

Indicative transcript of an interview between Mr Ercan Yürekli, owner of the Turkish paper recycling business Yurekli Kağıt and vice-president of TÜDAM (Turkish National Recycling Association), and Steve Einton, Editor of *letsrecycle.com*, the UK recycling news website.

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Q. Mr Ercan is vice president of the country's National Recycling Organisation, but more importantly he runs the Yurekli paper recycling business which I know is big within Turkey and operates abroad. Can you tell me about the background to the company?

Thank you for inviting me. Yurekli Paper was started by my father and my uncles in the early 1960s and they have been long in the marketplace and after university I joined the company and since 20-25 years, I'm working in the sector with the company. Yurekli is now one of the leading companies in Turkey. We have facilities in Istanbul, one on the Asian side and one on the European side and we are now managing over 10,000 tonnes per month, post-industrial material, collecting from publishing houses and packaging houses, this is what we are doing and have done for more than 10 years. Can also understand that the company name means paper. We have been exporting for more than 10 years and have just started exporting to India and other markets and I can say that we are now exporting to Europe, North Africa, India and to the Far East and our export total is approximately 45-50% of our capacity. So, I can say that we are the biggest exporter from Turkey and the biggest collector in the Turkish market.

Do you get most of the material from the commercial sector or do you get much from the domestic sector?

I can say that 99% of our capacity is coming from industrial collection, supermarkets, shopping malls etc.

We are collecting roughly 12 grades in total and we are collecting 12 grades in total, mixed paper, 102 103 cuttings, different grades of cardboard, high grades 3.11, 3.12, 3.15, 3.16, 3.18 We are also collecting poly cup and also collect ONP.

Export markets are important to you?

Worldwide paper movements, certain regions are strong for certain grades and when we look at the Far East they are mainly asking for OCC grades or ONP grades and when we look at Europe, especially countries like Spain, like Italy, like Austria, they are requesting mostly high grades. So this is our strategy, we are sending our grades to the regions which are strong for those grades which is more comfortable and competitive in the market.

Within Turkey you are supplying half of your volumes to Turkish mills?

Exactly. As I mentioned roughly 50-50 and we are working with the major Turkish mills and we have good relations as we are one of the oldest collecting companies for more than 40 years.

How is the Turkish industry?

The Turkish industry is growing fast, very fast, I can tell you that 10 years our production capacity was not more than 1.5 million tonnes but today's figures are around 4.5 million tonnes per year production capacity. Over the next three years capacity will increase to 6.5 million tonnes.

Do you arrange for the importing of any waste paper into Turkey for mills?

Yes, we also have a company, this is ARD Ecotrade which has experience of export and the business environment worldwide. We also worked with traders, but decided we know the market and it is becoming more appealing, so we should also be traders and start a company and understand the market. Trading is not always easy, has problems and challenges. But being a member of the paper industry, we know how collectors can react and we know how a collecting company acts.

Three years' ago we started our trading company in Bucharest, ARD Ecotrade and our main market of course was the Turkish market, I'm proud that in two years we have reached a capacity of 10,000 tonnes per month at our trading company.

Turkey is now importing 1-1.5 million tonnes of waste paper per year, but with growing production capacity it will increase. My estimation is that Turkish paper will be importing roughly 2 million tonnes, maybe 2.5 million tonnes per year. ARD Ecotrade is to take a piece of this cake maybe 5%, 10%.

There is not the generation of sufficient paper within Turkey, ARD Ecotrade can help?

This is a sad story for us. Our population is 80 million so we are generating a huge amount of waste paper and plastic but our collection system does not collect all that.

Might this improve in 3-5 years time?

Yes, they are discussing that topic all the time. Within the National Recycling Association we recognise that there is a need for this to improve with regulations. Last year the Minister of Environment announced collection regulations and they are about to change collection subsidies. I am hoping that in maybe five years' time from now, we will be having higher collection rates. When you look at the figures, we are importing huge volumes which is not good for the economy but on the other hand the paper mills have to run.

