

Essity/Andritz complete TM upgrade at Prudhoe plant

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Andritz has completed the upgrade of the combustion system on a through-air drying (TAD) tissue machine at Essity's British paper mill in Prudhoe. At the Prudhoe plant, Andritz installed new equipment including a new gas valve train as well as a new burner management system for electronic control of the air/gas ratio to optimise the combustion process over the entire burner output range. This will increase burner performance while reducing gas consumption by up to 4 per cent, according to Andritz. CO₂ and NO_x emissions will also be considerably reduced, and safety improved.

Essity operates five manufacturing sites in the UK, the biggest of which is Prudhoe with 400 staff and a production capacity of 94,000 tpy. The company is currently building a new recycled paper unit in Prudhoe, which will reduce the dependency not only on fresh fibre pulp but also on higher recovered paper grades like sorted office papers.

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Norske Skog's Q1 results fall significantly

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Financial results of Norske Skog slipped back into the red in the first quarter of the current year after the company posted high profits in the fourth quarter of 2023 due to insurance payments. Q1 results are also significantly below the comparative figures for the previous year. With sales of NOK2.69bn (2023: NOK3.32bn), Ebitda of NOK76m (2023: NOK675m) were achieved. The operating result is negative and amounts to NOK-177m (NOK85m), while the net loss widened to NOK-328m (NOK-181m).

Norske Skog was satisfied with demand for publication paper in the first quarter. The ramp-up of corrugated case material production at the Bruck mill in Austria also went very well, the company explained. Production of corrugated case material at the Golbey mill in France is scheduled to start in the second half of 2024.

Although demand for publication paper in Europe stabilised in the first quarter, results of Norske Skog's largest business area publication paper declined. Results of the division did no longer include insurance payments for the damage caused at the Saugbrugs mill following the landslide, which amounted to NOK625m in the final quarter of last year. Norske Skog reported capacity utilisation of 85 per cent in the first quarter. This was below the target value of 90 per cent due to unplanned shutdowns. Ebitda fell to NOK166m (NOK763m) and the operating result to NOK-42m (NOK195m).

The Australasia division also posted a decline in earnings, with Ebitda, which was already negative in the previous year, deepening significantly. In the final quarter, there had still been a significant profit due to the sale of the Tasman plant.

Norske Skog sees improved market prospects for 2024. According to the company's forecast for the 2024 financial year, demand for the company's products picked up in the first quarter and demand is also expected to increase throughout the year. However, the development of input and energy costs for both publication and packaging paper remains uncertain. There is overcapacity in both market segments and capacities would have to be shut down in order to balance supply and demand. As long as this does not happen, capacity utilisation is expected to remain low. Norske Skog states that the costs of its plants in Europe are competitive and that the company intends to continue to adjust its production to customer demand in the short term.

The damaged PM 6 at the Saugbrugs plant will remain out of the SC market throughout 2024, Norske Skog explains, and possible expansion investments in the Saugbrugs plant would result in further insurance payments totalling NOK615m. Production on PM 5, which has been recommissioned as a replacement, is developing well and is expected to continue, the company states.

Norske Skog results		
million NOK	January - March	
	2024	2023
Key figures		
Sales	2,688	3,320
EBITDA	76	675
Operating profit	-177	85
Net result	-328	-181
Business area review		
Publication Paper Europe		
Sales	2,058	2,864
EBITDA	166	763
Operating result	-42	195
Production, 1,000 t	272	277
Deliveries, 1,000 t	262	245
Capacity utilisation, %	85	77
Publication Paper Australasia		
Sales	438	434
EBITDA	-74	-23
Operating result	-86	-35
Production, 1,000 t	59	55
Deliveries, 1,000 t	59	56
Capacity utilisation, %	89	83
Packaging Paper		
Sales	177	24
EBITDA	-7	-38
Operating profit	-35	-46
Production, 1,000 t	40	0
Deliveries, 1,000 t	38	0
Capacity utilisation, %	86	0
Other activities		
Sales	158	61
EBITDA	-9	-27
Operating result	-14	-29
Source: Norske Skog		

Hamburger Containerboard to hike prices for plasterboard liner

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On the heels of €60/t hikes to containerboard prices, **Hamburger Containerboard** announces an increase for plasterboard liners, the prices of which are to move higher by €60/t from 2 May 2024. Hamburger explains that this segment also faces high and sustained production costs.

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SCA announces price hike for kraftliner

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SCA has launched another price hike initiative for kraftliner in Europe. From 1 June, prices of the company's brown and white-top kraftliner are to increase by €60/t. SCA says there is a growing demand for kraftliner and the supply chain is balanced. In addition, the company "needed to address the ongoing cost challenges effectively to ensure a continuous supply," said Mikael Frölander, vice-president of marketing and sales at SCA Containerboard.

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Huhtamaki plans to close down production plant in Malaysia

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Finnish packaging producer Huhtamaki announced plans to close down its Malaysian plant in Port Klang by the end of the second quarter of 2024. The plant forms part of Huhtamaki's Fiber Foodservice Europe-Asia-Oceania business segment. After the closure of the Port Klang plant, Huhtamaki plans to continue to serve its customers in the region through its distribution centres in Malaysia and Thailand. In addition, the company says it will retain its sales office in Singapore. The closure of the Port Klang plant will affect 93 employees. In the first and second quarters of 2024, closure-related costs totalling around €13m will be posted.

The changes in Malaysia follow the announcement made by Huhtamaki only a couple of weeks ago according to which its production operations in China will be concentrated on two instead of four plants. The plants affected in China also form part of Huhtamaki's Fibre Foodservice business segment, which produces moulded fibre and board packaging for fresh food and beverages in Europe, Asia and Oceania.

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Mayr-Melnhof reports increase in cartonboard deliveries, but lower results in the first quarter of 2024

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Austrian cartonboard and folding carton manufacturer Mayr-Melnhof (MM) recorded significant volume growth in the cartonboard business in the first three months of this year, but the pressure on margins remains high due to low demand. As expected, the group's business results were below the previous year's figures, and there is no sign of a trend reversal in the near future, the company announced when publishing the results.

In the first quarter of 2024, the MM Group generated consolidated sales of € 1,03bn, which corresponds to a decrease of 9 per cent compared to the reference period in 2023. Adjusted Ebitda fell by nearly 30 per cent to € 94.5m. Operating profit declined by 36 per cent to €40m. Profit for the period totalled €11m – a decrease of 69 per cent compared to the first quarter of 2023.

The main reason for this development is the recent increase in production costs in the MM Board & Paper division, said MM.

Cartonboard division impacted by rising costs for recycled and primary fibre

MM's cartonboard and paper division in particular continued to struggle with considerable pressure on margins, even though production and deliveries increased in the reporting period. After extensive market and rebuild-related downtime of the cartonboard machines last year, MM Board & Paper recorded "a significant increase in volume" in the first quarter of 2024, according to the report. Furthermore demand increased as the destocking in the supply chain was largely completed, MM wrote.

As a result, overall deliveries increased by 20 per cent to 564,000 tonnes. At 182,000 tonnes, the average order backlog was almost back at the level of the first quarter of 2022, which amounted to 184,000 tonnes.

The division's sales revenue fell by 7 per cent to €484m, while the operating result slipped by 148 per cent and ended in the red (€-13m) after a positive operating result of €28m in the same period last year.

Rising prices for recovered paper and pulp in particular are putting pressure on the Cartonboard Division, MM explains in its report. To compensate for this, MM has announced price increases, which will be implemented from the second quarter onwards, the company said.

Folding carton division increases profit despite consumer restraint

The MM Packaging division recorded “stable results” in the first quarter, even though the business continues to be characterised by the general weakness in consumption. Overall, sales fell by 10 per cent to €593m. Production volumes were slightly lower at 1,032 million m². The division reported a significant increase in operating profit, which rose by 57 per cent to €53m.

Despite the recent volume growth in the cartonboard business, “hardly any growth is discernible” for the current year, said the company. An increase in sales prices will be decisive for the development of earnings this year in order to compensate for higher production costs, writes Mayr-Melnhof.

Mayr-Melnhof results		
million €	January - March	
	2024	2023
Key figures		
Sales	1,025	1,122
Operating result	40	62
Net result	11	35
Business area review		
MM Board & Paper		
Sales*	484	521
Operating result	-13	28
Deliveries 1,000 t	564	473
Cartonboard	439	375
Paper	125	98
Production, 1,000 t	576	488
MM Packaging		
Sales*	593	657
Operating result	53	34
Production, in million m ²	1,032	1,094
*including internal sales		
Source: Mayr-Melnhof		

ISRI rebrands as the Recycled Materials Association

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One of the leading recycling industry voices in the USA, the Institute of Scrap Recycling Industries (ISRI), has announced that it is now the Recycled Materials Association (ReMA). The new name and logo were unveiled during the closing general session of the ISRI 2024 annual convention and exhibition in Las Vegas. Robin Wiener remains the president of the association.

“This new name represents our dedication to rethinking how we approach recycling, pushing the boundaries of what is possible [...],” said Incoming Chair Colin Kelly. The organisation’s new identity includes a new tagline – “Sustainable. Resilient. Essential” – which is to emphasise the industry’s core benefits to society and attributes.

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Panic-buying drives up prices for packaging grades on British recovered paper market

🔒 EUWID + 02 May 2024 [Frauke Schmidt](#) | ⌚ ~ 5 min | Published in issue 18/2024



Prices are rising on the British recovered paper market in April

In April, prices for all grades of recovered paper increased in the UK. An upward trend had been expected, but it was not expected to be this steep. For ordinary grades in particular, mark-ups were introduced practically every week.

The price rally for mixed paper and board (1.02) and old corrugated containers (OCC, 1.05) was set off by an unexpectedly strong rebound in demand from the

Continent, primarily from Germany and France, as well as stronger interest from British and Turkish paper producers.

A few converters went into the Easter break with insufficient stocks of recovered paper and when they wanted to purchase more after Easter, realised that collected recovered paper volumes had barely risen and were still 10-15 per cent "below normal levels". This set off a panic, which further intensified the demand surplus.

Overall, domestic prices for old corrugated containers rose by up to £20/t and were, without exception, in the triple-digit range at the end of April. For mixed paper, the price span was unusually wide: Material that cannot be exported was available for less than £50/t in April, while higher grades were fetching prices close to £70 at the end of the month.

Initially, buyers from Asia were also prepared to pay these increases, while they also benefited from fallingschm freight rates for sea containers from Asia to Europe. As a result, volumes to India, which has recently been very low due to the high freight rates, also improved again somewhat.

