

Recession and costs burdened Austria's paper industry

EUWID + 15 May 2024 | ~ 2 min | Published in issue 20/2024

Austria's pulp and paper industry					
2020 - 2023					
		2023	2022	2021	2020
Industrial structure					
Companies		21	21	21	21
Plants		23	23	23	24
Capital expenditure	million €	305	295	218	189
Sales					
Total	million €	4,305	5,540	4,138	4,167
Domestic	million €	868	935	759	682
Export	million €	3,437	4,605	3,379	2,899
Total employees		7,562	7,698	7,614	7,899
Source: Austropapier					

High energy costs and the recession affecting Europe last year left substantial traces on Austria's paper sector.

Austropapier, the association of the Austrian paper industry, reports that the industry's total sales revenues dropped by 22 per cent to €4.32bn compared to the previous year, while the output of paper fell by 16 per cent to 3.9 million t.

In 2023, the country's paper industry produced 2.4 million t of packaging paper, 1.3 million t of graphic paper and 0.3 million t of specialty paper. As Austria's graphic paper production was down by almost 33 per cent, the industry feels the trend towards shifting grades in favour of packaging paper was confirmed. In addition, a total of 1.7 million t of pulp were produced in Austria last year, which equals a decline of 12 per cent year-on-year. The number of employees working in this sector amounted to 7,600 (down by 1.8 per cent), which means it remained almost unchanged compared to the preceding year.

Austropapier emphasises that recovered paper is the most important raw material used by the paper industry, even ahead of thinning material and sawmill residues. The industry consumed 2.2 million t of recovered paper last year, resulting in a recycling rate of 86 per cent. According to the association, this was the highest rate among all European countries, making Austria the European champion of recycling.

Austria's paper consumption						
tonnes	2023*	2022	Change in %	2020	2010	2000
Graphic paper	421,071	509,715	- 17.4	645,523	945,115	1,022,138
Packaging paper	1,085,783	1,253,349	- 13.4	1,040,115	1,033,841	814,399
Specialties	222,141	233,899	- 5.0	228,634	221,993	143,793
Total consumption	1,728,995	1,996,963	- 13.4	1,914,272	2,200,949	1,980,330
Consumption per capita (kg)	189	222	- 14.9	214	262	244
From 2011 Consumption = Production + Import - Export						
* 2023: preliminary						
Source: Austropapier						

Austria's paper deliveries						
tonnes	2023	2022	Change in %	2020	2010	2000
Graphic paper	1,265,595	1,893,104	- 33.1	1,993,740	2,791,505	2,624,060
Packaging paper	2,274,344	2,290,112	- 0.7	2,448,895	1,949,779	1,621,296
Specialties	271,446	325,595	- 16.6	338,841	295,821	186,356
Total deliveries	3,811,385	4,508,811	- 15.5	4,781,476	5,037,104	4,431,712
Export rate (%)	87.2	86.8		86.6	85.2	82.8
Source: Austropapier						

Strategic investments in a difficult year

Austropapier says its 23 member companies used the economically challenging year of 2023 for making strategic investments. A total of €305m were spent on new projects, mainly from the areas of energy efficiency and decarbonisation.

Austropapier reports that energy has become a decisive competitive factor for Austria's industry. All of Austria's important export markets within Europe introduced a form of compensation of their national electricity prices many years ago, making sure that this compensation will reliably remain valid until 2030, and the European Commission even proposes to compensate for high electricity prices. Austropapier is therefore at a complete loss to understand why Austria's federal government has not yet extended the validity of the electricity price compensation to last until 2030, thereby preventing its domestic industry from doing business in the European internal market by the same rules of the game as anybody else, underlines the association.

Austria: pulp production and consumption						
in t	2023	2022	Change in %	2020	2010	2000
Production						
Mechanical pulp	113,181	254,362	- 55.5	280,145	358,525	390,380
Chemical pulp	1,187,015	1,301,386	- 8.8	1,300,874	1,344,137	1,190,618
Dissolving pulp	433,239	419,128	+ 3.4	441,167	281,829	179,529
Total pulp	1,733,435	1,974,876	- 12.2	2,022,186	1,984,491	1,760,527
De-inked pulp (DIP)	290,161	416,876	- 30.4	480,513	732,591	463,071
Other recycled pulp	1,138,238	1,588,926	- 28.4	1,659,160	1,434,848	1,208,776
Total recycled pulp	1,428,399	2,005,802	- 28.8	2,139,673	2,167,439	1,671,847
Consumption						
Mechanical pulp	135,281*	299,069	- 54.8	329,441	379,345	397,353
Chemical pulp	1,283,941*	1,537,333	- 16.5	1,483,697	1,573,667	1,545,000
Dissolving pulp	384,047*	409,291	- 6.2	355,218	324,003	184,785
Total pulp	1,803,269*	2,245,693	- 19.7	2,168,356	2,277,015	2,127,138
* 2023: preliminary figures						
Source: Austropapier						

Fraudulent RCP deliveries at Leipa plant in Schwedt?

 **EUWID +** 15 May 2024 |  ~ 2 min | [Published in issue 20/2024](#)

Irregularities have apparently occurred in recovered paper deliveries to the German paper manufacturer Leipa in Schwedt. The Neuruppin public prosecutor's office is investigating five employees of the company and a recovered paper supplier on suspicion of fraud.

A representative of the office told EUWID that the Leipa employees were alleged to have been paid in exchange for accepting recovered paper deliveries even though they did not meet the agreed quality and the applicable specifications and standards.

The spokesperson for the prosecutor's office did not wish to provide any details about the methods used to carry out the alleged fraud. According to an article in the online newspaper Märkische Onlinezeitung, water had been added to the recovered paper in some cases. As a result, Leipa would have also paid for the weight of the water upon delivery. In other instances, additional weights had allegedly been added to paper bales.

The public prosecutor's office said that it was unable to disclose the size of the suspected bribes, citing ongoing investigations. The same held for the estimates of Leipa's losses in connection with the case.

Some of the recurring deliveries originated in Poland

Outside of the paper company, investigators are said to be focusing on two employees of a company that supplied Leipa with recovered paper. This fraud is suspected to have involved several recurring deliveries. It was too early to say in how many instances and over what timeframe deliveries were doctored, said the prosecutor's office spokesperson. The earliest cases of suspected fraud were said to involve deliveries made in 2023.

Investigations had been underway since last year but had proven difficult as some of the recovered paper is likely to have come from neighbouring Poland, as well as from Germany. The public prosecutor's office hoped to wrap up the investigation by the year's end.

Leipa confirmed to EUWID that it had been a victim of fraud connected to recovered paper shipments and had incurred financial losses as a result. A spokesperson said that the company was taking the incident very seriously and had taken the necessary steps. However, Leipa said that, due to the ongoing investigation, it was unable to disclose more information about the extent of the alleged fraud.

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Oji completes takeover of Finnish Walki Group

📄 EUWID+ 15 May 2024 | ⌚ ~ 1 min | Published in issue 20/2024



Japanese Oji Holdings Corporation has finalised the acquisition of Finnish packaging materials company Walki Group from Walki's parent company One Equity Group on 11 April.

With the takeover, Oji wants to build and expand a platform for its packaging business in Europe and diversify its product portfolio. Walki's brand and the corporate

strategy will be maintained and Leif Frilund will remain the company's CEO. The purchase price has been calculated based on the enterprise value of €640m, but the exact amount was not disclosed.

