

Many Russian pulp and paper mills continue transformation in the wake of Western sanctions

Businesses facing challenges on the supply side of the market

 **EUWID +** 08 May 2024 | ⌚ ~ 8 min | [Published in issue 19/2024](#)

Russia's pulp and paper industry is experiencing a considerable reorganisation. Manufacturers in the country have tapped into new sales markets since Western sanctions took effect, not least by turning their sights to countries to the east. Other companies that had already embarked on a process of transformation are continuing their journey. However, the changes undertaken by the pulp and paper industry do not seem to be done and dusted yet. Along with the restructuring process launched because of the crisis that led to changes in ownership, the circular economy and climate neutrality are issues in Russia, too.

Experts feel that vertically integrated companies that produce their own pulp or collect recovered paper and convert the raw material to finished products are in a favourable position. However, medium-sized companies also had leverage they could use to make progress, insiders said.

Russian experts consider the reorganisation a positive development for Russia's pulp and paper industry despite the pressure from sanctions and many obstacles in the way. They stressed that there were enough business opportunities available. For them to reap the rewards, the industry would have to expand its infrastructure and portfolio of products. They were under time pressure to unlock sales markets, but Russia had always been an export-oriented market. Efficient capacity had to be added for Russian businesses to be competitive in growth markets and from an environmental standpoint. However, the focus was initially on maintaining production.

Production volumes stabilise

In the first three months of 2024, Russian companies manufactured 2.2 million t of pulp, which was 2.0 per cent more than in the same period last year. All told, mills produced 8.554 million tin 2023, 2.4 per cent less than in 2022. The statistical office Rosstat says that paper and paperboard production rose by 12.8 per cent to reach 2.71 million t in the first quarter (2023: 10.01 million t; -1.0 per cent). The packaging sector continues to be the engine driving Russia's paper industry. The production of folding boxes made out of corrugated board or cartonboard climbed by 10.3 per cent to 2.06 billion m² between January and March of this year (8.35 billion m²; +6.7 per cent). Label production was 25.7 per cent higher at 15.0 billion units (58.3 billion units; -7.9 per cent).

On the export front, Rosstat reported that shipments to China had leapt by more than 20 per cent to 3.6 million t in 2023, primarily pulp. India, Turkey, the United Arab Emirates and other friendly countries, for instance in Latin America, Africa and the Middle East, served as more popular destinations for companies in Russia.

Russian experts noted that it was not unusual for fierce competition and pressure on prices to be the flip side of these delivery streams. At the same time, the internal market is changing. Russia's population is no longer growing, and the current slump in consumer spending is having a severe impact.

Changes in the supplier landscape

Businesses also continue to face challenges when sourcing items such as spare parts, chemicals and auxiliary materials. Proven mechanisms within the process chain have been severed. Market players are also switching to sourcing these items from Asian manufacturers, particularly in China and South Korea.

Procurement issues are more pressing than ever. After all, the Russian paper industry has set itself a goal of generating growth, investing in new capacity and developing products, not least to replace traditional imports on a virtually ad hoc basis.

Experts are seeing signs that Russian companies supplying the paper sector are taking steps to develop services in the local economy. One company is investing in starch in Krasnodar. Rustark, a company making products including native corn starch, is boosting its converting capacity in Lipetsk by 50 per cent to 300,000 tpy, with a focus on making cationic starch.

Official bodies are seeing similar trends with companies substituting imports in the chemical sector. Experts feel that the situation in the plant engineering sector is especially critical as there are not enough domestic manufacturers. Official bodies are highlighting new solutions in the chemical sector, too. Last autumn, the establishment of Soyuz Bum mash, which brings together a number of mechanical engineering and design companies serving the pulp and paper industry, was made public. Work to deliver domestic equipment has reportedly already commenced. Russian media reports suggest that counteracting the growing technical dependence on Chinese machine manufacturers was vital in keeping pulp and paper companies efficient. The adjustment process was underway, but experts doubted that it would have an impact in the near term.

Experts felt that the need to combine environmental and economic benefits was an additional factor. At the same time, companies should reduce their costs and environmental emissions. Measures to optimise processes went hand in hand with reductions in energy, water, raw material and chemical consumption, which was consistent with international environmental standards and fostered the circular economy and climate neutrality.

Knauf planning to exit the market

A whole raft of modernisation projects are afoot in Russia's pulp and paper industry, some of them entailing significant investments. That being said, changes in ownership structures are also continuing.

Many Western companies have left Russia. One common approach recently seen for businesses exiting Russia was to transfer operations to local managers. This is the option preferred by German building materials and construction systems producer Knauf, too, who operates sites including the Petroboard cartonboard mill.

Knauf had recently decided to part ways with its operations in Russia after more than 30 years in the market in light of recent developments. The company employs over 4,000 people in areas including raw material extraction, production and distribution in Russia. The planned transaction is subject to approval from competent authorities in Russia.

Knauf Petroboard runs a board machine (BM 2) with a working width of 4,260 mm and a speed of 700 m/min in Kommunar. The machine produces 155,000 tpy of gypsum plasterboard made out of 100 per cent recovered fibre in a grammage range of 100 to 320 g/m².

Russian experts pointed out that the transaction does have risks related to sanction law. The government charges foreign companies exiting Russia around 50 percent of the transaction price.

Syktyvkar adding to its portfolio

One favoured corporate strategy is to close gaps in the market created by the lack of paper imports from the West by offering new products. Mondi's former paper mill in Syktyvkar, which Cesar-Invest has owned since last October, has kept its existing machines busy, not least by expanding its portfolio. The mill can make about 1.3 million tpy of office and offset paper, newsprint, corrugated case material, and pulp.

The company said that a new office paper line (Chaika) had been placed on the market, supplementing its C brand (Snegurochka) with a complete line of A, B and C brands in 2023. In doing so, it offers a local substitute for goods that were once imported. In addition, Syktyvkar has launched KomiStory, a type of higher-grammage paper for book spines, to replace imports. The company has recently also focused on cartonboard, which serves as the basis for producing beverage carton packaging.

Investment activity continuing

Other major players in Russia are also making progress, including major players like the leading newsprint producer Kondopoga. According to the regional government, this firm received RUB4bn in state aid last year. The investment and diversification project, which began a few years ago, is to be completed by 2026. It will allow Kondopoga to boost its production to 722,000 tpy, including 200,000 tpy of viscose pulp. In 2023, the firm manufactured around 660,000 t, which was 99 per cent of the amount made in 2022.

Within the tissue sector, a growth area, Hayat Russia still intends to invest in a mill in the Kaluga region. This company recently commissioned a new automated line to produce toilet paper and paper tissues. The project in Borovskaya entailed a total investment of RUB700m. The expansion measures boosted tissue converting capacity by 30 per cent and created 40 additional jobs.

The new line has now been commissioned in addition to the latest expansion in December 2021, when Hayat opened a second mill in the Kaluga region with a capacity of 70,000 tpy. This project brought Hayat's total investment volume to RUB16.9bn. The company said that it did not want to stop leveraging development opportunities in Russia.

Work to build a new biotechnology complex in the region of Krasnoyarsk is reportedly still moving forward. The firm in question, Taiga Boguchany, is backed by Rockwell Capital and VEB. Russian media reports indicate that the goals had recently been adjusted.

As previously announced, the project timetable indicates that pulp production will commence in October 2029 rather than in October 2030. The complex's potential capacity is planned to be 20 per cent higher than originally announced. Sulphate softwood pulp production is set to reach 1.2 million tpy, with the ability to convert to manufacturing softwood pulp. Until now, the firm had planned to manufacture 1 million tpy.

The project to build a pulp and paper mill in the Krasnoyarsk region should cost RUB140bn and boost exports to East and South-East Asia. These plans have been in the works for a long time now. The company intended to identify the critical details by December 2024 so that it could make an investment decision at that point.

In the meantime, the Segezha Group has reportedly postponed its decision to build a new pulp and paper mill in Karelia until 2025.

