

Arctic Paper's Q1 results backed by better demand

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The results of pulp and fine paper producer Arctic Paper in the first quarter of 2024 are below the previous year's figures, but higher compared to the final quarter of 2023. With sales of PLN965m (Q1 2023: PLN1.03bn), Arctic Paper generated an operating profit of PLN84m (PLN156m) and Ebitda of PLN112m (PLN186m).

The company said it benefited from the combination of paper and pulp business, as the two areas complemented each other. In addition, order intake in the paper business segment picked up seasonally as usual. However, despite higher sales volumes for pulp and paper, Ebitda fell, mainly due to lower sales prices. In addition, there were difficulties in pulp production at one of the company's two plants.

Capacity utilisation of the paper machines rose to 86 per cent (71 per cent). Arctic explained that although it continues to focus on making a profit than on order volume, this is a healthier utilisation rate.

In the first quarter, demand for pulp increased, as did prices, reports Arctic Paper.

Arctic continues to broaden its product portfolio and is investing in a plant for the production of moulded fibre trays in Kostrzyn in Poland. The project is progressing and production is expected to start in the third quarter of this year, the company says.

Arctic Paper also intends to further expand its business in the energy sector. The 17 MW photovoltaic park at the Kostrzyn mill is scheduled to be commissioned at the end of May this year, and the company expects to receive approval for the expansion of a further 9 MW in 2025.

The company is currently evaluating potential acquisitions in solar energy, and an agreement was recently signed for the installation of battery storage systems on the sites of the mills in Munkedal and Grycksbo. This is expected to contribute SEK10-20 million to Ebitda per year. In addition, preparations are continuing for the expansion of the biofuel boiler at the Grycksbo mill.

Despite all positive trends, the market outlook remains uncertain for Arctic Paper. The company sees a difficult year ahead. With the economic upturn, the balance between paper and pulp will slowly develop in favour of the pulp sector, Arctic Paper says, confirming that it will continue to diversify the company into the four areas of paper, pulp, packaging and energy.

Arctic Paper Group results		
million PLN	January - March	
	2024	2023
Key figures		
Sales	965	1,032
Sales Paper	701	722
Sales Pulp	264	310
EBITDA	112	186
EBITDA Paper	109	114
EBITDA Pulp (Rottneros)	35	178
Operating result	84	156
Net result	82	132
Sales volume (1,000 t)		
Paper	144	113
Pulp	90	87
Source: Arctic Paper Group		

Model Eilenburg to start producing at the end of June

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Switzerland's **Model Group** plans to produce the first batch of paper from the rebuilt machine in Eilenburg, Germany at the end of June, in any case not later than the middle of July. Commissioning of the PM was originally scheduled in March 2024 but was postponed. The PM will be started between weeks 26 and 28, the company said in response to a query.

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Solidus Solutions to increase board prices

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Dutch board and packaging producer **Solidus Solutions** announced that it would raise prices of all board grades by €60/t for deliveries made from 17 June. Solidus says it has incurred higher costs in all areas in recent months. If current developments continue, then a second hike cannot be ruled out, the Dutch company added.

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Metsä Group completes sale of Russian subsidiaries

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On 13 May 2024, Metsä Group completed a transaction in which the ownership in the Russian subsidiaries Metsä Svir LLC, Metsä Forest St. Petersburg LLC, Metsä Forest Podporozhye LLC and Metsä Board Rus LLC was transferred to VLP Group. Both parties have agreed not to disclose the purchase price of the transaction.

VLP Group, in which Metsä Group held a minority stake between 2003 and 2017, operates in the forestry and forest industry, mainly in the Vologda region. In 2022, Metsä Group discontinued its operations in Russia, including the operation of the Svir sawmill, wood procurement and the sale of paperboard. Metsä Group stated that it no longer holds any assets in Russia after the completion of the transaction.

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Recovered paper prices still soaring higher in Germany

EUWID + 23 May 2024 | ~ 4 min

Recovered Paper Germany				
April 2024				
Monthly changes in €/t	April 2024	Mar 2024	Feb 2024	April 2023
Mixed paper and board (1.02)	+ 21.50	+ 12.50	+ 2.50	+ 11.50
Supermarket corrugated paper and board (1.04)	+ 26.00	+ 14.50	+ 2.00	+ 15.50
Used corrugated kraft II (4.03)	+ 22.50	+ 12.50	+ 2.00	+ 13.00
Sorted graphic paper for deinking (1.11)	+ 30.50	+ 18.50	+ 12.00	- 3.00
Coloured letters (2.06)	+ 17.50	+ 5.50	- 6.50	- 12.00
Multi printing (3.10)	+ 10.50	+ 3.00	- 6.50	- 34.00
White newsprint/magazine paper (3.14/3.15)	+ 13.50	+ 3.00	- 5.00	- 6.00
White woodfree uncoated shavings (3.18.01)	+ 11.00	- 2.00	- 5.50	- 27.00
Changes based on free delivered prices within Germany.				
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German recovered paper prices remain on an upward trajectory in May. Prices for ordinary grades had already risen sharply in March and April. Additional hikes averaging €20/t were thought to be on the cards in May for the grades mixed paper, supermarket paper and board and sorted graphic paper for deinking. Insiders attributed this fresh price increase to somewhat brisker demand from the paper industry,

persistently weak recovered paper arisings and logistical and collection-related challenges because of several public holidays falling on weekdays in Germany in May.

The upward trend in German recovered paper prices that began back in March grew sharper in April. An analysis of information provided by German recovered paper suppliers and consumers in April indicates that mixed paper (1.02) became €21.50/t more expensive. Supermarket paper and board (1.04) cost as much as €26.00/t more than in March, while used corrugated kraft II (4.03) prices jumped by €22.50/t.