Walki is a specialty packaging materials manufacturer, offering consumer and industrial packaging for food and specialty consumer products, and, amongst others, specialises in the production of barrier board. The company also manufactures engineered materials such as insulation and fire-retardant facings. Walki runs a total of 17 production plants in Finland, Germany, Belgium, Spain, France, Poland, the UK and China. The company employs 1,700 people and generated sales of €705m in 2022.

Oji has 35,000 employees worldwide and produces packaging products such as corrugated board, cartonboard, folding boxes and paper sacks but also tissue, specialty papers such as thermal paper, publication paper, pulp and energy. The takeover of Walki is part of Oji's strategic plan for the 2022-2024 period. The company was planning to invest JPY400bn (around €2.4bn) in this period. The goal is to focus on businesses with high profitability and growth potential.

Billerud's market situation has improved in Q1

 **EUWID +** 15 May 2024 | ⌚ ~ 2 min | [Published in issue 20/2024](#)

Swedish paper and packaging materials producer Billerud has seen the market environment improving in the first three months of the year. Compared to the fourth quarter 2023, the company achieved significantly better results thanks to higher sales volumes and better price positioning in the liquid packaging board business market. Costs for energy, logistics and fibres in Europe have risen, but the market sentiment and situation in both Europe and North America have improved noticeably, Billerud reports.

Compared to last year, however, results for the first quarter were lower: operating profit fell to SEK448m (Q1 2023: SEK806m) and Ebitda to SEK1.17bn (SEK1.48bn). Sales volumes were lower compared to the previous year, which was only partially offset by lower costs for raw materials, logistics and energy, as well as lower sales prices, explains Billerud. Sales fell to SEK10.42bn (SEK11.50bn) and net profit to SEK313m (SEK639m).

The Wisconsin Rapids paper mill (490,000 tpy of SC and book paper, packaging paper, cartonboard) in the USA, which has already been idled by its previous owner Verso, will be sold to private equity company Capital Recovery Group and will no longer be used as a paper and pulp manufacturing plant. However, Billerud will retain finishing operations at the plant, it continues to play an important role for sheeting of graphic paper and cartonboard, the company explains.

Despite stronger demand and improved sentiment, Billerud remains cautious in its assessment of the current market situation. In its comments on the situation, the company states that it is not possible to say with certainty whether there has been a significant increase in real consumption of its products. In the first quarter, the problems in the Red Sea and the strike in Finland led to longer delivery times and had a significant impact on the supply side of the market. Experience has shown that this can easily lead to a tendency to build up stocks again, Billerud says, and so the company will be keeping a close eye on stock levels throughout the supply chain in the near future.

Nevertheless, Billerud expects the market situation to continue to improve in the second quarter. In Europe, higher prices prevailing in most business segments could compensate for the higher input costs, especially the cost of pulpwood in Scandinavia. In North America, Billerud anticipates unchanged input costs and sales prices for graphic and speciality papers, but higher pulp prices.

Billerud says it is continuing to prepare important strategic projects. The company is working on options for the announced and planned transformation of its North American businesses and for the joint pulp project with Viken Skog.

Billerud results		
million SEK	January - March	
	2024	2023
Key figures		
Sales	10,423	11,495
EBITDA	1,166	1,484
Operating result	448	806
Net result	313	639
Business area review		
Europe		
Sales	6,920	7,466
liquid packaging board	2,659	2,479
containerboard	1,262	1,424
kraft and specialty paper	953	1,108
sack paper	784	856
cartonboard	662	812
market pulp	518	718
EBITDA	784	1,035
Operating result	313	589
Deliveries, 1,000 t	709	708
North America		
Sales	2,763	3,311
graphic paper	1,962	2,337
specialty paper	456	437
pulp	344	537
EBITDA	447	640
Operating result	273	443
Deliveries, 1,000 t	212	235
Other		
Sales	740	718
managed packaging	–	137
EBITDA	-65	-191
Operating result	-138	-226
Source: Billerud		

Steinbeis installs new RCP stock preparation line

 **EUWID +** 15 May 2024 |  ~ 1 min | [Published in issue 20/2024](#)

German recycled paper producer Steinbeis Papier has invested in a new stock preparation line to process recovered paper at its Glückstadt site. The total investment volume was around €11m, a company spokeswoman confirmed to EUWID. It was supported by the German environment ministry with funds from the environmental innovation programme.

With the new stock preparation line, the company says it will be able to recycle recovered paper grades that could not be recycled until now. "This represents a real closed-loop solution for wet strength and alkali-resistant labels and provides another boost for recycling and sustainability," commented Steinbeis' managing director Marc Gebauer. The new line can process grades such as release liner, moisture-resistant paper or take-away coffee cups, which were previously unrecyclable or only suitable for downcycling.

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Leipa commissions new coating line

 **EUWID +** 15 May 2024 |  ~ 1 min | [Published in issue 20/2024](#)

German paper and board producer Leipa commissioned a new coating and laminating line at its site in Schrobenhausen in Bavaria, a company spokeswoman confirmed to EUWID. The new line started production in mid-April and already produced first batches for customers, the spokeswoman added.

Leipa announced the start of the project in collaboration with Italian engineering company Nordmeccanica last summer. Leipa had earlier informed that the new line would include a duplex coating machine capable of laminating over a length of 33 metres. It would be mainly used for flexible packaging paper and monofoil applications, the company had announced at that time.

Leipa operates a machine for unlined chipboard at its site in Schrobenhausen, amongst others. The site is also home to Leipa's business division for flexible packaging.

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Clearwater Paper acquires Augusta board mill in the USA

 **EUWID +** 15 May 2024 | ⌚ ~ 1 min | [Published in issue 20/2024](#)

US tissue and packaging company Clearwater Paper Corporation has finalised the takeover of the Augusta cartonboard mill in Augusta, Georgia/USA from Graphic Packaging International. The transaction value was put at around \$700m.

The Augusta mill produces bleached cartonboard. Clearwater Paper, which is also active in the production of tissue products, already runs two cartonboard plants in the USA, which are located in Lewiston, Idaho and Cypress Bend, Arkansas. Graphic Packaging said it would continue to service growing foodservice and packaging demand with bleached board from its Texarkana facility.

Graphic Packaging is a major packaging group with 130 locations worldwide and 23,000 employees.

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DS Smith expands capacities for cardboard pallets in France

📄 EUWID + 15 May 2024 | ⌚ ~ 1 min | Published in issue 20/2024



DS Smith has expanded its La Chevrolière packaging plant in western France. The company announced it had invested €6m in the site and increased its production capacities for cardboard pallets.

The size of the production space in La Chevrolière has been expanded by 4,000 m². DS Smith installed a new die-cutting machine as well as a cardboard pallet production line. A new 2,500 m² workshop is dedicated to the production of Kaypal pallets. It has a capacity of 250,000

units and a potential to produce up to 1.5 million pallets per year.

DS Smith sees growing demand for corrugated cardboard, both from existing and potential customers in the region. Cardboard pallets were an ideal solution for the road and air transportation of products, the company said.

The La Chevrolière packaging facility was built in 2010 and employs 170 people.

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Sappi reports improvement in business climate, European division posts operating loss

📄 **EUWID +** 15 May 2024 | ⌚ ~ 3 min | [Published in issue 20/2024](#)

South African paper manufacturer Sappi reports seeing first signs of recovery in the second quarter of the 2023/2024 financial year, which ended on 31 March 2024. The company's Ebitda before exceptional items increased by almost 10 per cent to \$183m, mainly due to the improvement in the pulp sector and a significant cost reduction of 9 per cent, Sappi announced.

Consolidated sales in the second quarter totalled \$1.35bn, compared to \$1.44bn in the same quarter last year. Operating profit fell by 35 per cent to \$70m and net profit by 58 per cent to \$29m.