Western countries were slated to be key sales markets for this mill. The envisaged equipment was also supposed to be delivered from Western countries. In these new circumstances, the completion of the RUB150bn project was questionable. The mill was originally set to begin operations in early 2025 with a capacity of 1.5 million tpy.

The Segezha-Zapad project would be possible if European technology, which was used as the basis for its design, could be delivered.

Ongoing price talks on containerboard and cartonboard markets in Germany

Recycled CCM producers ask for another price hike due to higher RCP costs

 08 May 2024 | ⌚ ~ 5 min | [Published in issue 19/2024](#)

EUWID Price Watch Germany			
April 2024			
Prices in € per tonne free delivered unless otherwise stated	April 2024	March 2024	April 2023
Fine paper			
Woodfree uncoated			
A4 C-grade, branded paper	980 - 1,030	980 - 1,030	1,150 - 1,250
A4 C-grade, non-branded paper	940 - 980	900 - 980	1,050 - 1,150
Offset sheets 80 g	1,050 - 1,130	1,050 - 1,130	1,220 - 1,350
Offset reels 80 g	980 - 1,030	980 - 1,030	1,150 - 1,250
Woodfree coated			
Sheets, double coated, 100 g	1,040 - 1,120	1,040 - 1,120	1,200 - 1,280
Reels, double coated, 100 g	980 - 1,030	980 - 1,030	1,120 - 1,200
Publication paper			
Newsprint 45 g (coldset)	570 - 610	570 - 620	750 - 830
Newsprint 42.5 g (coldset)	580 - 620	580 - 630	760 - 830
Newsprint 45 g (heatset)	570 - 610	570 - 620	760 - 820
LWC offset 60 g	780 - 820	780 - 830	920 - 1,000
LWC rotogravure 60 g	800 - 835	800 - 840	950 - 1,000
SC offset 56 g (A)	680 - 710	680 - 720	810 - 880
SC rotogravure 56 g (A)	680 - 710	680 - 720	810 - 880
Corrugated case material			
Primary fibre corrugated case material			
Unbleached kraftliner from Scandinavia 175 g	790 - 810	730 - 750	750 - 780
Semi-chemical corrugated medium ¹⁾	735 - 940	705 - 880	710 - 900
White-top kraftliner 140 g	970 - 1,070	970 - 1,030	1,000 - 1,060
Recycled corrugated case material			
Schrenz	550 - 570	550 - 570	530 - 550
Wellenstoff	580 - 600	580 - 600	560 - 580
Testliner II	610 - 630	610 - 630	590 - 610
Testliner III	590 - 610	590 - 610	570 - 590
White-top testliner, coated	880 - 910	850 - 870	860 - 890
White-top testliner, 140 g, ISO 70-75	750 - 765	710 - 725	770 - 785
Cartonboard			
Unlined chipboard	790 - 845	790 - 845	840 - 915
GO II	850 - 960	825 - 930	925 - 1,060
GC II	1,210 - 1,235	1,210 - 1,235	1,320 - 1,365

¹⁾ Prices at the upper end of the range represent Scandinavian primary fibre grades, lower-end prices are quoted for other European grades.
© 2024 EUWID Europäischer Wirtschaftsdienst GmbH
All rights reserved. EUWID assumes no liability for the accuracy of pricing information.

Price talks continue in several segments of the German paper and board market. It is one round of price hikes after another on the recycled corrugated case material market at the moment. Manufacturers are bemoaning the explosion in recovered paper prices, which, they claimed, left them no choice but to follow one recent price increase with another. Sources reported that producers were preparing to charge more for white-top testliner grades, too.

CCM producers planning more hikes for recycled grades

Leading suppliers of corrugated case material announced

an additional price increase for brown recycled corrugated case material in Germany for early May. Now, medium-sized producers are putting similar price plans on the table. However, EUWID sources noted that it remained unclear whether the early May date could be kept. They anticipate that negotiations could drag on for quite some time, with a price increase of €60/t under discussion at the moment.

Manufacturers are complaining that skyrocketing recovered paper costs are thwarting all of their efforts to improve their margins. They claimed that they had no choice but to follow the very recent price hike with another. “We are forced to take action now that most of this price increase has already been eaten up by costs,” one containerboard supplier remarked. After all, producers had to take action if economic hardship was so great that manufacturing no longer made sense, the respondent added. Companies were not far from reaching that point.

Coming on the heels of good order books in April, May is expected to be a month of weaker business due to the large number of public holidays and long weekends in Germany. The majority of paper mills are presently operating at full capacity. Customers often indicated that they understood the tricky situation that producers found themselves in. Nonetheless, they assumed that producers would have to do a lot of work to convince customers of the need to dig even deeper into their pockets. Others are disgruntled and pointed out that sales and supply are not consistent with the prices producers wanted to charge. Experts told EUWID that it might well be the case that the latest round of price talks was merely an attempt to keep prices at current levels or to put the finishing touches to March's price hike.

The corrugated board industry had hoped that things would settle down on the price front but it continues to wait for an economic recovery. Demand for corrugated board still leaves something to be desired and is only showing little growth. Sources said that Germany was bringing up the rear in terms of corrugated board deliveries in Europe. Eastern Europe, in particular, is said to be much busier.

Price hikes are on the cards for white-top testliner grades, too. One manufacturer disclosed such plans to take effect later than for brown paper – from June onwards. That being said, a raft of converters report having full warehouses and no need to buy paper for the time being. Observers expect negotiations to prove lengthy.

Higher prices take hold for GD board in some instances

Producers of white-lined chipboard (GD) and converters have engaged in intense price talks in recent weeks after manufacturers set out their plans to charge more. For a long time, it was not clear how much prices would be raised. Towards the end of April, conversations with market insiders revealed that the majority of market players had agreed to mark-ups of €25-30/t. Smaller and larger price increases were also negotiated, although this range looked to be the rule across the market. However, this might not be the end of price talks in the weeks ahead. Soaring recovered paper prices gave rise to speculation on the market that manufacturers might issue fresh demands soon.

For now, talks about unlined chipboard (greyboard) prices are on the calendar for May. It had long been unclear whether these grades were part and parcel of GD board price negotiations before a separate hike of €50/t for greyboard across the board has emerged for May. Negotiations are ongoing, and it is still too early to ascertain the outcome. Sources told EUWID that unlined chipboard prices might climb even more than those for white-lined chipboard grades. Lead times for recycled cartonboard grades covered by EUWID research on the German market have become a little longer, now standing at three to five weeks.

Experts said that one folding boxboard (GC) supplier had instituted a small price hike, similar to the one for GD, in April. However, this appears to be a one-off case and part of quarter-long agreements rather than a market-wide action. Most GC board manufacturers are reportedly still quiet, with many contracts running until the end of the first half. GC contracts that expired at the end of the first quarter reportedly remained stable in the second quarter, although prices had not been extended

beyond mid-year.

A few insiders think that higher prices are on the cards for the third quarter in light of this approach. Others feel that the market will not allow price hikes. Based on the way things stand at the moment, supply and demand do not lend themselves to higher prices. That said, price cuts were not looming large, as had been expected in the first few weeks of the year, owing to the cost situation.

Lead times have become a little longer and reportedly stand at up to nine weeks. Sources noted that this was due to strikes rather than more robust demand.

© 2024 EUWID Europäischer Wirtschaftsdienst GmbH | All Rights Reserved.

Copyright notice The individual articles, tables and other contents published by EUWID are protected by copyright and are provided exclusively for the client's own use and the use of the client's employees. In the absence of a more extensive licence agreement, only one copy may be printed for circulation at a single business location designated by the client. Digital distribution of EUWID contents, especially by intranet or by e-mail, within a company, throughout a group of companies, or outside a company is not permitted and constitutes an infringement of copyright law. Read more in our FAQ.

