher value Office Pack waste paper category, however, provides many generators of mixed office waste the option to recycle a higher percentage of their waste office paper.

For the most up-to-date information on paper recyclers, contact Alberta's Recycle Info Line at 1-800-463-6326 or 427-6982 in Edmonton.