Deliveries fell by 4 per cent to 1.47 million t, mainly due to the slump of more than 30 per cent in the South African forest products sector, while a positive trend in demand was reported for pulp (+2 per cent), packaging and specialities (+9 per cent) and graphic papers (+7 per cent).

The Europe division reported a slight decline in sales to \$586m, while the operating result was negative at \$-20m (Q2 2023: \$1m). Ebitda before exceptional items increased to \$35m thanks to sales growth and cost reductions following the closure of the Lanaken and Stockstadt plants. At the same time, machine utilisation at the remaining plants increased as a result of this measure. Production at the Kirkniemi mill was negatively impacted by the strike in the Finnish ports.

The European market for graphic papers was characterised by signs of a slight improvement, but remains well below the level of 2022. An increase in sales volumes and cost reductions more than offset lower selling prices.

Demand for packaging and speciality paper in Europe was above the level of the previous quarter and the same quarter of the previous year. However, the consumer climate remains gloomy and sales prices were significantly lower than a year ago.

High capacity utilisation rate at Somerset mill in the USA

The recovery in demand for graphic papers in North America was slower than expected, while a significant increase in demand for packaging and speciality papers was recorded. This led to full capacity utilisation of the PM 1 at the Somerset mill. At the same time, sales prices were still 14 per cent below the level of the previous year's quarter.

Demand for pulp in North America also increased significantly again, while sales prices remained below the previous year's level.

Cost reductions ensured a positive result for the South Africa division. Sales in the Pulp and Paper division receded by 8 per cent to \$326m. Demand for pulp was solid and capacity utilisation improved again after the spring festival in China.

Weak demand for containerboard and low-priced imports impacted sales of packaging and graphic papers, but this was offset by cost reductions.

The division's operating result was roughly at the previous year's level and Ebitda before special items was 23 per cent higher at \$92m.

Weak economy expected to weigh on European performance

Sappi expects a further improvement in market sentiment in the second half of the financial year, even though the third quarter is the weakest for Sappi's product groups due to seasonal factors.

Demand for pulp remains good, while a weak but sustained upward trend is expected for graphic papers. Overcapacity continues to weigh on business here, but the capacity closure in Europe has improved in Sappi's competitiveness.

In North America, the product mix is being adjusted before the conversion and expansion of the PM 2 in Somerset takes place in 2025.

Demand for packaging and speciality papers is expected to continue to improve in North America and South Africa, while the weak economy and poor consumer sentiment in Europe are likely to continue to result in a mixed performance.

Sappi results				
million \$	January - March		October - March	
	2023	2022	2023/2024	2022/2023
Key figures				
Sales	1,352	1,442	2,624	3,102
EBITDA*	183	167	339	457
Operating result	70	108	-23	339
Net result	29	69	-97	259
Deliveries, 1,000 t	1,467	1,533	2,873	3,201
Business area review				
Europe				
Sales	586	640	1,161	1,440
EBITDA*	35	23	63	116
Operating result	-20	1	-194	75
Deliveries, 1,000 t	495	438	989	1,006
North America				
Sales	450	458	848	984
EBITDA*	51	66	97	180
Operating result	27	43	50	133
Deliveries, 1,000 t	361	330	681	708
Southern Africa				
Sales Pulp and Paper	326	351	633	706
Sales Forestry	14	21	28	41
EBITDA*	92	75	173	161
Operating result	67	66	124	134
Deliveries Pulp and Paper, 1,000 t	384	399	741	780
Deliveries Forestry, 1,000 t	227	366	462	707
Deliveries (in 1,000 t)				
Pulp	377	368	712	725
Packaging and specialties	327	299	612	631
Graphics	536	500	1,087	1,138
Forestry	227	336	462	707
* excluding special items				
Source: Sappi				

Sappi Gratkorn concludes second upgrade phase

 **EUWID +** 15 May 2024 | ⌚ ~ 2 min | [Published in issue 20/2024](#)

Sappi Europe has concluded the second phase of the three-phase upgrade and modernisation project at its Gratkorn pulp and paper mill in Austria. The investment is said to consolidate the mill's position in the coated fine paper market. The upgrade and modernisation project will significantly reduce the risk of machine failures and aims to ease the transition to Industry 4.0, Sappi says.

In the just-concluded second phase of the modernisation project, Sappi collaborated with technology suppliers like Honeywell and Siemens to improve processes and unify process steps on a single automation platform. This will reduce the hardware needed, cut-down costs for spares and reduce maintenance overheads, the company explains.

The third upgrade phase to be completed by 2025 will address general challenges in the paper industry e. g. procurement of machine spare parts which are no longer produced.

Thanks to substantial investments, the Gratkorn mill has been developed in recent years to offer a broad product palette. In addition to graphic paper, Gratkorn produces a wide range of label papers.

The mill houses two paper machines with a combined capacity of 970,000 tpy including 860,000 tpy of double-sided coated paper for graphic applications as well as 90,000 tpy of label paper. Graphic paper grades are produced on both machines. Sappi converted PM 9 into a hybrid machine which can also produce label paper.

Sappi Gratkorn has also undertaken several steps towards greater sustainability and climate protection. Between 2018 and 2020, Sappi Gratkorn renewed water turbines and increased hydro power generation by almost 10 per cent. In 2022 the company replaced its coal-fired boiler with a multi-fuel boiler which has reduced CO₂ emission by over 30 per cent. The measure has also slashed dust and nitrous oxide (NOx) emissions.

The Gratkorn mill is part of Sappi Europe which operates 8 mills and 12 sales offices all over Europe. Parent company Sappi Limited produces 5.5 million tpy of paper, 2.6 million tpy of paper pulp and 1.5 million t of dissolving pulp. The company employs over 12,000 persons worldwide.

Mondi's markets improved in Q1

 **EUWID +** 15 May 2024 |  ~ 1 min | [Published in issue 20/2024](#)

In a trading update paper and packaging group Mondi reports an improved market situation in the first quarter of the year compared to the final quarter of 2023. The company says order backlog and sales volumes have increased for all paper grades. Although average sales prices were lower in the first quarter than in the fourth quarter of 2023, the announced price increases have begun to take effect in the second quarter, Mondi reports. The company sees costs to be roughly on a par with Q4 2023.

Adjusted Ebitda for the first quarter, €214m (Q4 2023: €260m), was in line with the company's expectations.

Mondi's corrugated packaging division has reported higher sales of corrugated board. The corrugated solutions division delivered a solid performance, the company says. There was good volume growth in flexible packaging, but this was largely offset by lower average selling prices. the uncoated fine paper benefited from price increases, but lower forestry fair value gains had a negative impact on earnings, Mondi reported.

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Suzano launches countdown for Cerrado pulp mill

 **EUWID +** 15 May 2024 | ⌚ ~ 2 min | [Published in issue 20/2024](#)

On the occasion of the publication of the first quarter 2024 results, Brazilian pulp giant Suzano reported on the status of the BRL22bn Cerrado pulp mill project in Ribas do Rio Pardo in the federal state of Mato Grosso do Sul. The new pulp mill has a production capacity of 2.55 million tpy of eucalyptus pulp and is said to boost the company's market pulp capacity by around 20 per cent to a total of 13.5 million tpy.

Suzano announced that Cerrado project is being executed according to schedule with 94 per cent of physical progress and 87 per cent of financial progress being completed by the end of April. With this the company has begun the countdown to the start-up of the new mill at the end of June this year.