German corrugated board industry hit hard by weak economy in 2023

📄 **EUWID +** 08 May 2024 | ⌚ ~ 3 min | [Published in issue 19/2024](#)

The decline in Germany's total economic output in 2023 also had negative effects on the corrugated board sector, a key supplier of transport packaging. "The hoped-for economic recovery did not materialise in 2023. Although our industry experienced more stable conditions again after the turbulent ups and downs of the previous years, the negative macroeconomic situation resulted in significantly lower deliveries, order intake and production. Consequently, we experienced considerable declines compared with 2022," commented Steffen P. Würth, chairman of the German corrugated industry association VDW, at the organisation's annual press conference.

VDW's member companies recorded an 8 per cent drop in deliveries in 2023 compared with the previous year. At 7,348 million m², deliveries of corrugated board were down by 681 million m² versus 2022.

The most important customer segment remains the food industry, which accounts for 44 per cent of the market. Sales for the corrugated industry fell even more sharply in 2023 and were down 13.8 per cent year on year. The industry last recorded a similarly steep drop in sales in 2009, during the financial crisis. The average decrease in revenues over the course of the year amounted to €0.133 per m².

"As corrugated board is still by far the most important transport packaging in Germany, with 67 per cent, and our industry is therefore closely intertwined with macroeconomic performance, the hefty losses come as no surprise. However, they also clearly illustrate that the corrugated industry continued to face major challenges in 2023," Mr Würth commented. Despite this situation, VDW members had reacted to lower price pressure for corrugated case material and had adjusted their own selling prices upward, he noted.

At the same time, the average price of corrugated case material in the third and fourth quarter of 2023 settled in at a high level, which was still clearly above that of the pre-pandemic year 2019. In 2023, costs also arose in many areas, such as personnel (+6 per cent per person employed). In addition, the industry was feeling the strain of increased regulatory requirements.

In the political sphere, the corrugated industry was confronted in particular with the challenge of the European Packaging and Packaging Waste Regulation (PPWR). Here, the European commission's original draft would have not only meant "unjustified disturbances" for corrugated packaging, it would have been contrary to sustainability objectives. In the subsequent trilogue process, a preliminary agreement was then reached in March 2024 "which will also enable the corrugated industry in future to make its contribution to the circular economy."

Slight improvement in deliveries in the current year

For 2024, the outlook is somewhat brighter. While a decline of 1.3 per cent is anticipated for the first quarter, it is expected that deliveries could start growing again in the second quarter. According to the VDW forecasts, an increase of +1.2 per cent is possible in the second quarter, followed by +3.1 per cent in the third quarter and +2.5 per cent in the fourth quarter.

Final figures for the first quarter of 2024 are not yet available. There are not yet any rays of hope on the horizon. However, first-quarter GDP figures are providing some hope for an economic recovery over the rest of the year.

VDW currently has 31 member companies with around 100 plants and more than 18,000 employees across Germany. The association therefore represents more than 80 per cent of German corrugated board production.

Germany's corrugated board industry in 2023				
Key figures		2023	2022	Change % 2023/2022
Sales	million €	7,025	8,165	- 14.0
Deliveries	1,000 t	5,229	5,710	- 8.4
	million m ²	10,490	11,307	- 7.2
Price Index (Average prices)	*) 2000=100	144.87	160.38	- 9.7
Employees	*)	18,083	18,767	- 3.6
Companies	*)	31	31	
Mills	*)	103	104	
*) only VDW members (estimate)				
Int. trade statistics in 2021		Export		Import
	tonnes	of total %	tonnes	of total %
Netherlands	415,854	36.3	61,054	13.8
France	129,712	11.3	38,454	8.7
Austria	100,340	8.8	126,622	28.6
Belgium	93,788	8.2	16,537	3.7
Poland	74,333	6.5	85,445	19.3
Switzerland	70,365	6.1	20,203	4.6
Czech Republic	64,708	5.6	21,683	4.9
Italy	43,405	3.8	22,091	5.0
Denmark	34,976	3.1	12,500	2.8
Others	119,012	10.4	38,161	8.6
(EU 27)	(1,049,637)	(91.6)	(402,404)	(90.9)
Total	1,146,491	100.0	442,748	100.0
Source: VDW/Destatis				

© 2024 EUWID Europäischer Wirtschaftsdienst GmbH | All Rights Reserved.

Copyright notice The individual articles, tables and other contents published by EUWID are protected by copyright and are provided exclusively for the client's own use and the use of the client's employees. In the absence of a more extensive licence agreement, only one copy may be printed for circulation at a single business location designated by the client. Digital distribution of EUWID contents, especially by intranet or by e-mail, within a company, throughout a group of companies, or outside a company is not permitted and constitutes an infringement of copyright law. Read more in our FAQ.

FEPE: downtrend in envelope industry slows down following a “disappointing” 2023

EUWID + 08 May 2024 | ~ 2 min | Published in issue 19/2024

The European envelope industry looks back on a “disappointing” 2023 amidst the unyielding undiminished negative trend in deliveries. Brussels-based Federation for Envelopes and for light and E-commerce Packaging in Europe (FEPE) reports that the market for envelopes shrunk last year by 5.5 billion units, which it deems “overall more than disappointing.” Within Europe, the German market was even weaker, with deliveries slipping below 9 billion units for the first time. Almost all product categories were affected by this development, the federation says.

Still, the year-on-year decline in deliveries started slowing down in the final quarter of 2023, with sales volumes dropping by 11 per cent compared to one year before, FEPE says. Between January and September 2023, the year-on-year decline stood at roughly 15 per cent.

High inventories in the supply chain burdened business in the first months of 2023. In the summer months, the market then showed an “unexpected fall in demand, which was far in excess of the usual seasonal dip,” FEPE explains. The federation cites the previous year’s paper shortage and the resulting price hikes as possible reasons for this.

Operating rates improve in early 2024

The industry saw significant improvement in order inflow at the end of 2023. Order backlogs and operating levels of production plants improved to the extent that the negative trend in deliveries could be provisionally arrested in the first quarter of the current year, according to FEPE. With the year-on-year decline in deliveries at 5.7 per cent, the envelope business was more-or-less back on the industry’s long-term trend, the federation said. Total deliveries increased in the first quarter by 7.6 per cent to 8.3 billion units, which is a definite improvement over the previous quarter when total deliveries stood at 7.7 billion units, FEPE reports.

The beginning of 2024 also marked a slight improvement in the e-commerce business. 2023 reportedly failed to meet the high expectations on business in large-format shipping and folding bags. According to data from the German e-commerce association Bevh, online orders fell by around 13 per cent for 2023 as a whole. In the first quarter of 2024, the decline stood at 2.7 per cent.

The advertising market in 2023 also fell short of expectations because many companies cut back on spending due to the volatile economy. FEPE member companies saw revenues decline by 25 per cent and more, FEPE adds. In the first three months of

2024, advertising spending increased again in some European countries, says FEPE.

The federation retains its fundamentally optimistic outlook for the current year. For envelopes and shipping bags, FEPE forecasts a renewed dip in deliveries by around 5-6 per cent, which amounts to a Europe-wide figure of 34.5 billion units.

© 2024 EUWID Europäischer Wirtschaftsdienst GmbH | All Rights Reserved.

Copyright notice The individual articles, tables and other contents published by EUWID are protected by copyright and are provided exclusively for the client's own use and the use of the client's employees. In the absence of a more extensive licence agreement, only one copy may be printed for circulation at a single business location designated by the client. Digital distribution of EUWID contents, especially by intranet or by e-mail, within a company, throughout a group of companies, or outside a company is not permitted and constitutes an infringement of copyright law. Read more in our FAQ.

SCA's sales and profits down on lower selling prices in the first quarter

📄 **EUWID +** 08 May 2024 | ⌚ ~ 2 min | [Published in issue 19/2024](#)

In the opening quarter of 2024, SCA had to settle for less than in the same period a year ago. Due to lower sales prices, in particular for pulp and corrugated case material, group sales fell by 5 per cent to SEK4.59bn compared to the first quarter of 2023 and Ebitda shrank by 22 per cent to SEK1.60bn.

The company relied on higher production and delivery volumes in the first quarter thanks to strategic project investments in both areas, but this was not enough to offset the effects of lower prices. At SEK1.08bn, the operating result was 32 per cent below the previous year's figure, the group reports. Net profit declined 35 per cent year-on-year to SEK789m.