Sorted graphic paper for deinking (1.11) saw the largest hike in April, soaring by €30.50/t compared with March. Most other grades experienced significant hikes in April, as well. Coloured letters (2.06) fetched €17.50/t more on average. Multi printing (3.10) prices climbed by €10.50/t, while white newsprint/magazine paper (3.14/3.15) commanded €13.50/t more than in March. White woodfree uncoated shavings (3.18.01) prices were €11.00/t higher than the previous month.

Paper mills' capacity utilisation levels and demand for recovered paper are stronger than last year. This assessment is also borne out by figures from the German industry association Die Papierindustrie. Its statistics show that German paper mills consumed 4.1 million tonnes of recovered paper in the first quarter 2024. This is 7 per cent more than in the same stretch last year.

Contradictory reports are apparently doing the rounds, though. Sources told EUWID that paper mills had not actually experienced a decisive improvement in incoming orders for new paper, meaning that significant amounts were apparently being made to stock.

On the other hand, a few buyers need significant amounts of recovered paper and are apparently willing to make major compromises on pricing as they look for additional lots. This situation is at least partly connected to the four public holidays that fall on weekdays in Germany this year in May, which are making it more difficult to ensure a consistent supply of recovered paper.

That being said, sources also suspect that the unsettled market is connected to some buyers having miscalculated how much recovered paper they would need.

At the same time, market players had anticipated growth in collection volumes after Easter which apparently did not materialise. Contacts told EUWID that recovered paper arisings were still lacklustre, with the holidays having likely exacerbated shortages.

At any rate, it is obvious that the amount of recovered paper available on the market is not enough to meet current demand from the German paper industry. Besides prices, imports of recovered paper from other European countries also climbed again. More recovered paper can be exported to Germany because prices on the Far East market remain uncompetitive compared to the level reached in Germany.

Prices for the mass grades of 1.02, 1.04 and 1.11 pointed much higher again in May, bringing the total hike since March to €60-80/t. Conversely, prices for high grades are not climbing as much, with a small increase at most expected in May.

The outlook for Germany's recovered paper market remains uncertain. Warnings of a bubble that might burst soon are doing the rounds.

However, most EUWID contacts do not expect a rapid fall in prices. Prices had risen too consistently over the past few months and the increase was not strong enough for a bubble to have formed, they argued.

Indeed, many respondents expect to see business stabilise to a certain degree in June. The situation is likely to grow calmer again after the Pentecost holidays, due in part to imports from other European countries.

Since assessments of the paper industry's order books are also rather downbeat, demand – and thus prices – for recovered paper might decline at least in the medium term. That being said, several market insiders pointed out that arisings are traditionally especially weak over the summer months. This meant that the availability of recovered paper would likely not improve for the time being.

What's more, the fact that there is still demand on the export market indicated that recovered paper prices would not fall sharply in Germany. The gap between prices offered for shipments to the Far East and those in Germany was not too large, so sellers could quickly switch to the Asian market again if prices in Germany were to fall, a source from a waste management firm noted. In such a scenario, prices in Germany might only subside to a limited degree.

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Germany: recovered paper prices in the focus of many paper and board mills

Price rounds for recycled CCM and unlined chipboard start

 **EUWID +** 23 May 2024 | ⌚ ~ 9 min

In the German newsprint market, seasonal effects in demand are just as much an issue as the price increases for recovered paper. However, in view of the quarterly contracts that are usually agreed, there are currently no price changes. The next price round is scheduled for June.

By contrast, manufacturers of recycled corrugated case material have again announced price increases on the market. Demand has improved, but is not good, market insiders say.

A price round is also underway on the cartonboard market. After manufacturers of white-lined chipboard (GD) are said to have already pushed through price increases for April, hikes are now also to follow for unlined chipboard. There are signs that the implementation of the price plans will be postponed.

Quarterly contracts provide price stability for newsprint

The demand situation in the newsprint market is softer due to seasonal effects in May and June. However, the paper industry expresses some optimism about the rest of the year. A number of players in the printing and paper sectors expect that demand will be higher this year than last year.

Many printing companies complain they do not have enough contracts. But the commercial printing segment is now flat and no longer declining, they note. Industry say that many expectations about the success of digital advertising were exaggerated or could not always be met. There is much to be said for a combination of digital and print advertising. The newsprint segment has definitely benefited from the downgrading trend towards lower-priced paper, say market insiders, pointing to improved newsprint, for example. These grades are competing with other uncoated publication papers and business is still being done on short notice, say market experts, stressing the lack of planning certainty. On the other hand, order intake is quite good, with players saying it could be better but is decent.

Nonetheless, the overall market for newsprint is still shrinking, players agree. Looking at the newspaper industry, they note that declining circulation of printed titles over the past two years is now very noticeable. The volumes on the market for free advertising papers have dropped off dramatically and apparently it is no longer a given thing that newspapers will publish a daily edition, experts say. The process of structural change will continue, all respondents agree. Moreover, the production and

distribution of printed newspapers have become more expensive. With publishers struggling to turn a profit, printing shops are also forced to close. After all, it is still very questionable whether rising sales numbers in the ePaper segment can offset the loss of revenues from print editions. The general slowdown in consumer spending and the resulting cuts to advertising budgets are weighing heavily on the industry.