However, towards the end of the month, many buyers from Southeast Asia scaled back their volumes considerably in reaction to the high recovered paper prices. They announced they would purchase even less on the UK market in May if the upward price trend continued along the same sharply upward trajectory seen in April. They argue they that can source domestic paper more cheaply.

Players do not believe current price level will hold

Market sources expect further price increases in May. In the UK and many other European countries, the month contains several public holidays, so paper producers want to build up their recovered paper inventories. Moreover, many markets for finished recycled paper are in the process of introducing price hikes and considerably higher recovered paper costs provide tailwinds.

However, many respondents expect that quotes for the mixed paper and OCC will start retreating again in June, since the underlying demand on the paper market is too weak to justify price hikes of this size. "Prices rose too quickly and too steeply", commented one respondent. Another insider criticised that the upward price movement had been driven solely by tight supplies and panic. By contrast, prices for packaging recovery notes (PRNs) slipped slightly in April, falling to around £7/t.

Quotes for sorted graphic paper for deinking also rose considerably. Besides British buyers, there was considerably more interest from European paper producers in this segment, who were said to be "snatching up" material.

The structural decline in graphic paper production continues apace and will be irreversible, players agree. At the same time, given the high prices for mixed paper, it was nearly impossible to sort to produce graphic paper for deinking (1.11), especially as graphic grades make up an ever-smaller share of mixed paper, making sorting increasingly expensive.

Moreover, contamination such as laminated paper or the use of special printing inks is becoming more of a problem amidst the low collection volumes. However, this was a problem paper producers will have to find a way to deal with these problems in future, said one merchant.

Accordingly, there was higher demand for magazines (1.06) in particular. Even traditional buyers were rarely paying less than £100, and many others had to shell out £120/t or more for this grade. A similar trend was seen for newspapers (2.01), but the peak mark-ups here were not quite as hefty.

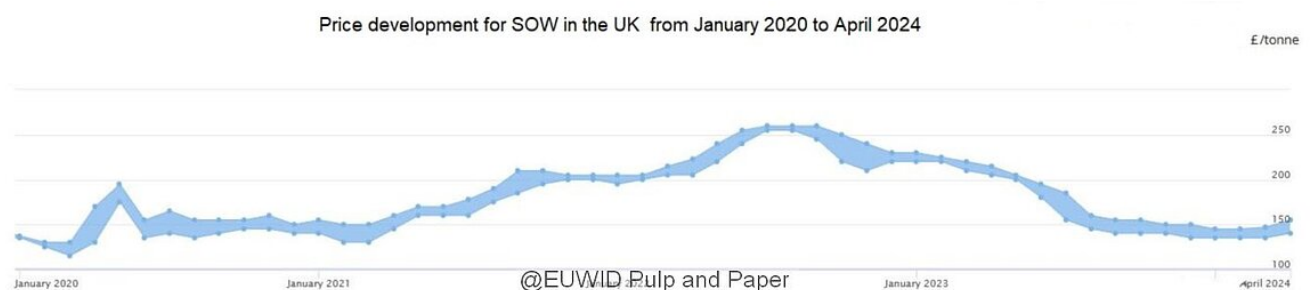
Experts expect this market will also cool off considerably from June, noting that demand for finished paper is not spectacular and machine downtimes are planned. And producers of graphic paper will eventually reach the limits of what they can pay for recovered paper. In fact, the entire supply chain is under enormous pressure, one player notes: "Paper producers cannot easily adjust their prices because publishing houses also have very limited room to manoeuvre, as end customers do not want to and cannot pay more for print products." The current situation appears to be dire for the entire industry.

First price uptick for tissue grades since summer 2022

There was an increase in collection volumes for tissue grades (sorted office paper 2.05 and multi grade) in April, reported one player. However, the underlying reason for the appearance of this additional material on the market was unwelcome: Due to the growing number of insolvencies, more and more company archives are being dissolved and liquidated.

Despite the higher volumes, there was no let up in the pressure in the market, as demand grew even more sharply. In March, it was primarily paper producers from other market segments buying this grade, but tissue paper producers became more of a presence on the recovered paper market again in April. Here, too, the public holidays in April and May played a role as did the expectation of improved demand.

One market expert said the upward price trend for woodfree grades had been expected for a while, as prices had had been trending lower since the summer of 2022.



Further price increases for tissue grades are expected in May. Decreasing prices are only realistic once summer is over – in other words, in September or October, EUWID was told. However, this presents a problem for tissue producers: Their costs for raw materials – for pulp and recovered paper – are rising, but as inflation slows, retailers are pushing for price cuts for kitchen roll, toilet paper and facial tissues. This is eroding margins in the tissue industry, players fear.

The higher pulp prices have finally become apparent in the quotes for pulp substitutes (white newsprint 3.14, white woodfree uncoated shavings 3.18.01). Prices increased by £10-20/t, but transactions concluded at significantly higher prices were also reported here

Recycling of fibre-based packaging in focus at bvse's recovered paper conference

German recycling industry must show resilience in difficult environment

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The recovered paper recycling industry has experienced “a roller coaster of challenges” since 2020, not only in Germany, according to Werner Steingaß of the German waste management and recycling association bvse. Speaking to approximately 500 attendees at the 26th International Recovered Paper Conference put on by the bvse in Berlin on 16 April, Mr Steingaß noted there were also many challenges in the current market.

Business in the year 2023 was influenced by weak economic growth with contracting GDP and a high rate of inflation, resulting in low volume trends and earnings in the German recovered paper sector, said Mr Steingaß, bvse's vice president and chair of the association's paper recycling division. For paper recyclers, low recovered paper prices and higher freight costs made the situation even tougher, he explained.

Mr Steingaß described the current situation as difficult. He also criticised German policymakers, saying they are not focused on safeguarding the future and long-term economic policy decisions. Consequently, major companies are deciding not to invest in Germany, which will have long-term impacts on the nation's economy, according to the bvse official.

The global environment is also shaped by challenges, Mr Steingaß told the conference participants. While the US paper sector is slowly recovering, the markets in China and the rest of Asia remain weak. Recovered paper collection volumes are declining in Europe, while exports and imports have been fluctuating.

“On the whole, Germany and the world are facing major challenges that require companies in the recovered paper recycling sector to act in a cautious and low-risk manner,” Mr Steingaß said. Policymakers must focus on peace and sufficient consumption in order to stabilise industry and the economy, he added.

Cooperation and technologies to improve recycling of fibre-based packaging

The recycling of fibre-based packaging was the main focus of the podium discussion with Ulrich Leberle (CEPI), Jürgen Dornheim (Procter & Gamble), Michael Brandl (Extr:act) and Robin Huesmann (Leipa).

If paper and cartonboard packaging is to substitute plastic packaging in future, it must be equipped with special barrier materials. Currently, however, these can rarely be recycled using standard processes, so the material often ends up going to

waste.

At the same time, there is considerable pressure to improve the recyclability and recycling rates for these types of packaging, the experts agreed at the podium discussion. This pressure comes not only from legislators – for example, the EU’s Packaging and Packaging Waste Regulation (PPWR) – but also from consumers, who take into account the recyclability of packaging when making purchasing decisions. And given the declining collection volumes in other areas, the paper industry itself also has a need for high-quality fibres from the packaging segment.

The panellists agreed that cooperation throughout the supply chain would be needed to achieve higher recycling rates. Besides improving the collection and sorting systems for recovered paper, new technologies and forms of cooperation should be developed. It was also proposed that the European Standard (EN 643) listing recovered paper grades be expanded to include the novel material streams.

4evergreen develops guidelines for packaging design and recycling

One conclusion of the podium discussion was that the industry must prepare for the upcoming PPWR. Ulrich Leberle, Raw Materials Director at CEPI, said the current text recognises the paper industry’s sustainability efforts and offers planning certainty with a clear timeline.

“The preparations [for the PPWR] are underway,” explained Mr Leberle, pointing to the 4evergreen project, which has so far developed three important guidelines, including on “design for recycling.” It has also created an evaluation protocol to determine the recyclability of packaging in a standard paper mill. A guideline for the recyclability in specialty mills is currently being developed, according to the CEPI official. There is another guideline covering the collection and sorting of packaging, Mr Leberle said.

Not all packaging can be recycled via the same process, so it should therefore be collected as separate material streams, Mr Leberle said. The first stream should include packaging that can be dissolved and processed in a standard paper mill. The sorting and processing of this material stream works as a market-based model, according to Mr Leberle.

For other packaging types, licensing fees from the EPR system should play a role, also in order to ensure these materials get recycled, he proposed.

“Sustainability is a strategic corporate decision,” said Jürgen Dornheim, Director of Sustainability at Procter & Gamble.

“Sustainable solutions must also be economically viable. If that doesn’t work, then we will not do it,” he added.

Mr Dornheim presented examples of fibre-based packaging that successfully substitute plastics, for example, in the feminine hygiene products segment, detergent powder (“Ecoclick box”) and Gillette razors. Implementing such projects requires taking a

holistic view of the life-cycle of a product, from the manufacturing to its use to recycling, Mr Dornheim explained. Such analyses have been carried out in the plastics segment for past 15 years and the paper sector now needs to “catch up,” in his view.

Current and future possibilities for recycling beverage cartons

There is currently significant progress being made in the recycling of composite packaging for liquids and other products, reported Michael Brandl, Managing Director of Extr:act. The members of Extr:act, a platform founded in 2018 for the recycling of composite packaging, include AR Packaging, Billerud, Elopak, Lamipak, Sig, Stora Enso and Tetra Pak.

Beverage cartons are often considered to be non-recyclable, “but there are possibilities and much more will be happening in the coming years,” said Mr Brandl. Currently, around 1 million tonnes of beverage cartons are brought on the market in Europe each year. From this volume, around 400,000 tonnes of fibre and around 70,000 tonnes of PolyAl material (the layers of plastics and aluminium) are recycled. By 2030, 650,000 tonnes of paper material and around 200,000 tonnes of barrier material should be sent for recycling, according to Extr:act’s goals.

There is currently much better utilisation of the potential in the fibre segment as compared to the PolyAl components, so expansion of recycling capacities in latter segment is a particular priority, according to Mr Brandl.

Moreover, the collection of packaging needs to be improved, said Mr Brandl, bemoaning gaps in the collection system as well as very heterogeneous labelling of packaging across Europe. Beverage cartons often end up in either residual waste or paper recycling bins, but they cannot be recycled by standard paper mills, which means a lot of recyclable material will not be recycled.

In order to process the packaging that is sorted incorrectly by end-users, paper mills will need to rely on modern technologies for sorting (AI, deep learning, improved NIR scanners, robots, etc.) and pulping (chemical, physical, etc.), he said.

Moreover, he urged consideration of expanding the EN 643 list to better reflect the new materials and make it easier for paper mills to process this fibre material.