Despite the decline in earnings, the company posted an Ebitda margin of 35 per cent. SCA emphasises the high degree of self-sufficiency in wood raw materials, energy and logistics, which also contributed to "effective cost control" in the first quarter.

In the forestry business, SCA benefited from the gradual recovery in demand in downstream industries. SCA says that this has led to a good demand for wood and rising prices for sawn timber and pulpwood.

At SEK2.17bn sales in the Forest division were 12 per cent higher year-on-year and Ebitda rose by 24 per cent to SEK970m.

SCA Pulp division reported a better market for northern bleached softwood kraft (NBSK) and chemi-thermomechanical pulp (CTMP). This resulted in higher sales prices in the first quarter 2024 compared to the previous quarter, but prices were still lower compared to the same quarter of 2023.

Against this background, sales revenues fell by 6 per cent year-on-year to SEK1.77bn. Lower sales prices were partially offset by higher delivery volumes from the new CTMP plant and positive exchange rate effects. Ebitda in the Pulp business division nevertheless shrank by 46 per cent to SEK323m. SCA says that a provision of SEK26m for ongoing staff reductions also played a role here.

The Containerboard division had to cope with a sensitive decline in earnings despite a 4 per cent increase in sales revenues to SEK1.64bn. Compared to the first quarter of 2023, Ebitda shrank by 69 per cent to SEK141m and, the Containerboard division posted an operating loss of -SEK54m after depreciation of SEK195m.

Sales prices for kraftliner were lower in the first quarter of 2024 than in the same quarter of 2023 and continued to decline from the fourth quarter of 2023 to the first quarter of 2024. However, demand for packaging gradually increased over the course of the quarter, which led to an increasing demand for kraftliner.

SCA has therefore announced price increases for corrugated case material for the second quarter.

SCA results		
million SEK	January - March	
	2024	2023
Key figures		
Sales	4,558	4,813
EBITDA	1,596	2,055
Operating result	1,077	1,596
Net result	789	1,213
Business area review		
Forest		
Sales	2,169	1,931
EBITDA	970	781
Operating result	910	723
Wood		
Sales	1,093	1,297
EBITDA	111	123
Operating result	44	71
Deliveries, 1,000 m ³	403	490
Pulp		
Sales	1,774	1,881
EBITDA	323	593
Operating result	154	438
Deliveries, 1,000 t	233	225
Containerboard		
Sales	1,635	1,573
EBITDA	141	450
Operating result	-54	282
Deliveries kraftliner, 1,000 t	252	201
Renewable Energy		
Sales	636	514
EBITDA	177	181
Operating result	158	163
Source: SCA		

German paper sack industry sees deliveries slump in 2023

Weak order intake from construction industry

🔗 **EUWID +** 08 May 2024 | ⌚ ~ 2 min | [Published in issue 19/2024](#)

The German paper sack industry reported a significant decline in deliveries for the year 2023. A total of 654 million paper sacks were delivered last year, representing a decline of 23 per cent versus the prior-year figure of 845 million units, according to the industry association GemPSI (Gemeinschaft Papiersackindustrie e. V.). GemPSI members attributed the decline partly to slumping deliveries to the largest market segments, such as the building materials industry. Nevertheless, paper sack producers described their business situation in 2023 as “satisfactory.”

Another reason for the slowing demand was inventory destocking by customers, who had ordered around 8-12 per cent more paper sacks in 2022 to accumulate safety stock. Consequently, incoming orders declined last year, GemPSI members reported. The economic situation also had a negative impact on business development in the paper sack industry, as nearly all customer segments experienced lower demand.

The construction sector was particularly weak and achieved weaker results than the overall market, according to GemPSI. There was slightly better performance in the food segment (excluding powdered milk) and the construction materials (excluding cement) segment. In the animal feed and seed segments, there were slight downturns. The market for powdered milk was nearly steady at the prior-year level.

Mixed business forecasts for 2024

For the current year, forecasts from GemPSI members can vary. It is expected that business in most market segments will be at a level similar to last year. Some players have a more cautious outlook for the building materials sector (excluding cement) and chemical products. Overall, however, the business prospects remain satisfactory, according to the association.

The ongoing difficult geopolitical situation, upcoming political decisions, high energy and building materials costs as well as long delivery times continue to act as a drag on Germany's export-dependent economy. On the other hand, there is optimism that the market is slowly returning to normal levels after some “turbulent years.” “Overall, we look with cautious optimism into the future and expect that demand for paper sacks will return to a normal level in the coming years,” said GemPSI chairman Alfred Rockenfeller.

High inflation and costs weigh on Holmen's Q1 results

 **EUWID +** 08 May 2024 | ⌚ ~ 2 min | [Published in issue 19/2024](#)

Lower consumption and subdued activity in the construction sector due to high interest rates impacted Holmen Group's performance in the first quarter of the 2024 financial year. The Swedish forest products company recorded an 8 per cent decrease in sales to SEK5.72bn. Operating and net result decreased by roughly 45 per cent to SEK944m and SEK744m, respectively.

Sales of the Board and Paper division, which was created at the end of 2023 through the merger of the Board and Paper divisions, decreased by 9 per cent to SEK3.66bn. Operating profit was 55 per cent lower at SEK370m.

The decrease in profit is mainly due to lower paper prices and higher costs as well as the positive impact of income from the sale of surplus electricity the previous year, said Holmen.

Deliveries were up 4 per cent as the consumer paperboard market recovered somewhat and customers' stocks returned to normal levels, Holmen explained. Paperboard prices have been under pressure but stabilised during the quarter.

For paper, demand was largely unchanged after a significant decrease the previous year. Paper prices decreased slightly. However, prices for both paper and board were still higher in the first quarter of 2024 than they were before 2022.

The Forest division showed positive development with 6 per cent higher sales. Operating profit increased 29 per cent to SEK452m thanks to strong demand and higher wood prices.

"Our position in the wood market, with good control over the raw materials and the entire value chain, is becoming increasingly important as demand for forest raw materials grows. It ensures the security of our raw material supplies and puts us in a good position to develop our industries", said Holmen CEO Henrik Sjölund when presenting the results.

The Wood Products division showed a 9 per cent decline in sales and an operating loss of -SEK26m after a positive result of SEK23m in the same quarter last year. The market continued to be marked by weak construction activity, a short supply of logs and higher log prices.

Higher electricity prices could not compensate for lower hydro power production over the winter. This is why sales and operating profit of the Renewable Energy division decreased by 18 and 26 per cent, respectively. During the quarter Holmen decided to invest SEK1.5bn in the construction of Blisterliden Wind Farm, which will produce 360 GWh from 2026.

Holmen results		
million SEK	January - March	
	2024	2023
Key figures		
Sales	5,720	6,223
EBITDA	1,300	2,080
Operating result	944	1,737
Net result	744	1,371
Business area review		
Forest		
Sales	2,233	2,105
EBITDA	470	373
Operating result	452	351
Deliveries own forests, 1,000 m ³	631	620
Renewable energy		
Sales	302	368
EBITDA	235	309
Operating result	208	282
Deliveries hydro and wind power, GWh	475	517
Wood products		
Sales	989	1,087
EBITDA	23	70
Operating result	-26	23
Deliveries, 1,000 m ³	356	397
Board and Paper		
Sales	3,655	4,005
EBITDA	624	1,374
Operating result	370	1,135
Deliveries, 1,000 t	352	338
Source: Holmen		

Smurfit Kappa reports rise in packaging deliveries

 **EUWID +** 08 May 2024 | ⌚ ~ 2 min | [Published in issue 19/2024](#)

Smurfit Kappa Group (SKG) reports an increase in packaging deliveries and a better business climate in the first quarter of 2024. "We characterise trading conditions as encouraging," said CEO Tony Smurfit when presenting the trading update.

In the first quarter of 2024, the company reported sales revenues of €2.7bn after slightly under €3bn in the same period last year. Ebitda amounted to €487m. Box demand has continued to improve with volume growth in Europe and the Americas of 3 and 2 per cent, respectively.