However, experts say this picture is sometimes “overstressed.” With high-quality products that offer added value, it is possible to retain subscribers and acquire advertising customers, they say, adding this is true for both printed newspapers as well as digital versions. And there have already been examples of successful cost-reduction measures: There is a trend towards cooperation between various publishing houses, including recent concepts for print shop partnerships. Players in the industry have now become much more willing to compromise here, EUWID was told. This could lead to an uptick in print orders at large, modern printing plants, which would boost capacity utilisation and efficiency, players say.

In the paper industry, too, the structural oversupply and the corresponding fierce competition have prompted market participants to pay closer attention to capacity utilisation of their paper machines. Lately, however, there have been fewer of the “special deals” which some producers had been using to land additional volumes in order to temporarily improve bookings. According to industry representatives, it is possible in many cases to produce flexibly, often thanks to an expanded product portfolio. Several paper mills have added new products – sometimes entirely different grades – to complement their production of newsprint.

At the same time, the consolidation pressure in the industry persists. Players on the newsprint market are waiting for a decision about further capacity reduction. Experts do not see any change in the status quo yet.

Meanwhile, paper mills are anxious and worried about the developments on the raw material market. They stress that rising recovered paper prices are putting them in a tough spot. Quotes for newsprint at most suppliers have converged somewhat in recent weeks, market experts say. Since quarterly contracts remain the norm right now, it is expected that the newsprint prices agreed as of April will remain valid until the end of June. However, paper industry representatives say they urgently need to pass along additional fibre costs to their customers. So far, there have not been any written announcements of such a move. A number of buyers say, though, that price hikes for newsprint are almost unimaginable right now.

Are recycled CCM prices tracking RCP prices, or vice versa?

Shortly after the latest price hikes for recycled corrugated case material, which ultimately resulted in an upward step of €60/t, another announcement was made. Some players informed the market with such short notice that it rather quickly became apparent that the targeted implementation dates – early May, for example – were not very realistic. Nevertheless, these demands sent a signal to the market.

None of the converters surveyed by EUWID said they were paying higher prices as of the beginning of May. Even mid-May does not appear to have become a market-wide implementation date. However, a number of producers said they had implemented part of the price increase by that date. Price increases from 1 June continue to be discussed. Market insiders do not expect that the full amount of €60/t will be implemented.

A new price increase for white-top testliner is also envisaged from the beginning of June.

The reasons cited for the latest step are diverse and not always explainable. The first step was necessary for paper mills to survive. Companies argued that their margins had long been insufficient. These adjustments were soon followed by price hikes for recovered paper, which nearly ate up the increases implemented by paper mills. To compensate for this, there has been a new round of announcements for new paper, but these are also based on the expectation that recovered paper prices will continue to rise. And an upward trend is indeed being seen on the recovered paper market, according to the latest EUWID research. The question that has been asked many times in recent weeks is: Why are recovered paper prices increasing? The start-up of the Eilenburg paper mill is repeatedly mentioned as one reason, but beyond that it is difficult to find explanations. Demand for corrugated case material is better but not good, respondents say. Some stocks have apparently been drawn down, but the paper machines' output is often lower than their potential. The corrugated board industry is cautiously optimistic, but this means a slow return to normality rather than real growth.

Some players believe the recovered paper sector likely saw the success of the first adjustment and would like to have a share of this rise, while the paper industry sees the recovered paper segment as the reason why there is a need to increase prices.

Price hikes for unlined chipboard postponed until June

After producers of white-lined chipboard (GD) were able to implement mark-ups as of April, the first negotiation outcomes are now also being reported for unlined chipboard in May. In April, buyers of unlined chipboard were confronted with announced increases throughout the market, typically by €50/t for deliveries as of May. However, respondents surveyed by EUWID in mid-May suggested these adjustments are likely to take effect in early June. There were scattered reports of higher prices already being implemented in mid-May, but insiders stress these were exceptional cases. Although a price hike is on the horizon for June deliveries, the full amount is unlikely to go through, the EUWID survey found.

In a few cases, negotiations are still ongoing. Giving the rising price trend for recovered paper, cartonboard producers worry that the agreed mark-ups will not be sufficient to cover their production costs. They also note that demand has picked up slightly in some cases, although this cannot yet be described as a sustained, general upswing. To provide flexibility to react to developments on the raw material markets, the new prices are only agreed until further notice.

Producers on the market for GD board are also watching recovered paper prices with concern. Board price increases implemented in April were almost completely eaten up by these higher costs, they say. Producers of folding cartons told EUWID

that they had been informed by GD producers about potential plans to raise prices as of July. "This needs to happen," said one supplier, citing the pressure on margins. Cartonboard buyers take a critical view of these plans, as consumption has not yet picked up noticeably and demand for cartonboard remains subdued. Capacity utilisation rates at converters are still less than satisfactory. GD producers, on the other hand, report activity levels have improved recently but they cannot pinpoint what is driving this. In May, delivery times for GD and unlined chipboard were unchanged at 3-4 weeks and could stretch to as long as five weeks for GD.

On the market for folding boxboard (GC), players are slowly turning their attention to the price round for the third quarter. After one smaller GC producer issued the first demands to the market in March, a big-capacity player followed suit in early May and announced plans to raise prices by €80/t for deliveries as of July. A further supplier has now done the same and announced increases, although the amount is not yet known. Other GC producers have yet to reveal their plans, market players say.

Given the fact that pulp prices have been rising for several months now, GC suppliers see an urgent need to raise their prices to cover their production costs. Converters, for their part, stress that the ongoing weak demand is not conducive to price hikes. As the current contracts are usually still valid until the end of the second quarter, buyers of GC expect "extremely lively" price talks until the end of June, as one market expert said. Respondents did not report any price changes in May.