“This must be done differently but it is not more difficult,” Mr Brandl says. However, this will only succeed if players take others’ needs into consideration and do not try to pass the buck, he explained.

Shared database for better labelling and better recycling

Robin Huesmann, CEO of Leipa group, presented recommendations for new forms of cooperation. Databases covering the entire supply chain are an important instrument here, he noted.

Together with a waste management association, Leipa operates a database to exchange information about recovered paper. This allows Leipa to know the characteristics of the recovered paper deliveries in advance and plan how best to process them.

Moreover, such a system should reduce quality claims, assuming the quality of the goods is within a certain range and corresponds on average to the target thresholds at month-end. The partners are therefore spared a complex claims procedure and possibly having to return shipments of paper – an important factor given current logistics costs!

In a different database project, similar to one in the plastics industry, there are plans to collect data throughout the supply chain on which materials and chemicals are added to packaging – from the production of the paper to coating, printing, packaging production, filling, transport and waste management. The more materials used that hamper recycling, the higher the points a product will have.

Based on the total number of points, it is determined which waste management stream (paper, packaging recycling or residual waste bin) is appropriate for the packaging and it is labelled accordingly. This not only enables proper sorting but also contributes to determining the licensing fees, according to Mr Huesmann.

Implementing such projects requires far-reaching cooperation, he explained. More special dissolving plants could also help to process more material from the recyclable packaging waste stream, he added.

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EUWID Price Watch Recovered Paper UK				
April 2024				
Prices in £ per tonne	Apr 2024 £	Apr 2024 €*	Mar 2024 £	Apr 2023 £
Mixed paper and board (1.02)	40 - 65	46 - 75	25 - 55	30 - 50
Mixed paper and board (1.02), export	55 - 75	64 - 87	35 - 60	30 - 68
Old corrugated containers (1.05)	85 - 108	99 - 125	80 - 93	90 - 115
Old corrugated containers (1.05), export	105 - 115	122 - 133	90 - 98	95 - 128
Magazines (1.06) ¹⁾	90 - 135	104 - 157	80 - 105	140 - 160
Sorted graphic paper for deinking (1.11) ¹⁾	70 - 90	81 - 104	60 - 75	90 - 115
Newspapers (2.01) ¹⁾	90 - 130	104 - 151	80 - 110	135 - 150
Sorted office paper (2.05)	140 - 155	162 - 180	135 - 147	205 - 215
Multigrade	140 - 165	162 - 191	125 - 145	200 - 210
White newsprint (3.14)	190 - 230	220 - 267	180 - 220	240 - 260
White woodfree uncoated shavings (3.18.01)	370 - 400	429 - 464	360 - 380	390 - 450
* Exchange rate as of 26 April 2024: £1 = €1.16				
¹⁾ Includes exports and non-paper applications		Prices ex works, material sorted and in bales		
© 2024 EUWID Europäischer Wirtschaftsdienst GmbH All rights reserved		EUWID assumes no liability for the accuracy of pricing information.		

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stronger interest from British and Turkish paper producers.

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Initially, buyers from Asia were also prepared to pay these increases, while they also benefited from falling freight rates for maritime containers from Asia to Europe. As a result, volumes to India, which has recently been very low due to the high freight rates, also improved again somewhat.

However, towards the end of the month, many buyers from Southeast Asia scaled back their volumes considerably in reaction to the high recovered paper prices. They announced they would purchase even less on the UK market in May if the upward price trend continued along the same sharply upward trajectory seen in April.

They argue that they can source domestic paper more cheaply. Yet, critics point out that the fibre quality of recovered paper collected in Southeast Asia and China is not that high, so paper producers would still need to use recovered paper from Japan, Australia and New Zealand, Europe or North America – or rely on pulp, as one expert noted. Chinese paper producers are reportedly stepping up their efforts to increase their own pulp production and are therefore purchasing more woodchip, for example.

Players do not believe current price level will hold

The players surveyed by EUWID expect further price increases in May. In the UK and many other European countries, the month contains several public holidays, so paper producers want to build up their recovered paper inventories. Moreover, many markets for finished recycled paper are in the process of introducing price hikes and considerably higher recovered paper costs provide tailwinds.

However, many respondents expect that quotes for the mixed paper and OCC grades will start retreating again in June, since the underlying demand on the paper market is too weak to justify price hikes of this size. “Prices rose too quickly and too steeply”, commented one respondent. Another insider criticised that the upward price movement had been driven solely by tight supplies and panic.

By contrast, prices for packaging recovery notes (PRNs) slipped slightly in April, falling to around £7/t.

Quotes for sorted graphic paper for deinking also rose considerably. Besides British buyers, there was considerably more interest from European paper producers in this segment, who were said to be “snatching up” material.

The structural decline in graphic paper production continues apace and will be irreversible, players agree. At the same time, given the high prices for mixed paper, it was nearly impossible to sort to produce graphic paper for deinking (1.11), especially as graphic grades make up an ever-smaller share of mixed paper, making sorting increasingly expensive.

Moreover, contamination such as laminated paper or the use of special printing inks is becoming more of a problem amidst the low collection volumes.

“We have had many discussions with paper producers about this – but unfortunately there is no solution on the sorting side. Paper producers will have to find a way to deal with these problems in future,” said one merchant.

Accordingly, there was higher demand for magazines (1.06) in particular. Even traditional buyers were rarely paying less than £100, and many others had to shell out £120/t or more for this grade. A similar trend was seen for newspapers (2.01), but the peak mark-ups here were not quite as hefty.

Experts expect this market will also cool off considerably from June, noting that demand for finished paper is not spectacular and machine downtimes are planned. And producers of graphic paper will eventually reach the limits of what they can pay for recovered paper.

In fact, the entire supply chain is under enormous pressure, as one player notes: "Paper producers cannot easily adjust their prices because publishing houses also have very limited room to manoeuvre, as end customers do not want to and cannot pay more for print products." The current situation appears to be dire for the entire industry.

First price uptick for tissue grades since summer 2022

There was an increase in collection volumes for tissue grades (sorted office paper 2.05 and multi grade) in April, reported one player. However, the underlying reason for the appearance of this additional material on the market was unwelcome: Due to the growing number of insolvencies, more and more company archives are being dissolved and liquidated.

Despite higher volumes, there was no let up in the pressure in the market, as demand grew even more sharply. In March, it was primarily paper producers from other market segments buying this grade, but tissue paper producers became more of a presence on the recovered paper market again in April. The public holidays in April and May played a role as did the expectation of improved demand.

One market expert said the upward price trend for woodfree grades had been expected for a while, as prices had had been trending lower since the summer of 2022.

Further price increases for tissue grades are expected in May. Decreasing prices are only realistic once summer is over – in other words, in September or October, EUWID was told.

However, this presents a problem for tissue producers: Their raw material costs – for pulp and recovered paper – are rising, but as inflation slows, retailers are pushing for price cuts for kitchen roll, toilet paper and facial tissues. This is eroding margins in the tissue industry, players fear.

The higher pulp prices have finally become apparent in the quotes for pulp substitutes (white newsprint 3.14, white woodfree uncoated shavings 3.18.01). Prices increased by £10-20/t, but transactions concluded at significantly higher prices were also reported here.

UK recovered paper exports			
tonnes	January		%
	2024	2023	Change
Total EU 27	52,103	47,424	+ 9.9
France	9,342	3,928	+ 137.9
Germany	12,245	17,209	- 28.8
Netherlands	21,201	21,619	- 1.9
Total other Europe	58,445	24,075	+ 142.8
Total Asia	263,530	327,241	- 19.5
China	51	1,055	- 95.2
India	94,923	91,734	+ 3.5
Indonesia	21,507	41,292	- 47.9
Malaysia	68,173	76,353	- 10.7
Thailand	29,979	36,850	- 18.6
Vietnam	46,385	70,874	- 34.6
Total South America	-	-	-
Total Africa	-	56	-
Total North America	-	-	-
Total Australasia	-	-	-
Total Exports	374,078	398,796	- 6.2

Source: CPI

UK publication paper prices in Q2 often unchanged, fine paper prices edging up

Higher CCM prices expected in May / Partial increase for GD board in April

 02 May 2024 | ⌚ ~ 10 min | Published in issue 18/2024

EUWID Price Watch UK					
April 2024					
Prices in £ per tonne free delivered unless otherwise stated	April 2024	April 2024	March 2024	April 2023	
£	€*	£	£	£	
Fine paper					
Woodfree uncoated					
Copy paper 80 g A4 B grade	890 - 980	1,032 - 1,136	850 - 960	950 - 1,150	
Copy paper 80 g A4 C grade	860 - 950	998 - 1,102	820 - 930	920 - 1,100	
Offset sheets 80 g	920 - 990	1,067 - 1,148	890 - 970	950 - 1,100	
Offset reels 80 g	860 - 950	998 - 1,252	830 - 930	900 - 1,060	
Woodfree coated					
Sheets, double coated, 115 g	940 - 990	1,090 - 1,148	910 - 970	1,020 - 1,150	
Reels, double coated, 100 g	860 - 930	998 - 1,079	830 - 910	970 - 1,100	
Publication paper					
Standard newsprint 45 g	440 - 490	510 - 568	440 - 490	640 - 710	
Standard newsprint 42.5 g	450 - 500	522 - 580	450 - 500	650 - 720	
Standard newsprint 40 g	460 - 510	534 - 592	460 - 510	670 - 740	
Improved newsprint 52 g, ISO 68	490 - 530	568 - 615	490 - 530	690 - 760	
LWC offset 60 g	680 - 730	789 - 847	680 - 750	800 - 890	
LWC rotogravure 60 g	680 - 730	789 - 847	680 - 750	820 - 910	
SC offset 56 g (A)	600 - 640	696 - 742	600 - 650	700 - 800	
SC rotogravure 56 g (A)	600 - 640	696 - 742	600 - 650	700 - 800	
Corrugated case material					
Primary fibre corrugated case material					
Unbleached kraftliner 175 gr, European quality	615 - 650	713 - 754	615 - 650	675 - 705	
White-top kraftliner 140 g, European quality	730 - 795	847 - 922	730 - 795	750 - 815	
Recycled corrugated case material					
Recycled fluting 100 g	480 - 510	557 - 592	480 - 510	510 - 545	
Recycled fluting 90 g	480 - 515	557 - 597	480 - 515	510 - 550	
Recycled fluting 85 g	490 - 525	568 - 609	490 - 525	520 - 560	
Testliner II	500 - 530	580 - 615	500 - 530	530 - 565	
Testliner III	480 - 510	557 - 592	480 - 510	510 - 545	
White-top testliner, grade B, 140 g	620 - 670	719 - 777	620 - 670	670 - 710	
Cartonboard					
GD II	635 - 750	737 - 870	630 - 750	740 - 850	
GC II	900 - 1,010	1,044 - 1,172	900 - 1,030	1,000 - 1,220	
* Exchange rate as of 26 April 2024: £1 = €1.16					
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Publication paper prices in the UK often remain unchanged in the second quarter, with the exception of some relatively high prices from the first quarter which disappeared. Newsprint prices in the UK remain significantly lower than on the continent, and prices of all publication paper grades are no longer so widely spread. There were further increases in fine paper prices in April, but information on price trends remains very inconsistent and the range of prices wide.