According to Suzano, the Cerrado pulp mill will produce 900,000 t of pulp until the end of the year of which 700,000 t will be sold. The company expects the learning curve for the new pulp mill to be concluded within 9 months and the plant is expected to produce a total of 2 million t of pulp in the first twelve months after commissioning.

In the first quarter of 2024, Suzano sold a total of 2.4 million t (Q1 2023: 2.5 million t) of pulp and 313,000 t (280,000 t) of paper, board and tissue. At BRL9.46bn, net sales were 16 per cent below the previous year's figure. Ebitda receded by 25 per cent to BRL4.53bn and operating profit fell by 41 per cent to BRL2.55bn. Net profit in the first quarter of 2024 totalled BRL220m compared to BRL5.24bn in the same quarter of 2023.

Suzano emphasised the more favourable market scenario with end of destocking in the paper and packaging business leading to a more balanced market. In the pulp business, supply disruptions and increasing demand resulted in positive price dynamic in the first quarter 2024. The average net price of pulp sold by Suzano rose by 9 per cent compared to the fourth quarter of 2023 to \$619/t, however it was still 14 per cent below the corresponding figure for the previous year, the company explained.

Canfor Pulp to indefinitely curtail market pulp production

📄 EUWID + 15 May 2024 | ⌚ ~ 1 min | Published in issue 20/2024



Canada's Canfor Pulp Products will indefinitely shut down one of the two fibre lines at its Northwood pulp mill "due to the decline in availability of economic fibre in the northern BC region."

The closure is said to reduce the company's market pulp capacity by 300,000 tpy of NBSK pulp and will affect 220 employees. Both fibre lines are said to continue regular production in the coming few weeks, followed by an orderly wind-down process of one of the two lines at the

beginning of the third quarter, the company explained.

"The persistent shortage of economic fibre, particularly in the Prince George region, has led to the closure or curtailment of a number of sawmills, which in turn has dramatically reduced the volume of chips available to meet the needs of our pulp operations. Despite exhaustive efforts, including expanding well beyond our traditional operating region, there is simply not enough residual fibre to supply the current production capacity of all our operations," said Kevin Edgson, President and CEO of Canfor Pulp.

Canfor Pulp's Northwood mill operates two fibre lines with a total capacity of 510,000 tpy of northern bleached softwood kraft (NBSK) pulp. Canfor also runs pulp operations at the nearby Intercontinental pulp mill with a production capacity of 350,000 tpy of bleached and unbleached softwood kraft pulp.

After the indefinite curtailment of one production line at the Northwood facility Canfor Pulp will have total capacity of approximately 480,000 tpy of market pulp. The remaining pulp capacity is being used for integrated production at Canfor Pulp's Specialty Paper facility in Prince George which will continue to operate with a total capacity of 140,000 tpy of kraft paper, the company said.

European industry associations call for more action to improve competitiveness

Remaining attractive for investment, securing competitive advantages

 **EUWID +** 15 May 2024 | ⌚ ~ 3 min | [Published in issue 20/2024](#)

In a joint manifesto, European industry associations, including Cepi, Cepi Containerboard, Ecma, Fefco Finat, Intergraf and Pro Carton, are calling for the competitiveness of European industry to be revived and the risk of deindustrialisation to be prevented. In view of geopolitical challenges and the already difficult economic situation, the associations are taking the upcoming European elections as an opportunity to call for the development of a strategic plan that realises the full potential of the European single market and creates a regulatory environment for the EU that maintains the global competitiveness of European industry. Stronger cooperation between industry and public authorities is also necessary, the associations say.

They are calling for Europe to reposition itself as a global market leader in trade. Europe must remain open to the world and attractive for investment, while at the same time securing its competitive advantages in global exports. This is directly linked to intelligent regulation in the EU that consolidates the internal market, deepens economic integration between EU member states and creates a platform for EU companies to remain competitive beyond EU borders.

Associations call for integrity and completion of Single Market

It is important for Europe's competitiveness that the integrity of the Single Market is preserved and that its completion is supported and enforced, the manifesto demands. This is not only essential for promoting Europe's competitiveness, but also for the success of the green and digital transformation. Only by reducing bureaucracy and trade barriers and promoting a business-friendly culture can Europe's full economic potential be unleashed. This requires stronger monitoring, implementation and enforcement of the single market, the associations say, citing the removal of market barriers resulting from divergent national measures as the key to this. Regulations must be properly enforced and their violation sanctioned, they say.

Ecological change and economic development must go hand in hand

European industry needs a common strategy that simultaneously promotes the circular economy and technological change on the one hand and economic growth and job creation on the other. Legislation driving this transition would need to be underpinned by comprehensive impact assessments, especially where several policy areas overlap and relate to entire industries and value chains.

Europe must also close an innovation gap that has formed between the EU and its global competitors. The “Horizon Europe” programme is an important instrument for increasing competitiveness and promoting integration between companies, the associations emphasise. The private sector is very interested in collaborating on projects that create strong and sustainable regulatory frameworks and innovative solutions for the benefit of all. To this end, cooperation between industry and authorities must become much closer and political decision-makers must make greater use of industry expertise. The associations are urging the EU to cooperate more closely and to create platforms for the exchange of expertise.

Skilled labour shortage threatens to become Achilles’ heel

The manifesto also addresses the current shortage of skilled labour. This threatens to become Europe’s Achilles heel, as almost every economic sector in Europe suffers from a lack of qualified labour.

This is caused by many factors, from an ageing population to the decline in vocational schools and inadequate training and qualification programmes. This jeopardises the ability to become environmentally friendly and digital and at the same time increases the competitiveness and innovation gap between the EU and its global competitors.

In a strategic partnership with industry, the EU must develop a policy that strengthens vocational training, improves education at all school levels and at the same time promotes lifelong learning, the associations say.

Austria's corrugated board industry is cautiously optimistic

 **EUWID +** 15 May 2024 |  ~ 2 min | [Published in issue 20/2024](#)

2023 was a difficult year for Austria's corrugated board industry, which was struggling with high cost pressure, a low propensity to buy, modest capital spending and persistently high inflation, Forum Wellpappe Austria, the interest group of the Austrian corrugated board industry, reports.

The companies organised within Forum Wellpappe Austria recorded a sales volume of 740 million m² in 2023, an 11 per cent decrease compared to the preceding year. Their sales revenues dropped by 17 per cent to €549m in 2023. Forum Wellpappe Austria explains that these declines did not come as a surprise because the corrugated board industry is closely linked to the overall economic development as transport packaging is a major component of the industry's product range. Therefore, the sector now pins its hopes on economic recovery from the third or fourth quarter. With regard to the current year, the sector expects a slight recovery of around 2 per cent.

More than two thirds of all goods manufactured in Austria are packed in corrugated board. It is in the B2B sector that corrugated board plays a particularly important role. Accounting for a share of just under 46 per cent, the food and beverage industries were by far the largest customers of Austria's domestic corrugated board industry, followed by machinery, furniture, electronics and automotive, which accounted for 18 per cent. The share of shipping packages comes to around 10 per cent.

In Austria corrugated board packaging contains an average share of more than 80 per cent of recycled materials and only 20 per cent of paper made from fresh fibres. The lion's share of the materials remain within the raw materials cycle – more than 90 per cent of all corrugated board packaging is reused as a raw material through the collection and recycling systems in place.

The number of companies, plants and facilities in Austria remained stable over the past few years. Likewise, the number of employees also remained unchanged, totalling 1,600 staff. The industry does its utmost to ensure that its specialist staff is retained at the plants in spite of the fact that personnel costs are rising considerably, Forum Wellpappe Austria says.