Delivery times for folding boxboard continue to vary. In Continental Europe, players typically mentioned lead times of 5-6 weeks. As a consequence of the strikes in Finland and the catch-up effects there, buyers said they sometimes had to wait 8-12 weeks for deliveries.

Moreover, availability of pulp is an issue for GC producers right now. This is due to downtime at the Kemi pulp mill, which is causing supply to tighten somewhat on the European market.

Spot lots and imports still putting the squeeze on margins for white decor paper producers

Upward trend in pulp prices seems to be levelling off

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Additional delays have surfaced to the price increases that most European decor paper manufacturers have been seeking for several months now. Moreover, producers have still not been able to fully implement their price increase plans, particularly for mass grades. Customers report there are repeated spot lots involving interesting quantities, which in some cases undermined prices. Imports of white decor paper and light-coloured printing base paper from China are also causing more frequent disruptions. The situation stabilised somewhat in January and February 2024 due to problems with container shipping and the Chinese New Year. However, import pressure has tended to intensify in the recent past.

The combination of these factors means that price hikes for commodity grades are still rather modest. Buyers note that some of the old prices have been maintained for short-term agreements in recent weeks. Any price increases have remained rather manageable. A few producers reported having instituted significant price hikes for commodity grades, peaking at up to €10/100 kg. Other companies are now trying to follow suit in their next contracts. Average prices for speciality and coloured decor paper have shifted higher, with manufacturers mentioning increases of up to €10-20/100 kg.

Pulp costs remain on an upward trajectory. Brazilian bleached eucalyptus kraft (BEK) pulp manufacturers have raised their list prices in \$80/t increments in recent months to reach \$1,380/t CIF North Sea port. Producers initially attempted to tack on another \$60/t in ongoing negotiations for May deliveries, but buyers were only willing to accept half that amount. Recent spot transactions reflected a jump of up to \$50/t in the second week of May, possibly due to uncertainty related to anticipated logistical restrictions caused by flooding in southern Brazil.

Titanium dioxide manufacturers also want to raise their prices in the next round of talks after little change has been seen since the beginning of the year. No firm announcements have yet been made, though. The additional spike in pulp costs, coupled with the delays in price increases, has put additional pressure on margins, particularly for commodity grades. Bearing this in mind, decor paper manufacturers, who were less consistent in the last negotiations, want to step up their game in the next rounds of talks.

Prices for corrugated case material now also rising on the British market

Fewer spot offers for GC board / Fine paper prices edging up in May

 23 May 2024 | ⌚ ~ 12 min

EUWID Price Watch UK				
May 2024				
Prices in £ per tonne free delivered unless otherwise stated	May 2024 £	May 2024 €*	April 2024 £	May 2023 £
Fine paper				
Woodfree uncoated				
Copy paper 80 g A4 B grade	890 - 1,000	1,041 - 1,170	890 - 980	950 - 1,100
Copy paper 80 g A4 C grade	860 - 970	1,006 - 1,135	860 - 950	920 - 1,070
Offset sheets 80 g	920 - 1,010	984 - 1,182	920 - 990	950 - 1,070
Offset reels 80 g	860 - 970	1,006 - 1,135	860 - 950	900 - 1,030
Woodfree coated				
Sheets, double coated, 115 g	940 - 1,010	1,100 - 1,182	940 - 990	1,020 - 1,130
Reels, double coated, 100 g	860 - 950	1,006 - 1,112	860 - 930	970 - 1,080
Publication paper				
Standard newsprint 45 g	440 - 490	515 - 573	440 - 490	640 - 710
Standard newsprint 42.5 g	450 - 500	527 - 585	450 - 500	650 - 720
Standard newsprint 40 g	460 - 510	538 - 597	460 - 510	670 - 740
Improved newsprint 52 g, ISO 68	490 - 530	573 - 620	490 - 530	690 - 760
LWC offset 60 g	680 - 730	796 - 854	680 - 730	800 - 890
LWC rotogravure 60 g	680 - 730	796 - 854	680 - 730	820 - 910
SC offset 56 g (A)	600 - 640	702 - 749	600 - 640	700 - 800
SC rotogravure 56 g (A)	600 - 640	702 - 749	600 - 640	700 - 800
Corrugated case material				
Primary fibre corrugated case material				
Unbleached kraftliner 175 gr, European quality	615 - 700	720 - 819	615 - 650	635 - 695
White-top kraftliner 140 g, European quality	730 - 825	854 - 965	730 - 795	750 - 815
Recycled corrugated case material				
Recycled fluting 100 g	530 - 560	620 - 655	480 - 510	510 - 545
Recycled fluting 90 g	530 - 565	620 - 661	480 - 515	510 - 550
Recycled fluting 85 g	540 - 575	632 - 673	490 - 525	520 - 560
Testliner II	550 - 580	644 - 679	500 - 530	530 - 565
Testliner III	530 - 560	620 - 655	480 - 510	510 - 545
White-top testliner, grade B, 140 g	620 - 700	725 - 819	620 - 670	640 - 710
Cartonboard				
GD II	650 - 750	761 - 878	635 - 750	740 - 850
GC II	900 - 1,010	1,053 - 1,182	900 - 1,010	980 - 1,200
* Exchange rate as of 17 May 2024: £1 = €1.17				
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The price increase for corrugated case material has now also reached the UK market. Prices have mostly increased on 1 May, but in some cases will not rise until 1 June. Only for brown recycled grades was the price increase implemented in full on 1 May. On the cartonboard market, the price increase for white-lined chipboard (GD) was finalised. Prices at the lower end of the price range in particular were raised. In the GC market, the first suppliers have also announced price increases. Others had not yet followed suit by the editorial deadline, but are showing significantly less flexibility in their pricing, meaning that activity on the spot market has slowed considerably.