Demand for corrugated case material and corrugated packaging in the UK has clearly increased this year and market participants have reportedly agreed on price

increases from May – although there have also been sceptical voices. Despite the sharp rise in recovered paper prices, manufacturers of white-lined chipboard (GD) did not push through the full increase in April. Market participants told EUWID that competitive pressure was too great.

Producers of fine paper continue to adjust prices

Producers of woodfree coated and uncoated paper delivering to the UK market had some success with the price hikes announced for April. They were aiming to achieve increases of up to 8 per cent as of different dates in April, or sometimes in May. Price increases of up to £40/t were implemented, the market survey found.

However, the development and results of the price negotiations differ and market participant sometimes offered contradictory reports. Some say the increases were applied uniformly. Other market players contend there were all sorts of deals with various amounts and timing of the adjustments differed, and even some agreements to postpone the mark-up.

In the end, the outcome is higher average prices in April compared to March, and this is true for all grades. Prices in the UK are now roughly on a par with those in Continental European markets or higher.

Some producers are considering further price increases, saying these are urgently needed in order to compensate for rising pulp prices and other production costs.

As a counterargument, others point out there may have been a slight year-on-year improvement in demand for fine paper in the UK and across Europe over the past few months, but this is nowhere near sufficient to guarantee full capacity utilisation for producers. Demand is stronger than in the same period of 2023 but has fallen off markedly compared to pre-pandemic times. Players also explained the current improvement in demand is partly due to the fact that some customers are refilling inventories they had dramatically reduced at the end of last year. Respondents also confirm there is some seasonal upswing in demand. However, structural demand for coated and uncoated fine paper will continue to decline, also in the current year.

Players confirm that the latest price increases were almost entirely cost-driven and not necessarily reflective of strong demand or high capacity utilisation. Even the strikes in Finland, which led to temporary production curtailments, had not really tightened supply on the market. Although the strikes resulted in a few delayed deliveries, there was no talk of substantial outages or real shortages.

Prices for publication paper often unchanged in the second quarter

Following the contract negotiations for the second quarter, prices for publication paper in the UK were broadly stable. The only change was that a few of the relatively high prices for LWC and SC paper seen in the first quarter were eliminated from the new agreements.

As in the first quarter, newsprint prices in the UK are still generally the equivalent of around €50/t lower than on Continental European markets. Prices for standard newsprint 42.5 g start at around £450/t free delivered and stretch to approximately £500, or slightly higher in some cases. As prices were already relatively low, it was impossible to squeeze them any further, according to market participants. Price pressure that had been coming from non-European suppliers half a year ago has eased considerably, the market survey found.

In the LWC segment, most of the lower prices were carried over from the first into the second quarter. For offset 60 g, prices now start at £680 and top out at around £730. Higher quotes reported in the first quarter have now almost entirely disappeared. In contrast to newsprint, LWC prices in the UK are typically slightly higher than those on the continent.

This is also true for SC paper, where a few relatively high prices were erased in the second quarter, but average prices remain slightly higher than the continental levels. At the lower end of the price range valid in the second quarter, quotes begin at about £600/t for SC-A 56 g and extend to approximately £640.

Half-year contracts signed in January are still valid in the second quarter and these prices can be somewhat higher than the figures in second-quarter deals. Newly agreed prices are often only valid for one quarter. Some market players report growing interest in signing more half-year contracts again. There is currently no clear indication of what the market will look like in the third quarter, neither price pressure nor initiatives to raise prices are reported.

However, this does not mean there is a balance between publication paper supply and demand in Europe. Despite some calming and stabilisation in the market, production capacity still clearly exceeds paper consumption.

There have been no surprises when it comes to demand for publication paper in the UK, according to producers. Although demand has stabilised and there is no collapse like last year, the structural decline in paper demand is expected to continue. In general, national and regional newspapers as well as magazines have shrinking circulation figures, which will eventually become apparent in paper demand. In March, print runs of British national newspapers were around 10-15 per cent smaller than in the same month of the previous year. Among the high-circulation newspapers, only the free publication Metro reported stable circulation.

This raises the question about further capacity closures in the publication paper segment in Europe. Something must and will happen here soon, all respondents agree, noting that paper mills cannot operate with capacity utilisation rates of less than 90 per cent in the long term.

Price increases for corrugated case material in the UK not expected until May

Demand for corrugated case material on the British market recovered in February and March and is now on average 7 to 8 per cent higher than the previous year, which was, however, characterised by a pronounced market weakness.

"All companies in the value chain are showing higher capacity utilisation," explained one player in an interview with EUWID. However, it was questionable to what extent the improvement was due to an actual increase in consumption or rather to the announced price increase, sceptics said, adding: "We'll see in May."

The supply of recycled corrugated case material is good, it is said. Manufacturers have continued to reduce machine output as this was necessary in order to push through the price increase. However, there are fewer stoppages than before, suppliers told EUWID.

In the case of kraftliner, the strikes in Finland have led to a shortage of supply, which is said to have had an immediate impact on white-top kraftliner supply in particular.

Unlike on the European continent, prices for corrugated base paper on the British market remained unchanged in April. However, increases have been agreed with customers for May, according to market insiders. Accordingly, brown recycled containerboard will cost £50/t more from 1 May, and brown kraftliner will be £40 to £50/t more expensive.

White-top testliner and white-top kraftliner are also to become more expensive from this date, although negotiations had not yet been finalised at the time of going to press. According to paper manufacturers, increases between £30 and £40/t are usually negotiated.

The increase is mainly cost-driven, market insiders explained. The higher prices are necessary to compensate for the increased costs of recovered paper, pulp and energy. For this reason, a second increase is already being discussed on the continent – but this will definitely not take place simultaneously in the UK, they say.

A few sceptics doubt the amount of the announced price increase. An increase of £20 is probably more realistic, says one expert, adding: “The main aim of the announcement was to prevent a further price drop – and this goal has now been achieved.” One packaging manufacturer complained about the uncertainty and the volatile market environment.

Sheet plants reported good capacity utilisation in April. Delivery times for sheets were said to be two weeks. They are currently satisfied, but are wondering whether the upturn in demand is sustainable or whether capacity utilisation will decrease again in May when the higher prices for containerboard take effect.

In fact, the signals from the end markets and the economy in general are not positive enough, according to the cautious assessment of the market experts.

Strikes in Finland continue to cause supply bottlenecks on the British cartonboard market

The impact of transportation and port workers strikes in Finland and price increases kept the players on the British market for cartonboard busy in April. Demand was not bad, but not excessive, according to the experts surveyed. The food segment was doing well, the ice cream season had started. Interest in plastic substitutes was also increasing significantly.

Especially in the GC sector, some players have benefited from the strikes in the Finnish ports, they say. Some merchants have further reduced their “Covid stocks”, while GC suppliers not affected by the strike (including those from Asia) have been able to expand their deliveries to the UK.

The strikes posed a major problem for some converters. They had to find alternative supplies and discuss with end customers to what extent replacement material could be used or deliveries had to be postponed. It was not always possible to close all gaps, explained one packaging manufacturer.

UK key market data			
January 2024			
in tonnes	2024	January 2023	%
Production			
Corrugated case materials	123,166	118,348	+ 4.1
Recycled Fluting	60,971	61,470	- 0.8
Testliner	62,195	56,878	+ 9.3
Parent reels of tissue	63,492	63,371	+ 0.2
Other papers and boards, incl. printing and writing paper	98,997	93,682	+ 5.7
Total paper and board	285,655	275,401	+ 3.7
Apparent Consumption			
Packaging paper and board	287,037	292,134	- 1.7
Corrugated case materials	194,157	202,090	- 3.9
Kraftliner and SC Fluting	30,495	34,191	- 10.8
Recycled Fluting	69,035	76,783	- 10.1
Testliner	94,627	91,116	+ 3.9
Cartonboard and other board for packaging	76,988	75,617	+ 1.8
Packaging papers	15,891	14,427	+ 10.1
Parent reels of tissue	104,037	90,205	+ 15.3
Printings and writings	111,526	101,270	+ 10.1
Uncoated mechanical	18,105	15,726	+ 15.1
Uncoated woodfree	49,406	49,850	- 0.9
Coated mechanical	25,642	20,365	+ 25.9
Coated woodfree	18,373	15,328	+ 19.9
Other papers and boards	44,892	68,841	- 34.8
Total paper and board	547,492	552,450	- 0.9
Exports			
Corrugated case materials	16,909	10,505	+ 61.0
Recycled Fluting	8,860	2,354	+ 276.4
Testliner	8,049	8,151	- 1.3
Parent reels of tissue	568	1,617	- 64.9
Other papers and boards, incl. printing and writing paper	53,210	45,638	+ 16.6
Total paper and board	70,687	57,760	+ 22.4
Imports			
Corrugated case materials	87,900	94,247	- 6.7
Kraftliner and SC Fluting	30,495	34,191	- 10.8
Recycled Fluting	16,924	17,667	- 4.2
Testliner	40,481	42,389	- 4.5
Parent reels of tissue	41,114	28,451	+ 44.5
Other papers and boards, incl. printing and writing paper	203,510	212,111	- 4.1
Total paper and board	332,524	334,809	- 0.7
Fibre			
Woodpulp mill usage			
Sulphate Bleached Softwood	27,427	26,749	+ 2.5
Sulphate Bleached Hardwood	31,959	32,576	- 1.9
Other grades of woodpulp	19,488	16,955	+ 14.9
Woodpulp imports			
Sulphate Bleached Softwood	32,413	18,480	+ 75.4
Sulphate Bleached Hardwood	35,399	29,095	+ 21.7
Other grades of woodpulp	2,012	1,681	+ 19.7
Recovered paper			
Mill usage	229,251	234,881	- 2.4
Collection	594,773	624,084	- 4.7

Source: CPI

“The bottom line is that a month of production in Finland was cancelled,” explained one expert. The resulting backlog would still be noticeable in May, even if the strikes did not continue.