Pulp prices edge higher again in April

Europe: BEK and NBSK list prices head for new record levels in May

 15 May 2024 | ~ 5 min | Published in issue 20/2024

EUWID Price Watch Pulp Western Europe			
April 2024			
Clf North Sea ports	April 2024*	March 2024	April 2023
Bleached softwood pulp			
Softwood kraft			
from Scandinavia and Canada in €/t	1,345 - 1,373	1,296	1,189
from Scandinavia and Canada in US\$/t	1,450 - 1,480	1,400	1,290
Southern softwood from the US in €/t	1,290 - 1,299	1,241	1,133
Southern softwood from the US in US\$/t	1,390 - 1,400	1,340	1,230
Bleached hardwood pulp			
Birch pulp from Scandinavia in €/t	1,280	1,204	968
Eucalyptus pulp			
from Portugal/Spain in €/t	1,280	1,204	968
from South America in €/t	1,280	1,204	968
from South America in US\$/t	1,380	1,300	1,050
Southern hardwood in €/t	1,196	1,120	885
Southern hardwood in US\$/t	1,290	1,210	960
Hardwood BCTMP			
from Scandinavia and Canada in €/t	650 - 700	620 - 675	737 - 783
from Scandinavia and Canada in US\$/t	700 - 755	670 - 730	800 - 850
* Exchange rate as of 10 May 2024: US\$1 = 60.928			
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European pulp prices remained on an upward trajectory in April. Some prices for NBSK pulp increased even more than originally announced. A few softwood pulp manufacturers and suppliers have apparently been able to leverage the nervousness surrounding strike-related production curtailments, limited deliveries, and, above all, the extended shutdown of a major NBSK pulp mill in Finland to

institute larger mark-ups for softwood pulp.

European softwood and hardwood pulp prices have been climbing month after month for more than half a year now. Negotiations to discuss terms for May deliveries suggest that list prices will increase once again. If producers succeed in charging more in May, European prices for benchmark grades NBSK and BEK might top the records set in the summer of 2022. However, customers have also been receiving record-high discounts on list prices since the start of 2024, meaning that the effective net price would likely not be as high as it was two years ago.

Companies doing business on Europe's NBSK pulp market are primarily dealing with problems on the supply side of the market. A gas explosion and subsequent production stoppage at Metsä Fibre' Kemi NBSK pulp mill in Finland, which is expected to last for months, is causing supply bottlenecks in Europe. A few European manufacturers have reportedly also reaped the rewards of the – real and psychological – effects of the Finnish transport workers' strikes in March and April.

Market players said that a \$50/t hike in list prices in April was merely a formality. One pulp converter noted that there had not been much to discuss. In certain scenarios, some suppliers had also secured larger hikes of \$70-80/t, bringing prices to \$1,470-1,480/t.

The supply situation is looking better on the hardwood kraft pulp market. With the exception of a short-lived strike staged by port workers in Chile at the start of the month, no disruption was seen in shipments between South America and Europe in April in most cases. Nonetheless, sources describe the availability of eucalyptus pulp as not overwhelming. Stocks at pulp mills and European ports are still characterised as relatively low. A few paper mills feel that the pulp industry has adapted capacities

to demand for months, supplying only as much pulp as the market could handle at any given moment.

In light of this situation, leading BEK pulp suppliers have instituted their price plans and managed to raise list prices to \$1,380/t in April. Another \$60/t price hike to \$1,440 is also on the table for BEK pulp in Europe in May. With pulp prices high and a slow trend in demand in Europe at the moment, a few market players doubt that manufacturers will institute the mark-up in full.

European paper industry able to pass high pulp prices on to only a limited degree

Several market players told EUWID in early May that they had seen the first signs of the European pulp market slowing. A few contacts even mentioned a possible turnaround. In some cases, buyers reportedly did not call off the envisaged amounts after all. In others, customers tended to accept only reduced mark-ups or none at all for deliveries in May or June, sources added.

The buoyancy that insiders felt about the potential positive trend in the Chinese market at the end of March after Shanghai Pulp Week has apparently now calmed. One pulp supplier told EUWID that paper mills in China are experiencing significant sales challenges and were ordering less pulp to adapt pulp purchases to current output. Another source believed that imported pulp was now too expensive for some Chinese paper mills, so they were increasingly procuring wood chips or domestic pulp.

In Europe, paper and board mills are evidently having a much harder time passing higher costs on to their customers than was originally assumed. After all, solid demand for paper and board in the first quarter had given way to more sobering market conditions in many parts of the market in subsequent weeks.

One paper manufacturer said that the first paper mills were already weighing up the situation and considering reducing output again in response to a weak market. With demand for paper levelling off, demand for fibre was falling, and opposition to additional hikes in pulp prices was mounting, one pulp supplier told EUWID.

This is especially true of the hardwood pulp market. Customers believe that slowing global demand, coupled with the looming start-up of Suzano's new 2,55 million tpy eucalyptus kraft pulp mill in Ribas do Rio Pardo (Cerrado project), might tip the balance to favour buyers, even though significant amounts of pulp from the new mill in Brazil should theoretically not be available to buy on the market in Europe before the end of the third quarter.

At the end of the day, though, most EUWID sources did not dare make clear forecasts about what the future had in store for Europe's pulp prices. They noted that too many economic, geopolitical and climate-related factors were coming into play and making it hard to issue a reliable forecast.

This is underlined by the recent news from Canada's Canfor Pulp who plans to indefinitely curtail one of two production lines at its Northwood NBSK pulp mill due to lack of economic fibre. The move is said to reduce Canfor's market pulp capacity by 300,000 tpy and will likely further tighten the global softwood kraft pulp market. Compounding matters, Canadian railway workers have voted for industrial action that could disrupt North American supply chains as of 22 May.

At the same time, heavy rains have hit the Brazilian state of Rio Grande do Sul, with flooding reported along the banks of the Rio Guaíba, where CMPC's largest BEK pulp mill is located. The mill has reportedly not suffered any harm, but infrastructure in the region is damaged, and the company has been forced to curb production.

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Utipulp: Pulp consumption higher in March, users' stocks lower than in February but higher than in 2023

 **EUWID +** 15 May 2024 |  ~ 2 min | [Published in issue 20/2024](#)

Pulp converters in Europe used more pulp month on month in the first three months of 2024. According to the group of European market pulp users Utipulp, pulp consumption in March 2024 was 3 per cent higher than in the previous month of February at 879,000 t and 7 per cent higher than in January 2024.

Compared to March 2023, pulp converters consumed 10 per cent more market pulp this year.

The increase in market pulp consumption is primarily due to higher consumption of bleached hardwood kraft pulp. At 568,000 t, the mills consumed 3 per cent more bleached hardwood kraft pulp in March 2024 than in the previous month and even 16 per cent more than in the same month of the previous year, according to the Utipulp statistics. Consumption of bleached softwood kraft pulp reached 258,000 t in March, an increase of 2 per cent compared to February 2024, but a decrease of almost 3 per cent compared to March 2023.

As a result, inventories held by European pulp users fell slightly to just over 672,000 t in March 2024. Utipulp thus recorded a decline in inventories of just under 2 per cent compared to February and March 2023, respectively. This corresponded to 25 days of stock in March 2024, one day less than in February but two days more than in the same month of 2023.

Stocks of bleached hardwood kraft pulp stood at almost 425,000 t or 26 working days in March 2024. The stock of bleached softwood kraft pulp amounted to 205,000 t or 25 days. In March last year, pulp consumers in Europe held a stock of 22 days for each of the two pulp grades, Utipulp figures reveal.