There were hardly any price changes in the UK market for publication paper in May. It was also not clear until recently what positions manufacturers and buyers would take into the price negotiations. Demands for price increases are considered possible, as are unchanged prices. In the market for fine paper, some prices that had remained unchanged in April have now moved upwards. The price trend is very uneven, with price increases totalling up to £50/t since January. Against the backdrop of rising costs, manufacturers want to demand further price increases.

Fine paper prices edging up in May, further increases demanded

There was further movement in the UK fine paper market in May. Prices increases occurred but to varying degrees and at different times depending on the customer and manufacturer. On average, increases of £50/t have been implemented from January to May, according to market participants summarising price movements since the beginning of the year. There were many announcements in January and February, but relatively little has happened in terms of prices then, they say. Recently,

there has been more necessity behind the announcements, as paper manufacturers' costs have risen, especially for raw materials.

Prices rose in April and May, and more hikes could follow. There have been isolated comments from manufacturers that they are negotiating further price increases of £30/t, which are to take effect from June. Manufacturers are feeling the pressure of rising pulp prices. However, the outcome of these negotiations remained open until the end.

Some players in the market believe that price movements have come to an end for the time being. The recent increases have taken some of the cost pressure off manufacturers, and buyers have been paying comparatively high prices for two years and are themselves under margin pressure.

According to statistical surveys, deliveries of woodfree coated and uncoated paper in the UK and throughout Europe have increased significantly in the first four months of the year compared to last year. Some market insiders perceive this as an overly optimistic signal, interpreting this strong growth, which is clearly in double figures, as a countermovement to the depletion of stocks in the fourth quarter of last year. The figures also compare favourably with a weak demand at the start of 2023.

Hardly any market insiders are expecting a real recovery in demand this year. It is often expected that real consumption in 2024 will follow the long-term structural decline, which is estimated at -4-6 per cent. This can be seen in the market situation for printers. The number of printing companies has been falling for years. There are also currently reports that a relatively large number of print businesses are not being fully utilised.

This is also reflected in the business of paper merchants. Some of their capacities and structures are now considered to be oversized. Attempts are being made to replace products on the declining printing and writing paper market with other products, for example from the packaging sector, but market insiders believe that this will not be easy.

UK publication paper prices unchanged in May, weak demand for magazine paper

In terms of prices, little changed on the UK publication paper market in May. Most prices had been agreed for the quarter and remained unchanged compared to April, apart from the occasional special offer.

It was not yet clear what positions producers and buyers will take in the upcoming price negotiations for the third quarter. One general consensus was that a continuation of prices would not be the worst thing for all parties involved. Some relatively high prices that were agreed for the entire first half of the year, which are higher than those for the second quarter, are unlikely to disappear in the third quarter. However, it also seemed possible that if price increases were demanded by manufacturers on the continent, this would also be the case in the UK market. According to market insiders, demands for price increases cannot be ruled out. At the moment, there are only few demands for price reductions from buyers.

Newsprint prices in the UK are currently well below those in continental Europe, while magazine paper prices are more comparable.

Meanwhile, cost pressure on paper manufacturers is increasing, with rising prices for recovered paper and pulp in particular being noted. Suppliers explained that a price reduction is out of the question under these circumstances, as otherwise companies would be in the red.

Demand for newsprint and in some cases also for SC papers is generally described as flat or decent. There has been no further slump in demand here, according to reports. The situation is different in the LWC market, where players report that demand is currently rather weak. Some insiders say that demand for SC paper is also low.

The fundamental trends in demand have hardly changed, market insiders say, pointing to the current situation of printers and publishers in the UK. In the publishing business, the structural decline in circulation figures is continuing for many newspapers and magazines. According to ABC statistics for the month of April, the print runs of many British national newspapers fell by 10-20 per cent year-on-year. Circulation of British consumer magazines fell by an average of 12 per cent in 2023 compared to the previous year. Printers regularly have been going out of business, and the current situation is not described as rosy either. Print jobs for the UK market have been transferred to the continent for a long time, and there have been no more large-scale gravure printers in the UK since the middle of last year.

Against the backdrop of this development, the overcapacities in paper production in Europe have not disappeared despite massive closures over the past three years. In the case of LWC in particular, but also newsprint and SC, capacities still need to be removed from the market in order to achieve a better balance between supply and demand.

UK containerboard prices show upward trend in May

Price hikes for containerboard finally also reached the British market in May. Players were discussing how sustainable these hikes would prove to be and how they would impact pricing for corrugated sheets and packaging.

All EUWID respondents confirmed that paper producers have successfully raised containerboard prices in strategic contracts on the British market. They will increase contract prices for brown recycled containerboard and brown kraftliner by £50/t. For recycled grades, higher prices took effect on 1 May. For kraftliner, buyers indicated different dates between 1 May and 1 June.

Strategic prices for white-top testliner will widely increase by £30/t, but occasionally also by £20 or £35. White-top kraftliner has become dearer by £30-35/t. The new prices for the white grades are taking effect from 1 May to 1 June.

The hikes met with great scepticism from converters as they are mainly driven by high costs and not by strong demand or low availability. While operating loads of paper mills have improved and paper inventories have never stood so low in a long time, containerboard mill are still not able to make do without idling their machines. One player reports that operating loads of paper machines have increased to close to 90 per cent from slightly above 80 per cent earlier. A few converters peg the increase in operating loads mainly on the announcement of higher prices, given that a second step has already been announced on the European mainland.