One converter reported that it had agreed to a price increase for GC board of €30/t (approx. £25) from May due to the supply and demand situation. However, this does not appear to be a typical market development, at least in the UK. Many experts rather reported further price pressure, not least due to the very low prices for GC board from Asia. There have even been price reductions here recently. “There is always room for some spot offers,” said one player. As a result, peak prices have fallen further, with the majority of gc 2 prices averaging around £950/t.

Competitive pressure is also high in the GD sector. As a result, efforts to raise prices in this sector have had only limited success, the players report. Some European producers are “prioritising volume over price”, they complain. In addition, deliveries from non-European manufacturers are still much cheaper. In this market environment, price increases lead above all to a loss of market share.

Despite this, some prices for GD board went up by £15-25/t, or in a few cases even by £30/t, on 1 April, mid-April or even 1 May, mark-ups of £15 to £25 per tonne, and at peak times even £30, were agreed with customers for GD 2, suppliers explained. At the same time, the highest prices had disappeared from the market. The majority of

volumes were sold at prices below £700. Spot prices are still possible here too, they say.

Market participants are nervous about Finland and the Middle East. If there are further strikes or the conflict between Israel and Iran escalates further, this will lead to more problems in the supply chain.

"We had hoped that we would now be able to return to a market environment with less volatility and more stability – unfortunately this has not materialised," said one agent.

Added to this are the even more favourable deliveries from non-European manufacturers. The price increases are primarily leading to a loss of market share, it is said.

On 1 April, mid-April or even 1 May, mark-ups of £15-25/t, and even £30 at the peak, were agreed with customers for GD 2, suppliers explained. At the same time, the highest prices had disappeared from the market. The majority of volumes were sold at prices below £700. Spot prices are still possible here too, they say.

Market participants are looking nervously to Finland and the Middle East. Should there be further strikes there or the conflict between Israel and Iran escalate further, this could lead to further problems in the supply chain.

"We had hoped that we could now return to a market environment with less volatility and more stability – unfortunately this has not materialised," complained one market participant.

EUWID Price Review UK

First quarter 2024

Prices in £ per tonne free delivered unless otherwise stated	First quarter 2024	Fourth quarter 2023	First quarter 2023
Recovered paper (prices ex works)			
Mixed paper and board (1.02)	12 - 55	30 - 60	15 - 50
Mixed paper and board (1.02), export	22 - 60	45 - 70	15 - 60
Old corrugated containers (1.05)	55 - 93	78 - 100	90 - 120
Old corrugated containers (1.05), export	60 - 98	80 - 105	95 - 128
Magazines (1.06) ¹⁾	80 - 110	85 - 115	140 - 180
Sorted graphic paper for deinking (1.11) ¹⁾	55 - 75	60 - 80	100 - 140
Newspapers (2.01) ¹⁾	75 - 110	85 - 115	135 - 180
Sorted office paper (2.05)	135 - 147	135 - 155	210 - 230
Multigrade	110 - 145	120 - 140	210 - 235
White newsprint (3.14)	180 - 220	200 - 230	240 - 290
White woodfree uncoated shavings (3.18.01)	355 - 380	360 - 400	390 - 470
Fine paper			
Woodfree uncoated			
Copy paper 80 g A4 B grade	830 - 960	830 - 980	970 - 1,220
Copy paper 80 g A4 C grade	800 - 930	800 - 950	950 - 1,170
Offset sheets 80 g	870 - 970	870 - 990	1,000 - 1,240
Offset reels 80 g	810 - 930	810 - 950	950 - 1,180
Woodfree coated			
Sheets, double coated, 115 g	890 - 970	890 - 990	1,050 - 1,240
Reels, double coated, 100 g	810 - 910	810 - 930	1,000 - 1,200
Publication paper			
Standard newsprint 45 g	440 - 490	500 - 550	710 - 820
Standard newsprint 42.5 g	450 - 500	510 - 560	720 - 830
Standard newsprint 40 g	460 - 510	520 - 580	740 - 850
Improved newsprint 52 g, ISO 68	490 - 530	550 - 600	760 - 870
LWC offset 60 g	680 - 750	730 - 790	820 - 950
LWC rotogravure 60 g	680 - 750	730 - 790	820 - 950
SC offset 56 g (A)	600 - 650	620 - 690	770 - 900
SC rotogravure 56 g (A)	600 - 650	620 - 690	770 - 900
Corrugated case material			
Primary fibre corrugated case material			
Unbleached kraftliner 175 g+, European quality	615 - 660	635 - 680	715 - 795
White-top kraftliner 140 g, European quality	730 - 815	750 - 815	750 - 855
Recycled corrugated case material			
Recycled fluting 100 g	480 - 510	510 - 530	560 - 705
Recycled fluting 90 g	480 - 515	510 - 535	560 - 710
Recycled fluting 85 g	490 - 525	520 - 545	570 - 720
Testliner II	500 - 530	530 - 550	580 - 725
Testliner III	480 - 510	510 - 530	560 - 705
White-top testliner, grade B, 140 g	620 - 690	640 - 710	670 - 790
Cartonboard			
GD II	620 - 750	620 - 780	740 - 900
GC II	900 - 1,060	900 - 1,080	1,000 - 1,300

¹⁾ includes exports and non-paper applications

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No end in sight to rising recovered paper prices in Italy

Significant mark-ups for ordinary grades and deinking grades

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EUWID Price Watch Recovered Paper Italy				
April 2024				
Prices in € per tonne	Apr 2024	Mar 2024	Feb 2024	Apr 2023
Mixed paper and board (1.02)	85 - 100	65 - 80	55 - 70	60 - 75
Supermarket corrugated paper and board (1.04)	95 - 105	75 - 90	65 - 80	75 - 85
Old corrugated containers (1.05)	105 - 120	85 - 100	75 - 90	85 - 100
New shavings of corrugated board (4.01)	125 - 140	100 - 110	90 - 100	95 - 110
Magazines (1.06)	150 - 165	115 - 130	95 - 105	95 - 110
Newspapers (2.01)	150 - 160	130 - 140	105 - 120	190 - 210
White woodfree letters (3.05)	320 - 340	320 - 340	320 - 340	410 - 425
White newsprint (3.14)	330 - 350	330 - 350	330 - 350	400 - 420
White woodfree shavings (3.18)	450 - 470	450 - 470	450 - 470	520 - 540
Prices ex works, material sorted and in bales				
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Recovered paper has become more expensive again in Italy. A combination of more robust demand from buyers from both within Italy and abroad and low collection volumes has paved the way for what were sometimes substantial hikes in prices for ordinary recovered paper grades. A similar scenario is playing out for deinking grades, which became scarce and thus more costly in April. High recovered paper grades have

yet to follow this trend, with prices unchanged compared to March.

Market players told EUWID that mixed paper and board (1.02), supermarket paper and board (1.04) and old corrugated containers (OCC; 1.05) cost up to €20/t more in April than they had in March. Prices edged higher during the course of the month, too, meaning that prices at the start and the end of the month differed.

Quite a few insiders still seem somewhat puzzled by the sudden, substantial climb in recovered paper prices over the past few months. After all, there are no signs of a lasting improvement in consumption yet. However, sources pointed out that a combination of several factors was fuelling this upturn. For one thing, market players are reporting brisker demand from buyers in some export markets, notably Germany and Austria, but also Spain. For another, Italian paper mills also landed a couple more orders and needed more recovered fibre as a result. Insiders added that paper machines had taken barely if any downtime in April.

Paper manufacturers, in particular, but also a number of merchants are sceptical about whether conditions can hold. Even though ordering has improved a little, contacts continue to describe the consumer sentiment as relatively weak. Market players suspect that public holidays on 25 April and 1 May, plus some advanced buying, have helped to boost demand for recovered paper. Supply concerns were greater on some foreign markets, such as Germany and France, as they had more public holidays in May. One source added that buyers may have purchased more paper because of planned increases in packaging paper prices, and that the anticipated hikes could have indirectly boosted demand for recovered paper.

In the end, somewhat brisker demand coincided with persistently weak collection volumes in Italy. Several sources described the sensitivity of the market as a sign that production activity had been low of late. Even a minor improvement in demand has an immediate impact on supply. Market players told EUWID that corrugated case material manufacturers were searching for material and finding it a little harder to source ordinary grades. That being said, there were no bottlenecks. Experts pointed out that buyers paying the higher prices could generally get their hands on what they needed. Paper manufacturers reportedly had neither high nor especially low amounts of recovered paper on stock.

Another increase possibly on the cards for May

Market conditions in the coming month might be a repeat of April. Market players told EUWID that the active hunt for recovered paper might continue a little, at least until the public holidays and resulting extended weekends are over. In the penultimate week of April, it looked as if prices for ordinary recovered paper grades would rise a little in May. It remains to be seen what will happen after that. A few suppliers and buyers think that the situation will settle down in June, which might lead to renewed price cuts.

Companies continued to export to the Far East in April, although market players were taking different approaches. Several of them scaled back how much they were exporting, as prices were no longer significantly higher than those available in Italy. What's more, exporting to the Far East was not essential given decent demand in Europe. Other businesses that traditionally ship a lot of recovered paper to Asia were continuing to serve their customers as normal.

Sources reported that there was demand from Asia, albeit not especially strong. Nonetheless, customers needing recovered paper had to dig deeper into their pockets to remain competitive with the prices on offer in Italy and make exporting worthwhile. Prices for exports to the Far East climbed by up to €15 or even €20/t, depending on the previous level. Echoing developments within Italy, this material also became a bit more expensive during the course of the month. Asian buyers typically handed over between €110 and €125/t ex works for old corrugated containers (OCC, 1.05) in April. A few sources reported prices above and below this range.

Deinking grades were highly sought-after in April. Merchants mentioned lively demand from countries including Germany and Austria. One key buyer that had purchased hardly any material for a long time is reportedly back on the market again. With collection volumes low for structural reasons, a bottleneck emerged in this area, sending prices soaring. Magazines (1.06) cost up to €35/t more in April than in March on the Italian market. Newspaper (2.01) trading volumes were not overly brisk, either, with prices rising but not as much as elsewhere.

White recovered paper prices buck the rising trend with a rollover

No changes emerged on the Italian market for white recovered paper grades. Sources, especially producers making white-top testliner, still describe demand as stable but relatively weak. The higher price of pulp has not had any major impact on demand so far. However, collection volumes are also low, so supply and demand were reasonably balanced. White woodfree letters (3.05), white newsprint (3.14) and white woodfree shavings (3.18) stayed at March's level. It was unclear whether prices would be raised in the weeks ahead.

