economy is not expected any time soon. However, stable prices were also possible since collection volumes were not high, one supplier noted. At any rate, experts did not anticipate substantial price movement in February.

Minimally stronger demand from outside France for sorted graphic paper for deinking

Sorted graphic paper for deinking (1.11) became a little cheaper in France in January. Market players quoted a price cut of €10/t. Sources told EUWID that this reduction was chiefly linked to lower purchasing volumes from a buyer who had encountered problems with a machine. In seeing prices point lower, France appears to be the exception, as prices for exports of sorted graphic paper for deinking to neighbouring countries stayed the same. Several market players found that demand from abroad had improved marginally. On the whole, though, the market remains subdued.

Coloured letters (2.06) cost the same in January as they had in December. Insiders described demand as normal. One buyer summed up the situation by saying that "the market was very quiet, with hardly any price talks taking place". By contrast, multi printing (3.10) did become cheaper in January. Market players reported a price reduction of €5-10/t. One key buyer had to temporarily halt operations at the end of last year because of flooding in northern France and still had large amounts of recovered paper in stock, a few sources reported. White woodfree uncoated shavings (3.18.01) often became €10/t cheaper in January, as well. In a few instances, stable prices were reported, too. Several merchants noted that it was still hard to find buyers for this grade. □

Sharp decline in Red Sea freight volumes

Container numbers shipped through the Red Sea plummeted in December. A report from Kiel Trade Indicator published by the German Kiel Institute dated 11 January 2024 puts the daily figure at just about 200,000, sharply down from roughly 500,000 in November. The decline continues also in January: According to PortWatch, the 7-day moving average of vessels passing through the Bar al-Mandab Strait declined from over 70 vessels at the start of December to below 50 from January and stood at 36 on 21 January.

Several shipping companies have stopped transiting the Red Sea ever since Houthi militia from Yemen started attacking ships. However, impact assessment of the reduction in maritime traffic through the region varies.

Kiel Trade Indicator: hardly any dent to global trade expected

Ships now take a detour around Africa and the Cape of Good Hope instead of transiting the Red Sea, which takes 7 to 14 days longer and has thus significantly raised freight rates: shipping a 40-foot standard container between China and Northern Europe currently costs roughly $4,000 compared to around $1,500 in November. However, the current price is still far lower than the the rates reached during the pandemic when shipping a container on that route could cost as much as $14,000.

As such, consumer prices in Europe are not expected to rise despite the noticeable increase in transport costs, given that freight costs account for just a few thousandths of high-value goods e. g. consumer electronics, says the German institute Kiel Trade Indicator.

The situation today cannot be compared with conditions when container vessel Ever Given blocked the Suez Canal or when global lockdowns during the coronavirus pandemic dramatically reduced goods supply, causing demand to skyrocket in Europe. Except for slightly longer delivery times for goods from the Far East, to which the container ship network will quickly adapt, global maritime trade is not expected to suffer negative consequences, say the experts from Kiel Institute.

Container Xchange expects to encounter protracted disruptions to deliveries

Online container logistics platform Container Xchange, however, paints a nightmare scenario for shippers and exporters because freight rates, container prices and insurance costs have escalated. Container vessels are paying a heavy price because 70-80 per cent of container traffic, especially larger vessels, have to be rerouted, say the container logistics experts.

With the Chinese New Year approaching and protracted disruptions in the Red Sea, Container Xchange expects to see a shortage in container availability and freight capacity. The detour around the Cape of Good Hope complicates the situation: freight rates will remain high and supply chain managers must factor in disruptions in their schedules. Container Xchange nonetheless believes that the current disruptions will be short-lived. □

Euric highlights impact of Red Sea crisis on recovered paper markets

In the wake of attacks by Yemeni Houthi rebels on commercial shipping traffic in the Red Sea, shipping companies have redirected their vessels and sharply increased freight rates. The recovered paper sector is "grappling with unforeseen challenges" as a result. The crisis in the Red Sea is threatening recovered paper exports, warned the European Recycling Industries' Confederation (EuRIC) in a statement recently published.

In its statement, the umbrella organisation stressed the need to enhance supply chain resilience against disruptions and boost European end markets. In light of the crucial role which unrestricted material flow plays in the circular economy, it was essential to ensure "that international maritime transport supports and does not hamper free and fair trade", said the organisation. EuRIC also underlined the importance of undistorted competition. The decision by shipping companies to divert ships around the Cape of Good Hope rather than face the risks of transiting the the Red Sea on the route via the Suez Canal, has raised "a myriad of issues for the recovered paper sector", according to Euric. In addition to rising transport costs, market participants were facing order cancellations, delays in the transport movement and overall uncertainty regarding the market.

The situation requires recovered paper companies to engage with shipping companies, freight forwarders and logistics service "to understand the actual impact on freight", EuRIC said.

Current shipping prices "unacceptable"

Hans van de Nes, the president of EuRIC's recovered paper branch (ERPA), explained that recycling companies are struggling with the price increases for transport. "We are willing to cover the real extra costs, but the current rates are unacceptable. No one should take advantage of the current geopolitical situation," said the ERPA president.

EuRIC explained that the recovered paper sector would closely monitor the geopolitical situation in the Red Sea in the coming weeks, with the hope that the market would stabilise and that there would be fewer shipping disruptions. However, the association also planned to observe to ensure that there were "no unjustified charges".

According to a EuRIC representative, the umbrella organisation is not planning to submit a formal complaint to the EU Commission's Competition Directorate, or to any other competition authority, but is monitoring the situation. If the market disturbances persisted and appeared unjustified, the organisation would assess the available options. □