Some converters tend to believe that special containerboard rebates will again be offered from the summer, which might lead to current hikes being fully or partly withdrawn. Paper producers have categorically ruled out such a development, explaining that high prices of pulp and recovered paper would make it impossible to backtrack on prices.

Producers of corrugated sheets and packaging report upbeat mood in the market: business in March and April has been much better than in the previous year, and May has also started off very well. However, players are cautious – load levels of their own customers fluctuate widely without showing a definite pattern.

“Our figures are certainly better than last year’s but we are behind our expectations and budget,” a converter commented. Sources also report that some integrated suppliers are pursuing an aggressive pricing policy, which is seen as a sign of a certain market weakness.

Discussions also revolved around when and how much of the price hikes for paper are to be passed on. Some players fear that sheet feeders would not be able to recover higher paper costs, but others expect sheet prices to be raised soon.

Experts told EUWID that a major integrated supplier had already informed customers about higher sheet prices without indicating a precise figure. That said, the supplier is said to have reduced prices before.

Other sheet feeders are also said to be preparing price hikes for their customers. Concrete numbers suggest an increase of 6 to 7 per cent.

Producers of corrugated cases will find it even more difficult to pass on price increases to their customers, particularly because for them, this usually involves a lag. Competition pressure on the corrugated packaging market is currently very intense, and is mostly fought over prices. Packaging producers may have to absorb higher paper and sheet prices partly or even fully, fear market experts. And even if prices for corrugated cases are raised, the increase might not be sustainable, players fear. As soon as business volumes recede, some suppliers will break ranks and cut prices. At the end of the chain stand often retailers aiming to cut their prices, an industry expert cautions.

The mood is by and large brighter, though. Many players expect a reasonable, even if not a lucrative summer. However, a second price hike for paper is held to be problematic and counter-productive. The market is certainly not strong enough for such a move, sources believe. Market players report that brown containerboard prices are slated to increase by €60 on the Continent. If that happens, then UK prices will move higher by £50 from 1 July, a supplier told EUWID.

Negotiations for white-lined chipboard concluded in the UK

Demand for cartonboard was normal but not excessive in May. Most players interviewed by EUWID notice an improvement compared with last month. Some experts also speak of a slight dent in May which might arise due to the public holidays in the month.

Demand for white-lined chipboard (WLC, GD board) was better than for folding boxboard (FBB, GC board). One WLC producer reported high machine loads. In the case of FBB, volume growth for one company frequently implies a dip for other sellers, experts told EUWID.

Even so, most suppliers interviewed by EUWID spoke of higher interest from customers and projects in the pipeline which are, however, not currently being implemented.

Inventory levels along the entire supply chain are continuing to normalise. Some suppliers and converters report that their stock levels have reached the desired level. Others, especially merchants, still have leftover stocks which they would like to see sold. Experts think that these leftover stocks still exercise a damping effect on demand.

Supply is adequate and delivery periods for WLC are short. In the FBB segment, effects of the strikes at Finnish ports are still palpable. Deliveries from Chile are reportedly delayed due to low water in the Panama Canal but they have not created significant problems. The port strikes in Chile have not affected deliveries.

A non-Scandinavian FBB producer is said to be having trouble making express deliveries but other suppliers can often quickly step in to cover in such cases.

Delivery periods for GC board have distended due to the strike at Finnish ports. Non-Finnish GC producers bagged more orders and have announced longer delivery periods, reportedly as much as 12 weeks in one case, while Finnish suppliers still struggle with the after-effects of the strikes.

However, all converters report they face no supply problems whatsoever and can execute deliveries on time.

Negotiations for GD board have meanwhile come to a close. One producer claims to have raised prices from as early as 1 March but the hike has often been implemented at different dates from 1 April to 1 May.

The amount of the hike varies with the peak at £40/t. Producers are focussing on bottom slicing and leaving higher prices and prices for strategic customers untouched. Also, suppliers from Turkey and Southern Europe keen on selling their products in the UK are said to have left prices unchanged.

Most European GD2 volumes were sold in May for between £650 and £700/t in the UK.

Asian suppliers have hiked prices or introduced freight surcharges in response to higher sea freight rates with the result that net prices are slightly shy of £600/t or in the low 600s.

GC board prices remained unchanged in May. The spot market is said to be less active, probably because the industry is planning to raise prices. So far, three companies including a very large producer have announced price hikes. In one case, the increase reportedly amounts to £70/t for orders placed from 1 July. Since delivery periods are very long, the new price will only apply to deliveries made in August or September.

Many players are asking why other big producers have not intimated higher prices. They speculate whether the reserve stems from delivery problems or other technical difficulties. Unless other suppliers follow suit, many experts doubt that the hike to GC prices will be successful. However, one converter already reports negotiating higher prices.

Goods from Asia, especially China, are reportedly still on offer at cheap prices. The Chinese domestic market is still weak and characterised by overcapacity. Chinese GC2 board frequently costs around £700/t.