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European Graphic Paper Statistics

February 2024

🔗 EUWID+ 02 May 2024 | ⌚ ~ 1 min | Published in issue 18/2024

European Graphic Paper Statistics

February 2024

1,000 tonnes	February		%	January - February		%
	2024	2023	24/23	2024	2023	24/23
Newsprint						
Total deliveries¹⁾	287	264	+ 9	568	555	+ 2
to Europe	210	194	+ 8	420	410	+ 2
to outside Europe	77	70	+ 10	148	145	+ 2
European demand ¹⁾	223	214	+ 4	439	452	- 3
Coated mechanical reels						
Total deliveries	217	199	+ 9	424	398	+ 6
to Europe	160	163	- 2	314	319	- 1
to outside Europe	58	36	+ 61	110	80	+ 38
European demand ¹⁾	160	163	- 2	314	319	- 1
SC paper						
Total deliveries	134	139	- 4	269	282	- 5
to Europe	126	127	- 1	249	256	- 3
to outside Europe	8	12	- 35	20	25	- 23
European demand ¹⁾	126	127	- 1	249	256	- 3
Uncoated mechanical (improved + others)						
Total deliveries	117	104	+ 13	227	208	+ 9
to Europe	101	91	+ 11	194	178	+ 9
to outside Europe	16	12	+ 29	34	30	+ 13
European demand ¹⁾	101	91	+ 11	194	178	+ 9
Coated woodfree						
Total deliveries	222	185	+ 20	465	390	+ 19
to Europe	187	151	+ 24	387	312	+ 24
to outside Europe	35	34	+ 4	78	78	± 0
European demand ¹⁾	194	155	+ 25	399	321	+ 25
Uncoated woodfree						
Total deliveries	415	354	+ 17	889	722	+ 23
to Europe	346	297	+ 17	729	611	+ 19
to outside Europe	69	56	+ 22	160	112	+ 43
European demand ¹⁾	384	344	+ 12	807	709	+ 14
Total graphic paper						
Total deliveries	1,393	1,245	+ 12	2,842	2,555	+ 11
to Europe	1,130	1,024	+ 10	2,293	2,086	+ 10
to outside Europe	263	221	+ 19	549	469	+ 17
European demand ¹⁾	1,187	1,094	+ 8	2,402	2,234	+ 8

¹⁾ partly estimated; for woodfree grades excludes Russian domestic deliveries

Source: Euro-Graph

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Higher prices are slow to take effect on paper and cartonboard markets in Italy

CCM manufacturers announce fresh price hikes for June

 02 May 2024 | ~ 13 min | Published in issue 18/2024

EUWID Price Watch Italy			
April 2024			
Prices in € per tonne free delivered unless otherwise stated	April 2024	March 2024	April 2023
Fine paper			
Woodfree uncoated			
Copy paper 80 g A4 B grade	1,030 - 1,100	1,010 - 1,080	1,130 - 1,200
Copy paper 80 g A4 C grade	940 - 1,030	920 - 1,000	1,050 - 1,120
Offset sheets 80 g	1,020 - 1,110	1,000 - 1,080	1,120 - 1,200
Offset reels 80 g	940 - 1,030	920 - 1,000	1,080 - 1,140
Woodfree coated			
Sheets, double coated, 100 g	1,030 - 1,130	1,010 - 1,100	1,100 - 1,210
Reels, double coated, 100 g	950 - 1,030	930 - 1,000	1,060 - 1,130
Publication paper			
Standard newsprint 45 g	570 - 610	570 - 610	770 - 820
Standard newsprint 42 g	580 - 620	580 - 620	780 - 830
Improved newsprint ISO 68, 52 g	610 - 630	610 - 630	800 - 850
LWC offset 60 g	750 - 800	750 - 800	880 - 930
LWC rotogravure 60 g	780 - 820	790 - 830	910 - 950
SC offset 56 g (A)	650 - 690	650 - 690	810 - 850
SC rotogravure 56 g (A)	660 - 690	660 - 700	810 - 860
SC offset 52 g (A)	660 - 700	660 - 700	820 - 860
SC rotogravure 52 g (A)	670 - 700	670 - 710	820 - 870
Corrugated case material			
Primary fibre corrugated case material			
Unbleached kraftliner 175 g+, European quality	580 - 610	560 - 580	660 - 700
White-top kraftliner 140 g, European quality	740 - 800	740 - 780	790 - 830
Recycled corrugated case material			
Recycled fluting, European quality	340 - 370	320 - 340	350 - 380
Testliner II, European quality	370 - 400	350 - 370	380 - 410
Testliner III, European quality	350 - 380	330 - 350	360 - 390
White-top testliner, grade C, 140 g, European quality	500 - 535	500 - 520	580 - 610
Medium, Italian quality	290 - 310	270 - 280	290 - 310
Testliner IV, Italian quality	300 - 320	280 - 290	300 - 320
Cartonboard			
GD II	630 - 710	600 - 690	740 - 820
GD III	590 - 630	560 - 610	700 - 760
GC II	1,000 - 1,120	1,000 - 1,120	1,150 - 1,300
© 2024 EUWID Europäischer Wirtschaftsdienst GmbH All rights reserved		EUWID assumes no liability for the accuracy of pricing information.	

Italy remains a difficult place for European paper manufacturers to do business. A minor improvement in demand in the first quarter gave way to slower growth since around the middle of March. April, a short month with several public holidays and extended weekends, did not provide fresh momentum, either. As a result, producers did not receive the support they needed to push through their price plans in many places.

Building on initial success in April, corrugated case material (CCM) manufacturers evidently plan to seize the day and have launched a new round of talks about prices for deliveries from June onwards. A few fine paper

producers have also informed their customers about their plans to charge more during the second quarter. Market players in Italy are rather sceptical of the paper industry's price plans. Critics felt that such steps were actually an attempt to secure what has been achieved so far in the current price round and consolidate higher prices throughout the market.

Mixed picture for fine paper, but producers announce another round of price hikes

In a continuation of what happened in the first quarter, sources continue to paint a mixed picture of the Italian fine paper market. European producers had little success on the whole during the first round of price negotiations in January and February. Nonetheless, they are now insisting on rapid implementation of price increases. They want to accept nothing less than €40-50/t more for deliveries in April or at the start of May at the latest, generally for standard paper. Special grades and formats are expected to rise even more, say insiders.

Shoring up their position, a few producers of woodfree coated and uncoated paper have sent their customers fresh notices in recent weeks about yet another round of price hikes. These notices stress the need to raise sales prices amid rising costs, in particular for pulp.

The paper industry's customers are painting a more nuanced picture. Paper merchants are reporting rising purchasing prices which they are trying to convert into mark-ups for all paper grades sold from inventory. To the annoyance of some paper merchants, the paper industry is likely taking a different approach when it comes to increasing prices in the indent business via merchants. Paper manufacturers are reportedly instituting smaller mark-ups and/or are also showing a willingness to compromise on the date from which higher prices will apply.

A similar situation is likely playing out in direct business with large customers, where it is not always easy to identify a clear line taken by paper producers. To everyone's astonishment, a few major supply contracts for the second quarter have apparently been inked at unchanged prices.

When doing business in Italy, Europe's paper industry faces two factors that make it much harder to institute higher prices quickly. Demand has cooled again in recent weeks compared with the first quarter. Based on current order intake, May will likely be similarly weak, insiders say. Order backlogs in late April varied from 10 days to four weeks, depending on the producer and paper grade. A few customers also had to wait until the start or middle of June for their deliveries.

On the other hand, imports from Brazil, Indonesia, South Korea and China remain cheap and readily available in Italy despite recurring problems with transport routes. Converters pointed out that anybody who had the time to wait two months for delivery and had no special requests could save up to €200/t. One buyer said that it could still buy woodfree coated sheets for €1,000/t, while it had to come up with €1,100 to €1,200 for paper made in Europe, depending on the supplier in question. Another buyer is purchasing woodfree uncoated reels made in Asia for €900-920/t free delivered. Its European supplier has been charging €960/t or even more since the latest increase in March or April. Uncoated woodfree reel paper from Brazil can be sourced for €930-950/t in Italy, depending on the customer and application. However, one paper manufacturer does not want to blame competition from Asia or Latin America alone. This source explained that some European manufacturers are finding it harder to keep their machines busy than others and are more enterprising as a result.

Several weeks of strikes staged by transport workers in Finland in March and April have had little impact on the Italian woodfree graphic paper market. Some suppliers said that they had been able to benefit from the general commotion in the short term and picked up additional orders. However, the dust surrounding possible cancelled deliveries from Finland and longer lead times for alternative paper grades made at paper mills in Continental Europe should have settled by the beginning of May at the latest, market players told EUWID.

Publication paper producers enter the second quarter with unchanged prices

April was a month of no surprises on Italy's publication paper market. Following general price cuts of some 30 €/t at the start of the year, customers booked additional mark-downs to the tune of €10-20/t for newsprint and magazine paper during the first quarter. These prices served as the basis for second-quarter talks, with producers and customers generally agreeing rather quickly to keep prices stable at that level. New prices apply for deliveries from April onwards and typically apply for three months. After the events seen in 2021 and 2022, however, a few customers are still unwilling to enter into fixed price agreements. They intend to review pricing with their suppliers on a continuous basis and will sit down to talk prices, if necessary, for deliveries in June at the latest.

Demand for publication paper remained rather on the weak side throughout the entire first quarter. A few insiders happily mentioned a recovery in demand at a low level, citing recent statistics. Sources painted a mixed picture of April, a short month with many public holidays and extended weekends. Market players told EUWID that less paper went "over the counter" during April's few working days. Still, many festivities also offered an opportunity for a few additional issues and special editions. Retailers were also more active in the run-up to the festivities, it is said. With consumer spending remaining weak, retailers are seeing a greater need for promotions and have moved their efforts to attract regular and new customers by printed advertising, primarily in the form of leaflets and brochures.

SC paper remained the most hotly contested type of publication paper in April. Surplus supply of this grade remains sizeable, not least due to new players in the segments, and price is often the only way to attract customers or land an order. One paper producer said that customers had the upper hand and could always secure smaller price cuts of €10-15/t if they had interesting volumes on hand. A similar situation reportedly applies to other paper grades, too. In the first quarter publication paper machines were a little busier than at the start of the year. However, paper mills' appetite was still too big for them to do without special deals, one printer added.

That being said, newsprint and magazine paper producers are insisting on stable prices across the board. Many of them feel that prices had reached the floor at the start of the second quarter. Newsprint and magazine paper manufacturers producing papers with high de-inked pulp (DIP) content are bemoaning scantier supply and reduced quality of recovered paper amidst rising prices for this feedstock. Along with costs for wood and woodchips, the price of energy remains a constant issue for producers of primary fibre-based paper grades.