"These results reflect the continuing benefits of our multi-year capital plans and the dedication and commitment of our people, providing the most sustainable and innovative packaging solutions for our customers," said Mr Smurfit.

The recovery was seen in most countries, with Germany still lagging behind, although the company reported a slight pick-up here over the last couple of weeks.

SKG expects rising packaging prices from the third quarter. "As paper prices go down, box prices go down – which we saw in Q1 and the start of Q2," Mr Smurfit said. However, the company was able to hold on to higher packaging prices for quite some time.

Mr Smurfit expects the box price decline to reverse in the second half of 2024 as the company announced price increases for both recycled containerboard and kraftliner for May and June.

However, the current paper price increases only reflected higher costs, which might lead to a short-term margin compression, but would be recovered in the second half of 2024.

The company expects positive momentum from the UEFA Euro 2024 in Germany and the 2024 Summer Olympics in France. Among other things, the company was delivering the corrugated beds for the Athletes' Village in Paris.

The integration of the businesses is going according to plan, and SKG expects to complete the transaction in early July, conditional upon regulatory approvals, shareholder approvals and satisfaction of other closing conditions.

Lecta taps Valmet to upgrade fibre line at Zaragoza mill

 **EUWID +** 08 May 2024 |  ~ 1 min | [Published in issue 19/2024](#)

Graphic, specialty and packaging paper manufacturer Lecta has tapped Valmet to deliver a comprehensive technology upgrade for the existing fibre line at the company's pulp and paper mill in Zaragoza, Spain. The upgrade will reportedly enable a significant capacity increase in pulp production, while reducing energy consumption and operational costs.

According to Valmet, the fibre line upgrade will cover areas of wood handling, cooking, brown stock screening, washing and oxygen delignification. The delivery is scheduled for Lecta's annual shutdown in April 2025.

Lecta runs five paper mills in Spain and one mill each in Italy and France. The company's total production capacity amounts to 1.7 million tpy of pulp and paper. Zaragoza pulp and paper mill is partly integrated with a total production of 540,000 tpy of pulp and paper. The mill produces uncoated woodfree paper, base paper and kraft paper grades for shoppers.

© 2024 EUWID Europäischer Wirtschaftsdienst GmbH | All Rights Reserved.

Copyright notice The individual articles, tables and other contents published by EUWID are protected by copyright and are provided exclusively for the client's own use and the use of the client's employees. In the absence of a more extensive licence agreement, only one copy may be printed for circulation at a single business location designated by the client. Digital distribution of EUWID contents, especially by intranet or by e-mail, within a company, throughout a group of companies, or outside a company is not permitted and constitutes an infringement of copyright law. Read more in our FAQ.

CMPC mulls new pulp mill in Brazil

 EUWID+ 08 May 2024 | ⌚ ~ 2 min | [Published in issue 19/2024](#)

Chile's forest products company Empresas CMPC is considering the construction of another bleach-ed hardwood kraft pulp mill in the Brazilian federal state of Rio Grande do Sul. The new facility is to be built in the municipality of Barra do Ribeiro, some 30 kilometres distance from the company's existing Guaíba pulp mill and some 60 kilometres away from Porto Alegre.

According to CMPC, the planning process for the pulp mill project in the municipality of Barra do Ribeiro has been launched with the signing of a protocol of intentions with the federal government of Rio Grande do Sul. The company has also started the process of "environmental requests for specific studies for a pulp mill" with a capacity of up to 2.5 million tpy.

The project reportedly involves total investment of more than \$4.5bn, of which \$4bn are reserved for the new pulp production unit, \$420m for road infrastructure works and \$150m for the development of a new port terminal in Rio Grande and the expansion of the existing port in the city of Pelotas.

The project will be submitted to CMPC's board of directors for final investment decision in mid-2026, following the completion of a feasibility and technical studies and environmental assessment. Once the decision has been made, "the works would be developed in a period of no more than three years," CMPC explained.

CMPC has been operating in the state of Rio Grande do Sul since 2009 when the company acquired the Guaíba pulp mill from Fibria. The Guaíba pulp mill houses two fibre lines and features a total production capacity of approximately 2.4 million tpy bleached eucalyptus kraft (BEK) pulp. The second fiber line was installed in 2015 and constantly expanded since then. The latest upgrade was completed in November 2023 resulting in a capacity increase of 350,000 tpy.

CMPC Guaíba mill curbs output after flooding

Heavy rainfalls causing severe flooding in the Brazilian state of Rio Grande do Sul have not left CMPC Guaíba pulp unscathed, but the impact of the environmental disaster on the Brazilian pulp mill's operations has so far remained manageable. CMPC said that the pulp mill was not directly affected by the flooding. However, the road infrastructure has been affected, making the supply of wood and other inputs considerably more difficult. CMPC therefore reduced the operating rate at the Guaíba pulp mill to 80 per cent of available capacity, the company announced.

Based on the more favourable weather forecasts for the coming days, CMPC said it was hopeful the difficult situation would normalise soon.

© 2024 EUWID Europäischer Wirtschaftsdienst GmbH | All Rights Reserved.

Copyright notice The individual articles, tables and other contents published by EUWID are protected by copyright and are provided exclusively for the client's own use and the use of the client's employees. In the absence of a more extensive licence agreement, only one copy may be printed for circulation at a single business location designated by the client. Digital distribution of EUWID contents, especially by intranet or by e-mail, within a company, throughout a group of companies, or outside a company is not permitted and constitutes an infringement of copyright law. Read more in our FAQ.

Saica eyes €100m bioenergy investment at El Burgo de Ebro

📄 EUWID+ 08 May 2024 | ⌚ ~ 1 min | [Published in issue 19/2024](#)

Spanish recycling, paper and packaging company Saica (Sociedad Anónima Industrias Celulosa Aragonesa) is considering an investment totalling €102m to expand renewable energy production and reduce emissions at the El Burgo de Ebro paper mill near Zaragoza. The investment project consists of six interconnected sub-projects, including the construction of a new biomass power plant with a capacity of 700,000 t of steam, a biomass treatment and preparation plant with an input capacity of 160,000 t, the installation of a counter-pressure steam turbine in the existing energy recovery plant, and the installation of a biogas boiler to burn the biogas produced in the mill's own wastewater treatment plant.

The investment in renewable energy from biomass is intended to reduce natural gas consumption and cut CO₂ emissions at the huge paper mill by just over 50 per cent. Saica therefore intends to register the project in El Burgo de Ebro as a candidate for funding from the Spanish programme for the decarbonisation of industry, which is financed by the European Recovery Fund. The government of the autonomous region of Aragon has already categorised the project as being of special regional interest and is therefore supporting Saica's application for funding.

Saica operates three paper machines with a total capacity of 1.3 million tpy of recycled containerboard at the Burgo de Ebro mill. The site also has a waste-to-energy plant with an input capacity of up to 500,000 t and an thermal output of 50 MW. The power plant is fuelled with production waste and residual materials from Saica's mills in El Burgo de Ebro and Zaragoza.

Saica says it is currently examining the sustainability of biomass supply and economic viability of the project. The deadlines for the funding programme were tight and project preparation therefore challenging, the company explained.

© 2024 EUWID Europäischer Wirtschaftsdienst GmbH | All Rights Reserved.

Copyright notice The individual articles, tables and other contents published by EUWID are protected by copyright and are provided exclusively for the client's own use and the use of the client's employees. In the absence of a more extensive licence agreement, only one copy may be printed for circulation at a single business location designated by the client. Digital distribution of EUWID contents, especially by intranet or by e-mail, within a company, throughout a group of companies, or outside a company is not permitted and constitutes an infringement of copyright law. Read more in our FAQ.

Ahlstrom simplifies divisional structure

 **EUWID +** 08 May 2024 | ⌚ ~ 2 min | [Published in issue 19/2024](#)

Ahlstrom continues the streamlining of its business and will simplify its divisions from five to the following three business areas: Filtration and Life Sciences, Food and Consumer Packaging, and Protective Materials.