Recovered paper prices still on the rise in the UK

Market players see signs of prices stabilising at mid-month

 23 May 2024 | ⌚ ~ 4 min

EUWID Price Watch Recovered Paper UK				
May 2024				
Prices in £ per tonne	May 2024 £	May 2024 €*	Apr 2024 £	May 2023 £
Mixed paper and board (1.02)	45 - 85	53 - 99	40 - 65	30 - 50
Mixed paper and board (1.02), export	65 - 80	76 - 94	55 - 75	25 - 60
Old corrugated containers (1.05)	115 - 128	135 - 150	85 - 108	90 - 105
Old corrugated containers (1.05), export	115 - 132	135 - 154	105 - 115	90 - 105
Magazines (1.06) ¹⁾	100 - 150	117 - 176	90 - 135	140 - 160
Sorted graphic paper for deinking (1.11) ¹⁾	90 - 110	105 - 129	70 - 90	90 - 105
Newspapers (2.01) ¹⁾	110 - 140	129 - 164	90 - 130	130 - 150
Sorted office paper (2.05)	150 - 160	176 - 187	140 - 155	200 - 205
Multigrade	145 - 165	170 - 193	140 - 165	195 - 210
White newsprint (3.14)	210 - 230	246 - 269	190 - 230	240 - 260
White woodfree uncoated shavings (3.18.01)	390 - 410	456 - 480	370 - 400	390 - 450
* Exchange rate as of 17 May 2024: £1 = €1.17				
¹⁾ includes exports and non-paper applications		Prices ex works, material sorted and in bales		
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Recovered paper prices in the UK continued to surge in May. However, some players reported seeing indications that prices for ordinary grades could have peaked in the middle of May. Prices have already exceeded the “pain threshold” for some buyers, especially customers from Asia.

Mixed recovered paper and old corrugated container (OCC) prices were mainly driven higher by domestic paper producers from the UK and those from the European

mainland. Buyers from Turkey are also buying significantly more paper again on the British market. In most cases, OCC (1.05) sold for £115/t at the beginning of the month, but the price increased as the month progressed, rising to touch £135/t in the middle of May.

In view of such high prices, several smaller Asian paper producers started pulling back from the British recovered paper market from April. Large international companies are still active in the market but they purchase only as much as is absolutely necessary.

Deliveries from North America to Asia have dwindled because new mills producing paper from recycled fibre have been commissioned in the US and domestic demand for recovered paper is healthy. Furthermore, collection volumes in Asian countries are low and fibre quality is sometimes inadequate. Asian buyers have therefore “no alternative” to buying paper in the UK despite high prices, market insiders explained.

Receding container rates for sea freight from Europe to Asia provided some relief – sources reported reductions of roughly \$50 per 40-foot container. These declines offset higher recovered paper prices to some degree.

If recovered prices remain high, Asian producers will be forced to curtail production or even idle their machines. Demand for paper is generally insufficient and prices for new paper are too low to make it worthwhile to process expensive recovered paper sourced from Europe, respondents explained to EUWID.

European and British paper producers drive mixed paper prices

Mixed paper and board (1.02) was particularly sought after by both British and European buyers, not least because OCC was so expensive. Accordingly, they paid peak prices of up to £90/t – more than on the export market to Asia. The very wide price bracket on the UK market mainly reflects differences in quality. Material that cannot be exported is sold at significantly lower prices.

Interest from Indian buyers in British mixed paper was low, for the most part. Aside from high prices, sales to India were made all the more unfavourable by high freight rates. For Indian papermakers, it made little financial sense to buy recovered paper in the UK, while at the same time British sellers see significantly better opportunities for their recovered paper in other markets.

Sharp rise in prices of deinking paper and pulp substitutes

Availability of deinking grades such as sorted graphic paper for deinking (1.11), magazines (1.06) and newspapers (2.01) remains very low. Demand, on the other hand, is high especially because one buyer, which had completely withdrawn from the British market at the beginning of the year, has returned. In response, prices jumped in May by £10-20/t.

Supply of woodfree grades – sorted office paper (2.05) and multigrade – improved in April and May because shredding activities increased following the closing of the British financial year on 7 April. Prices for these grades increased more moderately compared with those for the deinking grades, in most cases by £5/t.

In addition to tissue producers, paper producers from other segments are also increasingly buying woodfree recovered paper grades, in part as an effort to diversify their raw material supply. Without the additional interest from these buyers, prices would have remained steady, experts suspect.

Prices for pulp substitutes such as white newsprint (3.14) and white woodfree uncoated shavings (3.18.01) skyrocketed in May. Paper producers are said to be increasingly looking for alternatives to pulp, which is becoming increasingly expensive, amidst receding collection volumes. Demand is said to be stemming mainly from France, market insiders report.

When is the price correction coming?

Many EUWID respondents doubt that the current price level is sustainable. In their opinion, current activity levels on the paper market do not justify current high prices, which had instead been triggered by persistently low collection volumes and the clustering of public holidays in April and May. Paper producers are currently building inventories in preparation for the summer when collection volumes usually fall. On-going price hikes for new paper are also contributing to higher recovered paper prices at the moment.

However, starting in the middle of May, sellers, especially those with strong exports to Asia, were seeing first signs that the price rise was at least coming to an end. Market players were not yet speaking of trend reversal, but rather said that prices were reaching a plateau.

EUWID respondents believe that it is only a question of time before downward corrections are made. However, they do not expect recovered paper prices to crash given improved activity on the new paper market and persistent low collection volumes.

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Another round of significant price hikes on Italy’s recovered paper market

EUWID + 23 May 2024 | ~ 4 min

EUWID Price Watch Recovered Paper Italy				
May 2024				
Prices in € per tonne	May 2024	Apr 2024	Mar 2024	May 2023
Mixed paper and board (1.02)	110 - 125	85 - 100	65 - 80	60 - 75
Supermarket corrugated paper and board (1.04)	125 - 135	95 - 105	75 - 90	75 - 85
Old corrugated containers (1.05)	135 - 150	105 - 120	85 - 100	85 - 100
New shavings of corrugated board (4.01)	155 - 165	125 - 140	100 - 110	95 - 110
Magazines (1.06)	170 - 190	150 - 165	115 - 130	95 - 110
Newspapers (2.01)	170 - 185	150 - 160	130 - 140	170 - 190
White woodfree letters (3.05)	320 - 340	320 - 340	320 - 340	380 - 400
White newsprint (3.14)	330 - 350	330 - 350	330 - 350	380 - 400
White woodfree shavings (3.18)	450 - 470	450 - 470	450 - 470	490 - 520
Prices ex works, material sorted and in bales				
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Italian recovered paper prices continued to soar in the month of May. Price increases of up to €30/t were nothing out of the ordinary for many grades. Mark-ups were fuelled by higher activity levels at paper mills and, thus, stronger demand for recovered paper, combined with low collection volumes. Business was a little quieter for high grades, with prices often the same as in April.