As April drew to a close, publication paper manufacturers saw no opportunities for a turnaround or possible price hikes. One paper manufacturer stressed that the main task at hand was to play to their machines' strengths and get the best possible outcome of the current situation.

CCM manufacturers institute the first instalment of higher prices in April

It is taking a little longer for higher prices to take hold in Italy than in other European markets. Sources on both sides of the market report an initial price hike of €20-30/t for April deliveries of brown recycled corrugated case material and brown kraftliner, along with a €0-20/t increase for white-top testliner and white-top kraftliner. They also mentioned a possible second instalment for deliveries in May. If manufacturers get their way, brown paper will become another €30/t more expensive in May. When it comes to white grades, the next price instalment will hinge on what happened to prices in April, with most producers seeking to tack on €10-30/t. That being said, negotiations between buyers and suppliers about May deliveries were still not done and dusted everywhere in the final days of April. The full outcome of the first round of price talks in 2024 was thus not entirely clear.

EUWID contacts on both sides of the market are generally unhappy with the adjustments to recycled corrugated case material and kraftliner prices. With demand for corrugated board and packaging still subdued, converters do not understand why paper prices have moved higher. On the one hand, paper mills wanted the corrugated board industry to order more; on the other, they were seeking higher prices, one converter complained. Another converter pointed out that the price hikes were fuelled by costs and are in no way related to current supply or demand. Several EUWID contacts noted that they would rather meet current demand for paper by turning to cheap suppliers in their portfolios and were postponing or rethinking expensive orders.

The paper industry likes to bring up the issue of costs when justifying the need to charge more for containerboard. Paper manufacturers, especially those making recycled corrugated case material, feel that the hikes instituted to date are simply not enough since they have had to hand over €30/t more for recovered paper over the past two months. With waste paper collection volumes limited and interest in Italian recovered paper rising, paper mills expect recovered paper to become more expensive again in May.

In light of this situation, several paper producers are not content with current prices. They have announced a fresh mark-up of €60-70/t for deliveries of recycled and primary fibre-based corrugated case material from June onwards. A few major integrated producers think that they have a good chance of success. Brown kraftliner manufacturers are also counting on support from US suppliers that are also instituting higher prices for deliveries to southern Europe in June or July.

Smaller Italian paper producers are rather sceptical when it comes to announcing a new price hike initiative. They want to wait and see what happens in price talks for May before outlining price plans for June or July. As one paper manufacturer remarked, the first round of price increases had to be completed and consolidated before any next steps were taken.

GD board costs more in Italy since April, with first price hike announced for GC

White-lined chipboard producers instituted a small price hike in Italy at the start of the second quarter. Italian customers have had to hand over €20-30/t more for GD board from April onwards. New prices were typically fixed for three months and apply only "until further notice" in a few instances.

Even though higher prices have taken hold, the €20-30/t mark-up for April deliveries failed to live up to cartonboard producers' initial expectations. EUWID contacts on both sides of the market noted that the current market climate simply did not allow for any larger increases. Experts in Italy reported that converters demonstrated annoyance, showed incomprehension and ultimately cancelled orders in response to initial attempts by a few suppliers to tack on €40/t or more for GD board.

Against this background, a few GD board manufacturers were not always completely unhappy about what happened to prices in April. After all, these hikes help to offset higher recovered paper costs. Slowing demand since the end of the first and the start of the second quarter, not least due to the many public holidays in April, is much more challenging from a manufacturer's perspective. Order backlogs are said to have decreased slightly again after faring well in the first quarter.

Order intake for May was lacklustre, too. Critics feel that this trend confirms their view that higher white-lined chipboard prices would have negative ramifications for demand. Others do not believe that higher prices are having a direct impact on demand for cartonboard. Instead, they suspect that inventory building at producers and converters that was advanced at the start of the year had increased capacity utilisation and helped to create good order books in the first quarter. What's more, the weaker situation at the moment after the short working month of April reflected the actual market climate, they felt. From that perspective, the industry had chosen the right time to implement higher prices; one month later, this would have been out of the question, one cartonboard manufacturer noted.

Market situation for GC board is a little different in Italy. The slump in demand continued in the first quarter after demand headed in the wrong direction in 2023. No positive momentum on the demand front was expected in April, either, because of many public holidays and long weekends.

However, a few extraordinary events in March and April, for instance the strike staged by port and transport workers in Finland and related stoppages at Finnish cartonboard mills, plus the flare-up of conflict in the Middle East, had shifted matters to favour suppliers a little.

A few Western European producers have reportedly leveraged this situation to generate "additional orders from concerned customers." As April drew to a close, they were in somewhat better shape from a capacity utilisation perspective than they had been in February or March. More than a few Finnish manufacturers have also had a long list of unprocessed orders since the end of the strikes and are, depending on the mill, quoting lead times of at least seven to eight weeks for GC.

Nonetheless, the cartonboard industry's customers were unperturbed by the current situation on the GC board market in Italy. One folding box manufacturer remarked that the events of the past few weeks had masked the true weakness of the market. Another added that GC 2 was still readily available at cheap prices in Italy. As in months past, European producers have repeatedly joined Asian and Latin American suppliers in offering cartonboard at cheap prices. Of course, they could not keep up

with prices of around €850-900/t free delivered, which are reported for several suppliers from China. In a European comparison, however, these offers were extremely attractive at prices just shy of €1,000/t, one market player pointed out.

It comes as even more of a surprise then that one European producer contacted its customers in April seeking to raise prices for GC cartonboard. This company has reportedly put hikes of six to seven per cent for deliveries as of 1 June on the table. No further announcements had been made as of the end of April.

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Round after round of price negotiations on the fine paper market in Germany

Recent efforts to increase prices have often resulted in a rollover

 **EUWID +** 02 May 2024 | ⌚ ~ 8 min | [Published in issue 18/2024](#)

In Germany, fine paper producers have promptly called the next round of negotiations amidst solid order inflow but unsatisfactory margins and severe cost pressure. However, it appears doubtful if overall demand growth for fine paper offers room for a market-wide increase in prices. In any case, recent efforts to hike prices, which have taken place with greater frequency since the beginning of the year, have met with scant success. The last round of negotiations held from the beginning of April often culminated in a rollover.

A €60/t hike was swiftly implemented for unbleached kraftliner in April, mirroring the increase for recycled containerboard in March. In contrast, negotiations for white-top kraftliner dragged on until well into April, some of which had still not been concluded at the end of April.

Fresh attempt to hike fine paper prices planned in May

In Germany producers of woodfree uncoated and coated paper have called the next round of negotiations, encouraged by solid order inflow to date. Given the limited success of past efforts, there is urgent need to correct prices, say paper industry representatives. However, industry insiders doubt if overall demand growth offers room for a market-wide increase.

They explain that published production and delivery figures of the paper industry have been positive. However, actual business, especially for wholesalers and printing companies, is weaker than what the numbers suggest. Market recovery seen for the year to date shows rising demand only in comparison with the same period of the previous year, experts caution adding that in real terms, demand for fine paper continues to shrink.

Nevertheless, the push by paper mills for price hikes is understandable, EUWID respondents say. Pulp prices are driven by global demand. The attendant pressure, especially on non-integrated paper mills, is reportedly intense. According industry experts, pressure on paper mills is compounded by rising logistics costs as well as higher maintenance overheads arising from temporary idling of PMs.

Industry experts critically observe that market uncertainty is increasingly amplified by the protracted debate on price hikes, not least because they take place in different forms in different sub-segments. The fundamental price discussion from the fourth quarter of 2023 is still ongoing. Even as common perception on the market is that hikes are announced with the intention of

arresting price erosion and stabilising the market, most respondents confirm that hikes are implemented which increases average prices of fine paper. Suppliers of standard paper qualities also implemented higher prices in February and March in stock as well as indent business. However, it was already apparent that competitive pressure is high for larger indent orders, especially so-called strategic deals. Suppliers therefore failed to hike prices in April, according to concurring reports from market sources.

Negotiations for prices in April often culminated in a rollover but producers announced that prices would be raised in May. It may therefore be concluded that only short-term contracts were signed at the end of the quarter. There was talk of quarterly contracts when negotiations began but several EUWID respondents confirm that European paper fine producers tailor contracts for fine paper deliveries differently depending on the buyer segment.

Big buyers reportedly benefited from the competition in the paper industry. Some buyers of woodfree coated sheets and reels have purportedly been able to avoid price hikes so far. Paper mills have been accommodating to so-called strategic customers and withdrawn announcements, allowing these customers to buy at old prices, say several market sources.

The next round of negotiations will be held in May, even if it calls for yet more exhausting negotiations. Against the backdrop of these announcements, the next round of negotiations will be correspondingly intense. Sceptics fear that overcapacity may slow down the efforts to increase prices. In their view, market conditions indicate little chance of success. Following the seasonal cycle, many observers can see negative signals for May and June. Operating loads could weaken, they believe. Other players draw attention to the fact that orders have been placed at very short notice for a long time. They do not expect positive effects from the modest order inflow seen so far.

Order inflow for coated grades appears weaker than for uncoated fine paper where prices usually show greater stability. Business in cut-size is not going smoothly, say market experts. Not least, recurrent imports from Asia disrupt business in copy paper.

Volumes have often receded for printing companies. Insiders say that it is extremely risky to compete for market share by tweaking prices.

Negotiations for white-top kraftliner drag on

A €60/t hike was implemented for unbleached kraftliner in April, mirroring the increase for recycled containerboard in March. Producers said that there was hardly any delay in implementation since contracts for higher prices were often already signed at the end of March. The market for kraftliner is seen to be much more balanced than for recycled grades. Maintenance breaks in conjunction with higher demand especially ahead of the fruit and vegetable season may create a supply shortage, said EUWID respondents. Buyers were therefore not particularly surprised at the unyielding stance of suppliers.

Negotiations for white-top kraftliner dragged on until well into April. Some had not been concluded even at the end of the month. They involved a hike of €30-40/t, with most deals reportedly trending toward €40/t. Some buyers claimed to be still well-supplied and want to sit out the hike. Demand for white-top kraftliner has eased in favour of brown qualities in the wake of greater environmental consciousness on the part of consumers, say industry sources. Despite several maintenance breaks and disruption to production (production at Metsä Group's Kemi mill has been idled since the middle of March), market conditions are less stable than in the case of unbleached kraftliner.

Market conditions are balanced for semi-chemical fluting. In some cases, a €60/t hike was implemented at the middle of the month, in others the amount was split in two parts of €30/t each in April and May.

European suppliers report that the German market is proving to be particularly weak. They attest significantly better demand for Southern and Eastern Europe, especially Poland. Demand in Germany is said to be flat in contrast.

One kraftliner supplier has already announced a new round of increases for June, citing the ongoing challenging cost situation as a reason. The supplier wants to charge €60/t more for unbleached and white-top kraftliner.