In the wake of these changes Mark Ushpol, EVP for Food & Consumer Packaging division, Emmanuelle Picard, EVP for Building Materials division, and Jacques Lafon, EVP for Healthcare division will leave to pursue careers outside Ahlstrom.

The changes in organization are effective from 1 May 2024. Financial reporting according to the new divisional structure starts from 1 July 2024, and the financial results for Q3 2024 in line with this new structure will be published in early November, Ahlstrom wrote.

The Food and Consumer Packaging division will remain the same, and the search for a new head of the division is ongoing. The business unit has the ambition to lead the transition from single-use plastic to more sustainable packaging, leveraging new barrier solutions and high-performance materials that are safe and sustainable by design, according to Ahlstrom.

The former Filtration and Healthcare divisions will merge to form the Filtration and Life Sciences division, which will be led by Daniele Borlatto, previously EVP, Filtration division. The new division aims to expand in industrial filtration and bioprocessing, leveraging clean air and water and personalised healthcare trends, Ahlstrom says.

The former Building Materials and Technical Materials divisions form the new Protective Materials division, which will be led by Sophie Haan, previously EVP, Technical Materials division. The new business unit will supply highly engineered and specialty materials for the building industry as well as electrotechnical and other industrial applications.

As part of the organisational streamlining, Ahlstrom had already announced the closure of Grycksbo paper mill and the Falun converting facility in Sweden. The company also announced plans to either divest or close the Bousbecque plant in France and centralize parchment paper production to its Saint-Séverin plant.

The Bousbecque plant in the north of France produces parchment specialty materials with a capacity of 12,000 tpy. In a press release, the French trade union Filpac CGT protested against the planned closure in Bousbecque, which would affect 120 jobs.

Strikes affect Metsä Group's Q1 results, demand picks up

 **EUWID +** 08 May 2024 | ⌚ ~ 2 min | [Published in issue 19/2024](#)

Metsä Group sees its market situation in the first quarter of this year as improved compared to the fourth quarter of 2023. Order intake in the paperboard business has increased significantly compared to the end of 2024, while pulp prices in Europe have risen, the company explained when publishing its quarterly figures. Prices for sawn timber have also risen and the outlook for the second quarter has improved. Demand remains good for tissue, greaseproof paper and plywood.

However, results for the first quarter of 2024 were significantly lower compared to the same period last year, which the company attributes mainly to lower sales prices and the impact of the strikes in Finland. Metsä Group recorded Ebitda of €185m (Q1 2023: €355m) and an operating profit of €58m (€276€) in the first quarter of 2024. With sales of €1.46bn (€1.63bn), a net profit of €40m (€213m) million was achieved.

Metsä says the strikes in Finland reduced its operating result by around €60m overall, of which around €40m was allocated to the first quarter. Production had to be interrupted at 13 operating units. The strikes also seriously affected its customer relationship, the company explains.

There will also be further operational restrictions as a result of the explosion at the Kemi bioproducts plant, including in paper production.

Operating profit and Ebitda in the Paperboard Division fell despite stable cartonboard deliveries and increased pulp sales, mainly due to lower cartonboard prices.

The Pulp and Sawn Timber division recorded an even sharper decline in operating results, having to cope with the strikes in Finland, moderate demand for sawn timber due to lower construction activity and the gas explosion at the Kemi plant. The plant will remain out of operation until the end of June due to the damage caused by the explosion.

The strikes had no significant impact on the Tissue and Greaseproof Paper division, where earnings fell only slightly despite falling sales prices. Deliveries remained at a similar level to the previous year.

During the reporting period, Metsä Group decided not to build a new paperboard mill in Kaskinen. The company stated that preliminary planning had shown that the mill would not generate adequate profits. Metsä also recently announced that its subsidiary Metsä Spring will start pre-engineering for the construction of a new fibre-based packaging mill. Preliminary planning is expected to be completed in spring 2025.

Metsä Group expects profits to fall in the second quarter of 2024 compared to the first quarter.

Metsä Group results		
million €	January - March	
	2024	2023
Key figures		
Sales	1,458	1,634
EBITDA	185	355
Operating result	58	276
Net result	40	213
Business area review		
Paperboard Industry (Metsä Board)		
Sales	484	542
EBITDA	57	113
Operating result	23	88
Deliveries (1,000 t)		
Folding Boxboard	242	255
White Kraftliner	123	126
Market Pulp	115	83
Pulp and Sawn Timber Industry (Metsä Fibre)		
Sales	585	669
EBITDA	50	168
Operating result	-19	134
Pulp deliveries, (1,000 t)	686	647
Tissue and Greaseproof Papers (Metsä Tissue)		
Sales	298	343
EBITDA	52	57
Operating result	41	47
Tissue paper deliveries, (1,000 t)	118	125
Wood Supply and Forest Services (Metsä Forest)		
Sales	616	601
EBITDA	14	8
Operating result	13	7
Wood deliveries (1,000 m ³)	8,418	8,835
Wood Products Industry (Metsä Wood)		
Sales	140	162
EBITDA	13	30
Operating result	7	25
Engineered wood products deliveries (1,000 m ³)	91	115
Source: Metsä Group		

© 2024 EUWID Europäischer Wirtschaftsdienst

Copyright notice The individual articles, tables and other contents published by EUWID are protected by copyright and are provided exclusively for the client's own use and the use of the client's employees. In the absence of a more extensive licence agreement, only one copy may be printed for circulation at a single business location designated by the client. Digital distribution of EUWID contents, especially by intranet or by e-mail, within a company, throughout a group of companies, or outside a company is not permitted and constitutes an infringement of copyright law. Read more in our FAQ.

© 2024 EUWID Europäischer Wirtschaftsdienst GmbH | All Rights Reserved.

Copyright notice The individual articles, tables and other contents published by EUWID are protected by copyright and are provided exclusively for the client's own use and the use of the client's employees. In the absence of a more extensive licence agreement, only one copy may be printed for circulation at a single business location designated by the client. Digital distribution of EUWID contents, especially by intranet or by e-mail, within a company, throughout a group of companies, or outside a company is not permitted and constitutes an infringement of copyright law. Read more in our FAQ.

Stora Enso posts lower Q1 sales and profits but expects market improvements in all segments

EUWID+ 08 May 2024 | ~ 3 min | Published in issue 19/2024

In the first quarter of 2024, Stora Enso's sales dropped by 15 per cent to €1.1bn. The operating result (€148m) and the net result (€84m) were 43 and 55 per cent lower than in the same period last year. Sales revenues were impacted by lower sales prices in all divisions, except Forest, as well as capacity closures like the paper site divestments at Hylte in Sweden, Maxau in Germany, the closure of the De Hoop containerboard machine in the Netherlands and pulp production at the Sunila site.

The political strikes in Finland had a negative impact of €25m, which was more than offset by one-off compensations of energy production costs related to carbon emission in the Packaging Materials division, said Stora Enso.

Amid lower sales and profits, Stora Enso has expanded its profit improvement programme from initially €80m to €120m, mainly driven by additional fixed cost reductions. The programme does not include site closures and may result in the reduction of approximately 1,000 employees, as the company had announced earlier. The majority of the reductions are expected to occur in the first half of 2024. The majority of savings will materialise in 2025.

Demand for packaging materials improving, overcapacity for packaging solutions persists

Stora Enso's Packaging Materials Division more than doubled its operating result to €55m, while sales decreased by 15 per cent to €1.1bn due to capacity closures, lower sales prices and delayed shipments due to the political strikes in Finland. Demand for consumer board were boosted in the first quarter as destocking ended, especially in the case of liquid packaging board. Containerboard demand gradually improved with cost-driven industry-wide price increases. Stora Enso expects demand for kraftliner and testliner to continue to recover as price increases are filtering through.

Weak market conditions and significant overcapacities weighed on the Packaging Solutions division's performance. Sales were 19 per cent lower at €224m, but the company reduced the operating loss -€4m after -€12m in the same quarter last year.