Do you have any connections with the UK as we are a nation with a surplus of waste or recovered paper?

The UK is always interesting for our market. Besides paper is also one for plastic recycling which is growing fast, maybe even faster than paper. Now when it comes to paper production, we have roughly 20-25 paper mills from small sizes to large plants. In terms of plastic, there are maybe more than 3,000-4,000, the situation is more about safety on the plastics side. I know the plastics recyclers are importing huge amounts of plastic from the UK as well as paper.

I know personally many companies in the UK and we have good relations. We are working continuously with some of them. The rest, we are always communicating, sharing knowledge and market information. UK market is a very present market for Turkish recyclers. But, I would rather not want to name our suppliers, but we have good contacts with the UK and ongoing business.

Is the paper of good quality?

Some of the grades are of quality but certain grades, the collection of cardboard we are taking some suppliers from the UK and they are collecting from Tesco or other big supermarket chains, those materials are 100% clean but when it comes to mixed paper the situation is getting worse. The quality of the mixed paper is not good so lately we have some major problems with quality, not just from the UK but also from Ireland, we had problems with the quality and also with the moisture content.

Recently in the UK and probably Turkey too there has been a problem with Covid. Has that disrupted supplies at all?

Covid is a new story, nobody has experienced it before. I can give you an example about this. In March this year I was invited to a panel organised by RISI and I had my mind that markets picture of cardboard and office paper prices as there was an oversupply, demand was weak and prices were going down, and everyone was worried about the short-term future. But after that month everything changed, the collection suddenly stopped because of the coronavirus and lockdowns, shopping malls were closed, everything was totally closed. On the other hand, there was a huge demand for recovered paper, waste paper – e-commerce exploded. The demand for packaging, especially medical packaging exploded, food packaging exploded so from one place of no material and the other a huge amount of waste paper, so at the end of May, the prices went up to 150-160 Euros ex works. It was unbelievable but the story changes again with normalisation. The demand became slower and slower and the collection rates started to increase and now we are seeing price levels for cardboard of 40-45 Euros.

For Turkey last year the market was almost the same, showing same signals as everywhere with the demand was weakening and of course with price movements the Turkish lira also impacted .. they were buying from Eastern Europe, UK, Northern Europe and the price increased but now the same story, the price came down.

Generally speaking the Covid also affected Turkey and the Turkish economy. Turkey is hard hit by the lack of tourists because of Covid. From the paper side I think the summer will see demand very slow.

Mr Ercan gave the example that for four months he hasn't been able to go to his company in Romania. Flying to Romania is not forbidden but I will have to spend two weeks in quarantine and time is precious.

Are there any signs of improvement?

If you put aside corona topics and a second wave, starting September we will be seeing more demand in the market because the past four months everyone wanted to buy what they can, demand was huge, but the businesses have two or three months of boxes in their depot.

The second wave is starting to speed up, I am hearing these voices from Romania and Serbia, I am having this kind of conversation. We are working in a dark area and trying to find our way with our hands. It's very unpredictable now.

Will the world need more waste paper looking ahead?

Everybody has to be more optimistic, otherwise it's really hard to survive. This business, this industry is a fantastic industry, I have to say. There is always an action, it is a dynamic sector, the prices are another story, we are always moving quantities, buying and selling. That's the beauty of the business. 2012 the Green Fence, and then we started talking about the National Sword of China, China was the biggest importer of paper, dominating the market and affecting the collection habits.

With UK or Ireland now if they are having this kind of collection system that's because those times it was very easy to sell whatever you had, no need to separate, no need to make proper bales, whatever you had as waste, you shipped to China – they were buying everything. Now that's new challenge, coronavirus changed the market.

We have to analyse the situation, before, during and let's say after coronavirus. So, everybody has to focus on quality, everybody has to focus to minimise the cost and maximise the quality of the grades. We have to work more efficiently because the world is getting smaller and smaller. We always have to keep in touch with our colleagues all over the world and keep sharing information and knowledge. That's how we can increase our capacities.