Europulp reports high pulp stocks at European ports in March

Stocks of woodpulp in European ports increased in March by 73,000 t to 1.23 million t. Stocks increased the most in Italian ports, rising by almost 90,000 t to 363,000 t compared to the previous month. In France/Switzerland, there was an increase of 10,000 t to 118,000 t.

In Germany, port stocks rose by 14,000 t to 179,000 t, and in Spain by 31,000 t to just under 93,000 t in March 2024.

By contrast, port stocks in the Netherlands and Belgium fell significantly by 65,000 t to 463,000 t compared to February 2024.

With the exception of France/Switzerland, however, woodpulp stocks in European ports in March 2024 were significantly lower than in the same month of the previous year.

Inventories and consumption of pulp consumers in Europe

March 2024

tonnes		UNBLEACHED		BLEACHED / SEMI-BLEACHED			Total	Previous year
		Sulphite & Kraft	Softwood sulphite	Hardwood sulphite	Softwood kraft	Hardwood kraft		
Inventories								
February	2024	9,773	23,016	10,126	204,976	431,167	679,058	692,122
March	2024	11,010	22,179	8,872	204,935	425,271	672,267	682,159
Consumption								
February	2024	12,159	27,594	9,140	253,651	549,230	851,774	746,718
March	2024	10,568	33,465	9,374	257,781	567,925	879,113	799,440

As of now, data for hardwood pulp are published in the monthly report. Quarterly reports will not be published any more.

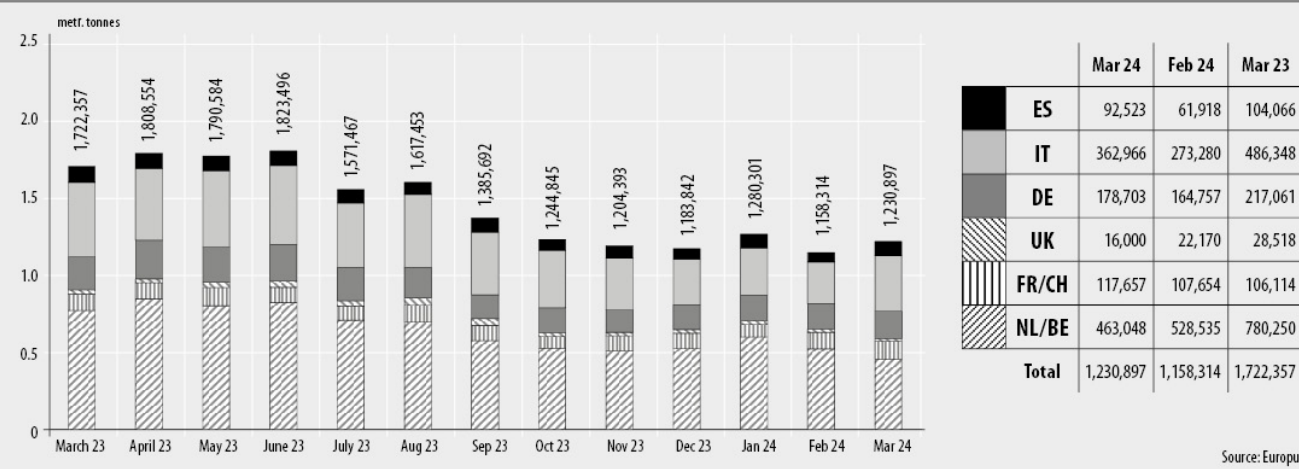
NB: Total and previous year total do not include DIP and CTMP, figures are constantly revised.

Each national Association has to provide an estimation for 100% of the national volumes out of their samples (from 80% to 100% depending on the countries).

Source: UTIPULP

Stocks of woodpulp in European ports

March 2023 - March 2024



Lightweight kraft paper producers busy, while converters see room for improvement

📄 EUWID + 15 May 2024 | ⌚ ~ 4 min | [Published in issue 20/2024](#)

Germany's lightweight kraft paper (40 g) market is split in two in early May. On the one hand, many paper mills report machines operating at decent capacity utilisation and lengthy lead times. On the other hand, converters are often cautious. Machines used to make packaging had significant room for improvement in their workloads, they said. Customers from trade and industry were said to be in a careful – and, above all, frugal – mood when it came to buying. Sources said that paper producers managed to implement their price plans in April. Market players told EUWID that another price increase might follow over the summer.

The mood is mixed on the German market for lightweight MG kraft paper (40 g). In early May, many paper mills were upbeat about the first quarter of 2024. Many contacts described business as “very good,” “better than expected”, or “pretty decent” in the first three months of the year. Just a few paper mills reported order books with room for improvement in the first quarter. One source noted that customers had “acted cautiously” and tended to buy only the amounts needed for production.

Insiders reported that demand for paper was coming from virtually all areas. Bakery and butchers' bags were in demand, as were other types of food packaging. Order intake from the industrial packaging segment had also been palpable, it is learnt.

Players said that demand for both 40 g brown and white MG kraft paper was strong, and that orders for lightweight recycled kraft paper had been decent as well. Higher grammage kraft paper (starting at 60 g) used, for instance, in shopping bag production, continues to cause headaches, though. The market remains subdued and demand lacklustre, even for high-quality products.

As EUWID researched this market report in early May, many paper mills were busy to very busy. Lead times reportedly averaged 10 weeks for white and brown grades alike. This meant that paper machines had enough orders on hand to make it through the summer months and beyond, experts said. However, insiders also quoted a few cases of shorter lead times of four to six weeks.

All things considered, supply was good in early May. All converters with long-term contracts were able to source material. However, they had to reckon with longer waiting times if they needed extra material.

Reasons why paper mills are enjoying good workloads unclear

Insiders were speculating about the reasons why paper mills were running at good capacity utilisation. Contacts said that some of the orders freed up by the closure of Mayr-Melnhof's paper machine in Kwidzyn have made themselves felt. The site's PM 3 has made products including lightweight packaging paper with a capacity of around 75,000 tpy. Yet, experts thought that this was not a real explanation.

Indeed, many converters were muted in their assessments of how business had gone for the first three months of 2024 and the start of the second quarter. Although the beginning of the year fared better than the fourth quarter of 2023, the market was often down compared with the same period last year. Contacts told EUWID that April was also rather quiet. Converters said that order intake from industry and trade was cautious. Customers bought when they needed paper for their own production and were "highly price sensitive." Lead times for new orders are said to be getting shorter and shorter, and batch sizes are becoming smaller.

One reason for paper mills' good order backlogs might be that converters are worried about the paper industry raising prices. Some of them may have stockpiled more paper out of concern about higher prices, market players speculated. As previously reported, paper producers had contacted packaging producers in the first quarter, seeking mark-ups for brown and white MG kraft paper made out of fresh fibre for deliveries with effect from 1 April. These demands ultimately ranged from €50-70/t to €100-120/t. As many EUWID sources confirmed, paper manufacturers managed to assert their demands. In some cases, though, packaging manufacturers are said to have succeeded in pushing back the date of implementation date until 1 May.

In early May, a price bracket of €1,170-1,280/t is emerging for white MG kraft paper. Brown MG kraft paper reportedly changes hands for €1,130-1,230/t. Manufacturers also reportedly unveiled plans to tack on 5 per cent or an average of €50/t more for recycled kraft paper for deliveries with effect from 1 April. Insiders added that paper producers appear to be preparing the market for another price increase during June and July. As EUWID was researching this report, one producer officially announced its intention to charge 15 per cent more with effect from 1 June.