The Packaging Solutions division expects a stronger demand in the second quarter due to seasonal effects. However, heavy overcapacity in the market, mainly in Eastern Europe, will continue to pose challenges, together with increasing containerboard prices.

Red Sea crisis contributes to boosting pulp demand in Europe

Demand for pulp was stable with solid demand for fluff pulp in the first quarter. Prices in the Biomaterials division improved for all grades in all markets as global and European inventories remained below a five-year-average. Sales decreased by 23 per cent to €374m and the operating result fell by 36 per cent to €58m.

Demand for pulp is expected to increase in Europe due to the ongoing Red Sea Crisis, which benefits board and paper producers in Europe. However, new capacities could impact the market later in the year.

The Wood Products division's sales decreased by 23 per cent to €349m, mainly impacted by lower sales prices and volumes, but implemented costs saving actions mitigated the impact of the weak demand. Despite a 4 per cent decrease in sales to €659m, the Forest division reported a strong quarterly result driven by increased prices, strong wood demand and good harvesting conditions. The political strikes in Finland reduced wood consumption. The division's operating result increased by 41 per cent to €63m.

Political strikes to impact Q2 performance

Stora Enso anticipates a gradual recovery in market conditions in 2024, with increased demand for consumer board and pulp, and higher pulp prices.

However, second quarter results are expected to be adversely impacted, mainly due to the sequentially higher maintenance costs in the quarter, higher wood costs, and the recent political strikes in Finland.

Stora Enso results		
million €	January - March	
	2024	2023
Key figures		
Sales	2,164	2,721
Operational EBITDA	298	399
Operating result	148	258
Net result	84	185
Business area review		
Packaging Materials		
Sales	1,110	1,300
Adjusted EBITDA	126	128
Operating result	55	21
Consumer board deliveries*, 1,000 t	679	707
Containerboard deliveries*, 1,000 t	317	319
Paper deliveries*, 1,000 t	158	266
Packaging Solutions		
Sales	224	276
Adjusted EBITDA	18	24
Operating result	-4	-12
Corrugated packaging Europ. deliveries*, million m ²	280	285
Biomaterials		
Sales	374	488
Adjusted EBITDA	90	125
Operating result	58	90
Market pulp deliveries*, 1,000 t	386	564
Wood Products		
Sales	349	454
Adjusted EBITDA	1	2
Operating result	-10	-11
Wood products deliveries*, 1,000 m ³	879	1,044
Forest		
Sales	659	687
Adjusted EBITDA	80	68
Operating result	63	44
Wood deliveries*, 1,000 m ³	3,494	3,779
Other		
Sales	57	364
Operational EBITDA	0	21

© 2024 EUWID Europäischer Wirtschaftsdienst

Copyright notice The individual articles, tables and figures are the property of EUWID and may only be used for personal or internal business use and the use of the client's employee at the business location designated by the client. Distribution outside a company is not permitted.

and are provided exclusively for the client's use. They may be printed for circulation at a single location, within a company, throughout a group of companies, or outside a company is not permitted. For more information, see our FAQ.

© 2024 EUWID Europäischer Wirtschaftsdienst GmbH | All Rights Reserved.

Copyright notice The individual articles, tables and other contents published by EUWID are protected by copyright and are provided exclusively for the client's own use and the use of the client's employees. In the absence of a more extensive licence agreement, only one copy may be printed for circulation at a single business location designated by the client. Digital distribution of EUWID contents, especially by intranet or by e-mail, within a company, throughout a group of companies, or outside a company is not permitted and constitutes an infringement of copyright law. Read more in our FAQ.

CPI publishes its 2024 manifesto, setting out its priorities for the next government

 **EUWID** + 08 May 2024 | ⌚ ~ 2 min | [Published in issue 19/2024](#)

The British Confederation of Paper Industries (CPI) has published a comprehensive manifesto ahead of the upcoming general election. The manifesto sets out what the next government must do to ensure resource efficiency, promote recycling and facilitate investment in the UK, the CPI said. The date for the general election has not yet been set. It is expected to be set later this year.

Andrew Large, CPI Director General, commented: "This is a critical juncture for the UK's paper-based industries. The UK must move from the economic and social upheavals of the recent past and establish a firm foundation of green industrial growth."

A key proposal is the establishment of a Green Industrial Growth Strategy with committed funding. Energy must be reliable and competitively priced on the international stage to retain existing facilities and attract new ones, says the CPI. High costs stem from a combination of factors including the energy commodity itself, the functioning of distribution networks, and government-imposed policy expenses. Revenues from the sale of UK ETS permits and Carbon Border Adjustment Mechanism (CBAMs) levies should be used to fund industrial transition. Non-necessary costs such as the carbon price floor (which has served its purpose as UK power generation is coal-free) should be abolished.

In addition, the CPI proposes a revised waste and resource strategy, with one of the key demands being the introduction of source separated collection systems to ensure high recycling rates and high quality recycle. This would mean reforming the Simpler Recycling scheme, which was only introduced in 2023.

The CPI also states that re-use should not be prioritised over recycling, as the systems are complementary. It warns that the Extended Producer Responsibility (EPR) must not act as a packaging tax, adding to inflation at a time of cost-of-living crisis. Fees from the scheme should only be used to improve the UK's sorting and recycling infrastructure. It should be owned and managed by the industry. To determine the recyclability of packaging under the new EPR scheme, the CPI proposes the use of the CPI-developed "Papercycle" process in order to avoid "wish-cycling".

As the existing Packaging Recovery Notes (PRN) system will probably be here around for some time to come, the manifesto says it should be reformed to make it more transparent and level the playing field between materials and businesses.

The CPI also proposed measures to the competitiveness of the UK economy, such as a lower corporate tax and tax relief for investment in decarbonisation or resource efficiency, improvements in the labour market and the education framework, and a

reform of the UK trade policy to avoid becoming a dumping ground for cheap imports, among other things.

The British paper industry employs 115,000 people and generates sales revenues of £11.5bn. The industry has already demonstrated its commitment to sustainability with a recycling rate of over 70 per cent and a reduction in carbon emissions of over 70 per cent since 1990, says the CPI.

© 2024 EUWID Europäischer Wirtschaftsdienst GmbH | All Rights Reserved.

Copyright notice The individual articles, tables and other contents published by EUWID are protected by copyright and are provided exclusively for the client's own use and the use of the client's employees. In the absence of a more extensive licence agreement, only one copy may be printed for circulation at a single business location designated by the client. Digital distribution of EUWID contents, especially by intranet or by e-mail, within a company, throughout a group of companies, or outside a company is not permitted and constitutes an infringement of copyright law. Read more in our FAQ.

Divestment of Vinda and cost savings lift Essity's Q1 results higher

EUWID + 08 May 2024 | ~ 3 min | Published in issue 19/2024

Essity closed out the first quarter of 2024 with a net profit of SEK11.5bn, up considerably from the SEK2.7bn booked in the prior-year period. A significant driver of this increase was the sale of shares in the Chinese company Vinda, which had been recorded as discontinued operations. However, other factors such as good price discipline and cost savings also contributed to the improved results, Essity said. Net profit excluding discontinued operations – in this case Vinda – amounted to SEK2.8bn, 9 per cent higher than in the previous year's first quarter.

Ebitda and operating profit in first three months of the year came in at SEK6.2bn and SEK4.1bn, respectively, up by 7 per cent and 1 per cent compared with the first quarter of 2023. Sales decreased by 4 per cent to SEK34.9bn.

The sale of the shares in Vinda reportedly brought in proceeds of SEK19bn and contributed around SEK9bn to net profit. Essity had held around 52 per cent of the Chinese producer of hygiene products. The transaction was completed at the end of March and represents Essity's exit from the Asian market. However, the company it will continue to have a presence there through the licensing of Essity brands.