Seasonal dip in demand for graphic recycled paper

Until recently, many paper mills in the German market for recycled graphic paper reported operating to capacity and partly having long delivery periods. Now, order backlogs in the industry are lower and delivery periods have shortened. It is also noticeable that volumes in individual orders are tending to recede, industry insiders add. However, they widely attribute the current dip in orders to seasonal effects.

As to prices recycled graphic paper grades, market experts can identify different developments in the individual segments. Prices are generally under pressure, they underscore. While paper mills could generally defend and carry forward existing prices of coated and offset papers into the second quarter, copy paper prices yielded to the persistent pressure over recent months, frequently resulting in cuts. The cuts go against the prevailing trend, say industry players who are obviously unhappy with growing costs and announcement of higher woodfree paper prices. On the other hand, industry players also operate in an intensely competitive environment, which makes it very difficult for them to decline requests from customers to reduce prices particularly in segments where supply is high and tends towards a slight oversupply. Market players think that the prospects for direly needed price hikes are low. Although the cost situation is difficult, the market offers little toehold for hikes which will enable producers of copy paper and offset grades to recoup the increase in production costs.

As echoed by other industry representatives, it is obvious that producers of recycled graphic paper need to hike prices. Paper mills' costs have increased not least due to the increase in recovered paper prices. Overheads and logistics costs have also increased noticeably. As a net outcome, operating margins of companies will prove to be far too low in the long run.

Upward corrections are therefore very much an issue, especially for coated recycled papers. Market players are thinking loudly about hiking prices reflecting the increase in the wider market for publication paper, particularly LWC. Several paper mills say that they will hike prices in the third quarter.

After thwarting a renewed threat of price erosion in the second quarter, market players are now aiming to improve their sparse margins.

Experts think that raw materials pose a challenge with respect to procurement as well as quality and prices. Recovered paper is scarce and supply is tight. There is far too little graphic paper in use and inflow of recovered paper is receding due to the shrinking graphic printing market. Sorting is another problem: mixed bales are often left unsorted, which containerboard producers readily buy. This drives prices higher, e. g. in the case of sorted paper for deinking.

The situation is not new, but conditions are exacerbating. Paper mills have been mulling for a long time over integrating sorting operations. However, not every paper mill that produces recycled graphic paper has the financial muscle to invest in in-house sorting facilities. Deinking paper is therefore scarce and expensive.

In general, producers of recycled graphic paper say they are benefiting from the trend towards recycled paper. Although order volumes in several instances have dipped for seasonal or structural reasons, industry experts strongly believe that demand for sustainable products is on the rise. Buzzwords like environmental awareness and climate impact are ubiquitous, also with customers of print projects. The pressure to switch from primary fibre to recycled products is growing, market players report. Recycled papers can fully meet customers' demands with respect to functionality.

Industry sources confirm that operating rates of many PMs are not bad, thanks to demand growth as well as special events and effects e. g. elections in several countries at the local as well the EU level. However, sceptics argue that year-on-year growth does not imply real increase in consumption. The market for print products, like others, is shrinking due to digitalisation.

Germany: production, deliveries and consumption by main grades

January - March 2024

1,000 t	January - March		%
	2024	2023	2024/2023
Paper and board			
Production	4,941	4,705	+ 5.0
Deliveries	4,957	4,764	+ 4.1
Domestic deliveries	2,475	2,489	- 0.6
Export deliveries	2,482	2,274	+ 9.1
Graphic paper			
Production	1,061	1,100	- 3.5
Deliveries	1,051	1,120	- 6.2
Domestic deliveries	556	588	- 5.5
Export deliveries	495	532	- 7.0
Paper and board for packaging			
Production	3,143	2,877	+ 9.3
Deliveries	3,168	2,908	+ 8.9
Domestic deliveries	1,362	1,335	+ 2.0
Export deliveries	1,805	1,572	+ 14.8
Sanitary paper (machine production)			
Production	346	359	- 3.6
Deliveries	364	373	- 2.5
Domestic deliveries	354	363	- 2.5
Export deliveries	10	10	- 1.1
Specialty and technical paper and board			
Production	391	369	+ 5.9
Deliveries	375	362	+ 3.4
Domestic deliveries	203	203	+ 0.3
Export deliveries	171	159	+ 7.4
Raw materials			
Chemical, mechanical and deinked pulp production	473	499	+ 5.2
Recovered paper consumption	4,139	3,869	+ 7.0

Source: Die Papierindustrie statistics

Rising demand lifts UPM's first-quarter results

30 April 2024 | ⌚ ~ 2 minPublished in issue 18/2024



Improved demand and cost management helped Finnish group UPM increase its earnings in the first quarter of this year compared with the previous first quarter and preceding quarter.

The destocking that characterised last year was over for all of its businesses and most of them improved their performance from Q4, UPM said. The two growth projects – the Paso de los Toros pulp mill in Uruguay and the power plant OL3 – also "delivered good contributions to earnings".

For the first three months of the year, UPM posted an operating profit of €354m (2023: €318m) and a net profit of €279m (€183m). Comparable Ebitda increased slightly to €489m (€477m). Sales declined slightly to €2.64bn (€2.79bn).

The business with printing and writing paper (UPM Communication Papers) continued to perform well, the group said. Overall demand for graphic papers in Europe was slightly higher than one year earlier, but sales prices were "clearly lower." The sale of the Steyrermühl mill was also completed during the reporting period.

Higher profits were recorded in the second-largest segment, UPM Fibres. Market demand for pulp was good and prices increased compared with the fourth quarter of 2023, the group said. Deliveries of pulp were 71 per cent higher than one year earlier. The ramp-up of operations at the Paso de los Toros pulp mill is "progressing well" and the facility reached capacity utilisation of 83 per cent during the first quarter. UPM said the start-up of the rail link between the mill and the port of Montevideo shortly after the end of the first quarter was "an important step."

After steep drop-offs in deliveries and earnings last year, the two packaging segments, UPM Specialty Papers and UPM Raflatac, reported improved earnings again. UPM Energy achieved its best-ever first-quarter result, according to the Helsinki-based company. The division Other Operations swung to an operating loss due to the softening of the European market for next-generation renewable fuels and falling sales prices for biofuels.

The company said its factories felt a "modest" impact from the political strikes in Finland in March and early April. Due to the logistical blockade, production at most of UPM's Finnish pulp and paper mills had to be temporarily halted. However, the group said it had been able to mitigate the effect of the strikes by managing inventories and serving customers from mills outside of Finland.

UPM is "progressing at full speed" towards the start-up of production at its biorefinery in Leuna, Germany, which is scheduled for the end of this year. The first parts of the biorefinery have been commissioned and there is still strong market interest in the biorefinery's products. Meanwhile, the company continues detailed commercial and basic engineering of the potential biorefinery in Rotterdam.

For 2024, UPM expects higher comparable operating profit compared to the previous year. Although scheduled maintenance downtime at some facilities will have a short-term impact on earnings, the company expects an upward trend in demand over the course of the year.

UPM results		
million €	January - March	
	2024	2023
Key figures		
Sales	2,640	2,787
Comparable EBITDA	489	477
Operating result	354	318
Net result	279	183
Business area review		
UPM Fibres		
Sales	861	683
Comparable EBITDA	193	188
Operating result	108	134
Pulp deliveries, 1,000 t	1,185	692
UPM Energy		
Sales	210	159
Comparable EBITDA	88	82
Operating result	87	80
Electricity deliveries, GWh	2,945	2,504
UPM Raflatac		
Sales	409	395
Comparable EBITDA	60	30
Operating result	51	19
UPM Specialty Papers		
Sales	397	404
Comparable EBITDA	72	24
Operating result	51	5
Paper deliveries, 1,000 t	387	340
UPM Communication Papers		
Sales	802	1,083
Comparable EBITDA	95	105
Operating result	100	49
Paper deliveries, 1,000 t	879	947
UPM Plywood		
Sales	98	118
Comparable EBITDA	16	23
Operating result	10	12
Plywood deliveries, 1,000 m³	110	117
UPM Other Operations		
Sales	153	200
Operating result	-34	8
Source: UPM		

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Metsä Board to modernise Simpele board mill

29 April 2024 [Frauke Schmidt](#) | 🕒 ~ 1 min [Published in issue 18/2024](#)



Metsä Board's Simpele mill will increase production capacity by 10,000 tpy.

Metsä Board, part of Metsä Group, will invest €60m in the upgrade of its board mill in Simpele.

The goal is to improve the quality of folding boxboard produced and to increase production efficiency. The investment will increase the mill's production capacity by around 10,000 tpy to bring the annual production capacity of Simpele folding boxboard to around 310,000 tpy, writes Metsä Board. The Simpele mill produces high quality lightweight folding boxboard, mainly for food and pharmaceutical packaging.

The investment will also enable the replacement of fossil fuels in paperboard production, and supports Metsä Board's target of fossil free production at all its mills by the end of 2030, the company writes.

The investment will start immediately and is expected to be completed in the second half of 2025, according to Metsä Board.

Metsä Board has previously announced to launch a major investment programme to modernise the Simpele board mill, which will be implemented in phases over the next ten years. At the same time, the company [cancelled plans](#) to build a new 800,000 tpy board mill at its Kaskinen site.

The planned investment programme for Simpele also includes renewals in the mechanical pulp production, in the finishing area as well as a new power plant. The company has not yet taken investment decisions on these.

CEO Mika Joukio commented: "The renewal of the board machine is part of a wider investment programme to modernise the Simpele board mill. This investment will improve the quality of folding boxboard, meeting the strictest requirements, especially in food and pharmaceutical packaging. In addition, the investment will improve our cost competitiveness and enable almost entirely fossil free production at Simpele."

EU Parliament approves the PPWR

24 April 2024 | 🕒 ~ 1 min



The PPWR cleared another hurdle today

amount of plastic packaging waste.

On Wednesday, Parliament adopted the new Packaging and Packaging Waste Regulation (PPWR). The regulation was approved with 476 votes in favour, 129 against and 24 abstentions.

The rules, which have been [provisionally agreed on with the Council](#), include packaging reduction targets (5 per cent by 2030, 10 per cent by 2035 and 15 per cent by 2040) and require EU countries to reduce, in particular, the

To reduce unnecessary packaging, a maximum empty space ratio of 50 per cent is set for grouped, transport and e-commerce packaging; manufacturers and importers will also have to ensure that the weight and volume of packaging are minimised.

Certain single use plastic packaging types as well as "forever chemicals" (PFAS) will be banned from 1 January 2030.

The European Council needs to formally approve the agreement as well before it can enter into force, presumable after the summer.