Print and media companies' outlook more optimistic

Statistical snapshot Germany

📄 EUWID + 15 May 2024 | ⌚ ~ 2 min | [Published in issue 20/2024](#)

The seasonal and calendar-adjusted business climate in the German print and media landscape significantly brightened in April 2024 following slight improvement in March. The change was fuelled by moderate growth in the current assessment of the business situation as well as the distinctly less-pessimistic business outlook for the next six months. The seasonal and calendar-adjusted business climate index computed by the German print and media association (BVDM) moved higher month-on-month by around 11 per cent. At 92.2 points, the index in April is still roughly 2.3 per cent below last year's level.

In April 2024, decision-makers of print and media were more upbeat about their business situation and growth outlook for the coming months.

In April 2024, the seasonal and calendar-adjusted business situation index increased by 3.8 per cent compared with February, reflecting the second successive month-on-month increase after the sharp dip in February. However, at 82.5 points, the index still stands around 1.6 per cent lower compared with the beginning of 2024 and roughly 10.8 per cent lower year-on-year. In April, around 7 per cent of surveyed companies reported positive assessment of their current business situation, 56 per cent of the responses were neutral and 38 per cent negative. The net figure is 31 percentage points higher but still 20.5 percentage points lower than last year's figure. An overwhelming 69 per cent majority of companies complained in April about obstacles to production, primarily (52 per cent) citing lack of orders. Paucity of qualified staff was still relevant at 32 per cent but material bottlenecks (5 per cent) were no longer significant.

Expectations of business development in the next six months significantly improved in April. At 103.1 points, the index stands around 18.8 per cent higher than in the previous month and roughly 6.9 above the level of April 2023. However, the improvement should result primarily from a fall in negative responses on business outlook (-22 percentage points) rather than an increase in positive expectations (+2 points). As such, the growth should also be seen in relation to other industry indicators that reflect a normalisation of the negative trend of the last two years rather than as a portent of recovery.

Seasonal effects shape German market for printing and writing paper

Mark-ups announced for primary fibre corrugated case material

 **EUWID +** 15 May 2024 | ⌚ ~ 8 min | [Published in issue 20/2024](#)

Industry experts are noticing slightly higher demand for fine paper and publication paper in Germany, but remain very cautious in their outlook. Overall, demand for graphic paper continues to shrink and the fact that volumes were relatively good at the start of 2024 does not change this, players say. Paper industry representatives are primarily focusing on margins: Given the upward trend in pulp prices, there is an urgent need to introduce widespread price hikes for fine paper, they say. Delays in implementation are increasing the pressure and uncertainty in the market.

Price hikes are becoming more of a topic in the publication paper segment as well. These could be brought to the table at the next price round. Preparations for such a move are said to be underway in the LWC segment. It is obvious that many paper mills are struggling with the cost situation.

As of early May, it was still unclear what the outcome of the latest price demands in the kraftliner market would be. Availability could play a role in determining the success of producers' plans to increase prices.

Seasonal effects and mixed picture in fine paper segment

Besides the weak demand, the topics of discussion on the market for woodfree coated and uncoated papers include paper prices and industry consolidation. Industry experts explain the less-than-satisfactory order intake by pointing out that May and June are typically seasonally weak months.

The cost of pulp is posing a major problem for paper mills, EUWID was told. In light of this, there is an urgent need to broadly introduce price hikes for fine paper, producers say.

And given the ongoing supply overhang, the majority of respondents expect further capacity reduction measures. Every supplier "must do their part," commented one market participant.

Basically all European producers of fine paper have repeatedly announced price hikes over the past several months. However, it is fully unclear where, for whom and when exactly these hikes would actually be applied, EUWID was told.

The need to raise prices is almost indisputable, sellers say. Producers are struggling with both rising raw material costs and low capacity utilisation. As a result, paper production is becoming noticeably more expensive, all players agree. However, activity levels can fluctuate within one factory and from mill to mill, so there continue to be exceptions and special offers for buyers. Customers are therefore often able to be strategic and seek out opportunities to purchase inexpensive goods.

This is increasing the pressure and uncertainty, which already existed due to the delays in implementing the price hikes. Yet, paper producers also worry that the prospect of higher paper prices could put a dent in print orders, causing demand to permanently disappear even faster.

Experts say this situation is also making the process of consolidation in the industry more difficult. It is still unclear which player could be the next to cut production capacity for fine paper. On the supplier side, however, it is clear that paper merchants still want to become leaner and faster.

Paper industry representatives confirm that imports are definitely disrupting the European market – and not only in the copy paper segment, but also for offset and coated paper grades. Buyers are torn, trying to decide whether to purchase the inexpensive paper or instead support European suppliers. Several players agreed that local producers often have an advantage when it comes to quality, transport times and planability.

Winds of change in the magazine paper market

Prices for LWC and SC were stable in Germany in May although demand was softening slightly here and there. Both paper mills and printing companies report that business is being done on shorter notice again. In a shrinking market with fierce competition for contracts, seasonal dips – such as those now being seen for May and June – can quickly have painful effects, industry experts say. Both the publishing and advertising businesses are contracting and demand for publication paper is falling.

As a result, the price of paper is always an issue. Some buyers argue that prices should decline due to the ongoing supply overhang. However, the printing industry also recognises that paper producers “do not really have any leeway to go any lower,” several players said.

Instead, paper mills are confident they will be negotiating increases in the upcoming price round for the third quarter, EUWID was told. Preparations for such measures are already underway, say industry insiders. However, it remains to be seen how much resistance buyers will put up. Some have already been critical in advance of the negotiations to determine the delivery conditions as of July: Any talk of an upward price swing would have a dampening effect on business volumes, and demand would therefore shrink, say buyers, especially from the commercial printing sector.

Representatives of the printing industry also comment that the market is too price-sensitive for such a step. Any such plans would be supported by measures to reduce paper supply, which has already been the topic of much speculation, paper industry representatives insist. However, there have not yet been any “bold cuts” announced in the magazine and paper segment.

It is well-known that Heinzel will supply its SC paper customers throughout 2024 with paper from Laakirchen. But the conversion of PM 11 to containerboard production is on the horizon: The installation of the ordered machine parts will reportedly take place in early 2025, and then the machine will start to produce containerboard. Leipa recently announced plans to mothball a PM for LWC.

Previously, UPM had announced it was considering temporary layoffs at its Finnish paper mills. Downtime of as long as 90 days at UPM Communication Papers could occur sometime in the period between 1 September 2024 and 28 February 2025, the company said. This follows on the recent closure of UPM's Plattling paper mill. The site is now up for sale and the paper machines will be removed or broken down for parts.

Perlen, on the other hand, has announced it will continue to pursue its last-man-standing strategy in the paper market. Market experts also expect Schwarz Group's Papierfabrik Maxau to continue operations. But the site is slated to take an extended temporary downtime starting in early July, as various measures at the mill will require halting both SC paper PMs, industry experts report.

Schwarz Group has launched an investment project at the Maxau site, among other things in the energy infrastructure. The Maxau site is now meeting a considerable share of Schwarz Group's SC-B paper needs, according to market experts.

On the supply side, EUWID respondents once again noted that additional grades of SC paper are being offered by three paper mills and are used in the commercial printing segment in particular.

Players say the print market is also changing, but they expect consolidation to continue, especially in the offset printing business. Noticeable factors here include the surprising closure of rotogravure print shop TSB. This closure and the exit of Prinovis from the market should have a positive effect for the company's competitors. Print orders would have to be shifted around after the closure of capacities at TSB in Mönchengladbach, Germany.