Margins improved thanks to lower costs

Overall, it was a positive first quarter with ongoing investments in the highest-margin businesses, commented Magnus Groth, Essity's president and CEO. Margins improved compared with the same quarter of the previous year. Essity said that sales prices were lower overall than in the first quarter of 2023 – especially in the Consumer Tissue and Professional Hygiene divisions. Only the Health & Medical division was able to increase its sales prices. However, costs for both raw materials and energy were lower than one year earlier, the company said, noting that these have fallen more steeply than sales prices. Moreover, the company's cost savings also contributed to improved margins.

Compared with the same quarter of 2023, deliveries of tissue products declined. According to Essity, this was due to restructuring in the Professional Hygiene division exited contracts with insufficient profitability in the Health & Medical division. Deliveries in the Consumer Tissue division increased. Essity said it had gained market share in the feminine hygiene products segment.

In terms of year-on-year profit growth, the Health & Medical division posted the greatest gains in the first quarter. Here, Ebita adjusted for one-off items rose to SEK 1.3bn, up 66 per cent compared with the previous first quarter. Higher sales prices as

well as cost savings and a good product mix contributed to this, the company said.

The Consumer Goods division posted slightly lower sales than in the previous first quarter, but adjusted Ebita also rose by 6 per cent to SEK2.5bn. Sales prices declined but deliveries increased.

In the Professional Hygiene segment, Essity was able to increase its first-quarter Ebita by 3 per cent to SEK 1.3bn despite lower sales. This improvement was primarily cost-driven, said Essity, pointing to lower raw material costs and cost savings. Yet, the product mix had also improved, with a growing share of premium products. By contrast, deliveries and sales prices were lower.

Essity results		
million SEK	January - March	
	2024	2023
Key figures		
Sales	34,850	36,352
EBITDA	6,213	5,817
Operating result	4,134	4,085
Net result	11,493	2,703
Business area review		
Health and Medical		
Sales	6,842	6,665
EBITA*	1,290	777
Consumer Goods		
Sales	19,338	20,257
EBITA*	2,545	2,400
Professional Hygiene		
Sales	8,686	9,422
EBITA*	1,332	1,288
*Excluding items affecting comparability		
Source: Essity		

Exports and imports of US pulp, paper and paperboard

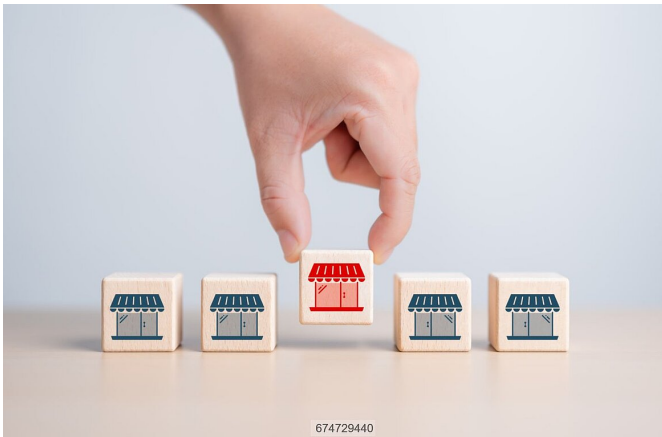
EUWID+ 08 May 2024 | ~ 1 min | Published in issue 19/2024

Exports and imports of US pulp, paper and paperboard January - March 2024												
1,000 metr. t	Total		Europe		Canada		Asia, excl. China		China		Latin America, excl. Mexico	
	%		%		%		%		%		%	
	2024	2024/2023	2024	2024/2023	2024	2024/2023	2024	2024/2023	2024	2024/2023	2024	2024/2023
Exports												
Wood pulp	1,577	- 6.6	352	+ 4.2	41	- 33.3	494	+ 12.0	344	- 31.9	48	- 28.8
Recovered paper	2,972	- 17.1	51	- 49.3	237	+ 42.5	2,064	- 20.7	117	+ 11.0	38	- 48.0
Recycled Pulp	11	- 88.9	1	+ 120.1	4	- 22.5	2	+ 212.8	4	- 96.0	0	- 56.6
Paper & board	2,514	+ 17.2	245	+ 12.3	569	+ 3.1	304	+ 60.3	206	+ 9.4	530	+ 55.3
Newsprint	16	- 12.3	0	-	1	+ 11.9	2	+ 233.1	0	-	1	- 58.0
Printing and writing paper	237	+ 1.2	49	+ 8.7	63	- 7.4	33	+ 77.5	8	- 27.8	16	- 33.1
Unbleached kraftliner	1,086	+ 42.9	121	+ 56.7	66	- 14.5	124	+ 159.5	150	+ 25.5	353	+ 87.7
Imports												
Wood pulp	1,561	- 6.4	145	+ 32.2	711	- 2.8	1	- 14.6	0	- 100.0	704	- 14.8
Recovered paper	232	+ 47.0	0	+ 253.1	217	+ 49.7	0	-	0	- 96.9	0	-
Recycled Pulp	0	- 96.8	0	-	0	- 67.0	0	- 100.0	0	- 100.0	0	-
Paper & board	1,898	- 0.5	507	- 3.3	1,040	- 0.8	222	+ 9.6	12	+ 17.0	38	- 27.2
Newsprint	172	- 20.1	0	+ 158.9	172	- 20.2	0	- 60.0	0	-	0	- 100.0
Printing and writing paper	747	- 4.0	198	- 15.6	381	+ 1.6	142	+ 5.2	3	- 6.7	18	- 32.4
Coated woodfree	154	- 17.9	72	- 28.5	1	- 41.5	78	- 4.9	2	+ 8.3	1	+ 33.5
Coated mechanical	144	+ 1.7	76	+ 2.6	64	+ 2.2	1	- 53.1	0	- 53.7	1	-
Uncoated woodfree	197	- 10.5	28	- 41.1	85	- 8.2	62	+ 25.8	0	+ 12.8	17	- 36.9
Uncoated mechanical	253	+ 10.2	21	+ 90.7	230	+ 6.2	1	- 19.5	0	+ 120.0	0	- 100.0
Unbleached kraftliner	82	+ 4.6	10	- 47.8	59	+ 8.2	0	+ 120.0	0	-	1	- 51.1

Source: American Forest & Paper Association, Inc.

Elof Hansson and Dede Paper & Board to form a joint company in Italy

06 May 2024 | 🕒 ~ 1 minPublished in issue 19/2024



Italy's pulp, paper and board markets are attracting suppliers from all over the world.

what the future will bring together with Dede,"announced Mikael Forslund, managing director of Elof Hansson Trade AB.

Sweden's forest products trading company Elof Hansson Trade is expanding to Italy and will create a company together with Dede Paper & Board.

Elof Hansson Trade is selling timber, pulp, paper and board products across the globe. The company also offers financing, risk management, shipping and marketing services to sellers and buyers.

"It is a part of our strategy to expand our presence in Italy and surrounding markets, and I am looking forward to see

Italy's Dede Paper & Board operates as agency and consultancy for company's in the pulp and paper industry. The company is working with partners from Europe and abroad, and offers a portfolio of paper and boards products, including newsprint, book paper, folding boxboard, specialties, as well as primary and secondary raw materials.

"We are looking forward to the collaboration and see a bright future together with the well-established and expanding trading house of Elof Hansson", said Eude Falvo, Managing director of Dede Paper & Board.

Trading companies are showing great interest in Italy's pulp, paper and board markets with a couple of traders and suppliers expanding its footprint in the country over the last few years.

Heinzel starts commissioning new PM at Steyermühl facility

02 May 2024 [Stefanie Obert](#) | ⓘ ~ 1 minPublished in issue 19/2024



africa-studio.com (Olga Yastremska and Leonid Yastremskiy) 252532273

The conversion of Heinzel's Steyermühl plant is going according to schedule

Heinzel subsidiary Zellstoff Pöls has started up the new paper machine 6 at its Steyermühl site in Austria.

The ramping-up process was going according to plan, a company spokesperson told EUWID.

The machine will produce up to 150,000 tpy of brown and white lightweight kraft paper.

Heinzel [acquired the Steyermühl site](#) from UPM at the start of the year and started the conversion of PM 3 from publication paper to lightweight kraft paper.

After conclusion of the rebuild, the machine was renamed PM 6.