In the meantime, it is clear that French group Riccobono, which had acquired TSB in 2023, intends to remain active on the German printing market despite the closure of the Mönchengladbach site. Even without a production facility in Germany, a sales team reportedly continues to pursue the group's strategy and offer services on the German market.

Implementation of targeted price hikes for white-top and brown kraftliner still unclear

At the time of the EUWID market survey, there were reports of two new price hike announcements for kraftliner. The intended mark-ups would be €60/t for brown and white-top kraftliner, effective from 1 June. The suppliers argue that pulp prices and input costs in general have increased, making such a step necessary.

Other paper companies apparently see less of a need to present arguments to the packaging industry, saying simply that the improved demand provides an opportunity to introduce another price adjustment following the most recent one. The packaging industry, for its part, attributes the improved demand and tightening of the market to downtime measures and not to a real rebound.

In the first few days of May, it was still too soon to predict how the latest price plans would pan out. The majority of converters were not yet convinced that further adjustments would actually go through. Several of them said it was possible that part of the announced hikes might be implemented, but nobody expects the full amount to be realised. One corrugated industry representative said the initiative would not succeed unless there was a real surge in demand for corrugated board.

However, not only was this not the case, but the demand situation actually started deteriorating again as of April, the respondent said. After an uptick in demand for corrugated packaging in the first three months of the year, April was patchier and some companies describe demand in May as bad – even when they take into account the many public holidays in their planning for the current month.

Smaller converters say they are noticing again that major players are competing for lot sizes that should be too small to interest them. This is an unmistakeable sign that demand is weak everywhere, they explain. With the summer months approaching, an upward trend is not expected anytime soon in the corrugated industry. Moreover, not all converters share the cautious optimism expressed by their industry associations, which predict a slight upswing for the third and fourth quarters.

As kraftliner is still readily available – despite market-related downtimes and maintenance work – the converters want to sound out the market more to evade any potential price hikes.

The price hike announcement for white-top kraftliner is being met with surprise in the market, since the first step has not yet been implemented across the market. In many cases, converters believe these increases have little chance of success because white-top kraftliner grades are still suffering from the trend towards brown grades.

CL Grupo Industrial invests in Spanish containerboard plants

10 May 2024 [Frauke Schmidt](#) | ~ 1 minPublished in issue 20/2024



CL Grupo Industrial has invested €3.2m at Papeleras del Arlanzón

Spanish CL Grupo Industrial is investing €6m in two of its containerboard mills to strengthen its position in the packaging market.

Burgos-based company Papeleras del Arlanzón will receive €3.2m and Matías Gomá Tomás €2.8m of that sum. Both companies produce 100 per cent recycled containerboard.

Papeleras del Arlanzón (PDA), which has been part of CL Grupo since April 2022, has invested €1m in machinery to improve the paper drying process, reduce energy consumption and minimise the environmental impact of operations. €1.5m were invested in improvements to

water treatment processes, pulping and cost-cutting measures.

In addition, PDA has invested €700,000 in a circular water system, which has already been implemented at the sister plant in Matías Gomá Tomás.

Among other things, the measure will lead to an increase in production capacity from 120 to 140 tpd of containerboard.

In addition, CL Grupo invested €2.8m to improve fibre treatment processes at the Matías Gomá Tomás (MGT) plant in Tarragona. The investments will help to reduce the plant's energy consumption and production costs.

CL Grupo Industrial is a Spanish investment company with a turnover of over €2bn and 3,000 employees. The company is active in market segments such as chemicals, construction, steel, beauty products and energy.

In addition to PDA and MGT, CL Grupo's packaging division also includes the companies Ondupack, Murcia Cartón and Plastiverd. The division has a production capacity of 170,000 tpy of containerboard and 250 million m² of corrugated board per year.

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Navigator Paper UK increases takeover bid for Accrol

08 May 2024 [Bernd Hecht](#) | 🕒 ~ 3 min [Published in issue 20/2024](#)



Navigator Paper UK has increased its tender offer made on 22 March 2024 for UK tissue converter Accrol Group Holdings plc from £0.38 to £0.39 per share.

The increased offer price represents a premium of approximately 14.7 per cent to the closing price of 34.0 pence per Accrol share on 21 March 2024 (the last business day prior to the commencement of the offer period). It values Accrol's entire issued and to be issued share capital at approximately £130.8m and implies an

enterprise value of approximately £188.2m.

Navigator considers the financial terms of the new offer to be fair and states that this offer is final and will not be increased unless another announcement of a possible offer by a third party is made or the takeover board otherwise gives its approval. The Board of Directors of Accrol had confirmed that no offers from third parties had been received from 22 March 2024 until the date of the announcement of the increase in the offer, Navigator says.

The planned acquisition of Accrol will strengthen Navigator's market position in the Western European tissue market, the company explains. The company expects total sales of its tissue businesses to increase to approximately £500m with the acquisition of Accrol, with the UK market accounting for approximately 50 per cent of Navigator's total tissue sales.

Accrol is a leading UK tissue converter and supplier of toilet paper, kitchen rolls, facial tissues and wet wipes for many UK discounters and food retailers. In the financial year ended 30 April 2023, Accrol generated revenue of £242m and adjusted Ebitda of £15.6m.

In 2014, Navigator made the strategic decision to enter the tissue market. In addition to the production of parent rolls on a large industrial scale with direct integration of the pulp into tissue production, the business model also envisages converting plants in Navigator's core consumer markets of Western Europe and the UK as well as serving the At Home and Away from Home markets.

In 2015, Navigator acquired AMS Star Paper, which currently has a production capacity of around 60,000 tpy of tissue paper per year and corresponding converting capacity. In 2018, Navigator invested in a large-scale tissue paper production facility at its industrial complex in the Aveiro district of Portugal, which was integrated into the pulp mill and now has a tissue paper capacity of 70,000 tpy and 55,000 tpy of converting capacity. In 2023, Navigator took over the tissue consumer business of the Spanish Gomà Camps Group and its industrial site in the Zaragoza region, which has a production capacity of 35,000 tpy of tissue paper and 55,000 tpy of converting capacity.

Navigator's current capacities in the tissue sector comprise 165,000 tpy of production and 180,000 tpy of processing with a turnover of €293m in 2023.

For Navigator, Accrol is an important pillar in the strategy of sustainable expansion of its tissue business in the Western European market, the company explains. The strategy is focused on long-term value creation and will concentrate on building Accrol's market position as a trusted reference supplier in the tissue private label market in the UK and supporting growth in all core product segments, the company says.

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Suzano denies media reports on alleged takeover bid for International Paper

08 May 2024 [Bernd Hecht](#) | 🕒 ~ 1 min [Published in issue 20/2024](#)



In a public statement Brazilian pulp and paper group Suzano denies reports on an alleged takeover bid for US paper group International Paper (IP) that had been published in the financial press.

The statement refers to an article published by Reuters, saying that "Suzano has approached U.S.-based International Paper to express interest in an all-cash acquisition that would be worth almost \$15bn, according to people familiar with the matter".

In a press release, Suzano declares that, although it is continuously analysing market opportunities and investments, "there is no formal document or celebration of any agreement, binding or otherwise, by Suzano, nor any decision or resolution of its management bodies regarding the potential operation reported by the media".

Reports in the media had also suggested that Suzano had already indicated to the board of International Paper that it intended to formally send a proposal of \$42 per share in cash in the near future.

The news comes shortly after International Paper had agreed to take over British packaging group DS Smith, outbidding paper and packaging group Mondi. A takeover bid of Suzano for International Paper could disrupt the IP/DS Smith deal, which is scheduled to be closed by the end of this year, articles in the press suggested.