Mixed paper and board (1.02), supermarket paper and board (1.04) and old corrugated containers (OCC; 1.05) became up to €30/t more expensive on the Italian market in May. Prices had already risen sharply in April, meaning that buyers are now facing much higher raw material costs. Their own selling prices for corrugated case material are also rising, but the implementation of the hikes is not running quite as smoothly in Italy as in other European countries and the increases are less pronounced there. Paper and cartonboard manufacturers’ order intake has been a little brisker in recent weeks, but they are not in a mood to celebrate. Market players are not sensing any significant improvement in consumer spending. Several experts find it all the more astounding that recovered paper prices have risen so much in such a short period of time.

Market players attributed these hikes to the combination of a variety of factors. All things considered, demand for ordinary recovered paper grades had recently been livelier than in the first few months of the year. Buyers from countries such as Germany and Austria, in particular, were sourcing a lot of material in Italy. This uptick in purchasing might have been connected to the large number of public holidays in these countries, which paper mills had to prepare for by putting enough recovered paper on stock.

Demand was a little stronger in Italy, too. Unlike months past, May was a month of hardly any production stoppages in the corrugated board industry, with at least big mills continuing to operate without interruption. Since collection volumes are also low at the moment, this was enough to make supply scander and send prices soaring. Sources said that there were no real shortages, and Italian manufacturers could get their hands on what they needed as long as they were willing to pay current market prices. However, suppliers had to allocate their material and said they were no longer able to satisfy all enquiries, especially for additional amounts. Paper mills were not able to build up large stocks.

In mid-May, there were no signs on the horizon of slowing demand. Quite a few merchants were therefore not ruling out the possibility of another small mark-up for ordinary recovered paper grades in June. Others felt that such plans were hard to implement and said that paper mills might think about idling production again if they were confronted with fresh demands for higher recovered paper prices. A great deal will depend on how ordering pans out in the packaging sector and how prices for corrugated case material evolve.

Smaller price increases make Far East exports less attractive

Exports to the Far East played less of a role in May. Europe had enough orders for merchants to fulfil at either the same or higher prices. As a result, several merchants have chosen to not export to Asia in May. With prices the same, many companies would rather deal with the easier option of road transport. Other suppliers that routinely export recovered paper to Asia and want to maintain their contacts with customers continued to ship recovered paper but scaled back volumes substantially.

Insiders told EUWID that there was demand from Asia, but it did not seem very urgent. Purchasing prices for ordinary recovered paper grades were raised but were still lower than those paid in Italy, especially at the start of the month. Asian buyers were apparently unwilling to make too many compromises. Export prices increased a little more during the month, but at most, they reached the prices paid in Italy. OCC exports to the Far East cost up to €130/t ex works at the start of May, with prices then climbing, rising often to €140/t, sometimes to as much as €150/t.

The upward trajectory in prices for deinking grades did not falter, either. Prices edged higher once again in May. Market players quoted mark-ups going up to €25/t for magazines (1.06). Demand remained steady amidst collection volumes that were low for structural reasons. Newspapers (2.01) were not traded in very large amounts, but prices also climbed by up to €25/t.

High recovered paper grades bucked the general trend, with prices staying surprisingly stable. White letters (3.05) usually cost the same as in April, with only a few small price increases to the tune of €5/t in individual cases. White newsprint (3.14) and white woodfree shaving (3.18) prices also mostly stayed at April's level, although isolated initial price increases were seen, too. Supply and demand had reportedly been somewhat balanced for high grades in May. Insiders are not ruling out the possibility of prices for these grades also rising soon.

Rising raw material prices putting mounting pressure on Italy's paper and board industry

More GC board manufacturers considering price hikes in the third quarter

 23 May 2024 | ~ 11 min | Published in issue 21/2024

EUWID Price Watch Italy			
May 2024			
Prices in € per tonne free delivered unless otherwise stated	May 2024	April 2024	May 2023
Fine paper			
Woodfree uncoated			
Copy paper 80 g A4 B grade	1,040 - 1,120	1,030 - 1,100	1,100 - 1,200
Copy paper 80 g A4 C grade	960 - 1,040	940 - 1,030	1,030 - 1,120
Offset sheets 80 g	1,030 - 1,120	1,020 - 1,110	1,090 - 1,200
Offset reels 80 g	940 - 1,040	940 - 1,030	1,050 - 1,130
Woodfree coated			
Sheets, double coated, 100 g	1,040 - 1,150	1,030 - 1,130	1,080 - 1,210
Reels, double coated, 100 g	950 - 1,040	950 - 1,030	1,030 - 1,120
Publication paper			
Standard newsprint 45 g	570 - 610	570 - 610	720 - 770
Standard newsprint 42 g	580 - 620	580 - 620	730 - 780
Improved newsprint ISO 68, 52 g	610 - 630	610 - 630	750 - 800
LWC offset 60 g	750 - 800	750 - 800	860 - 910
LWC rotogravure 60 g	780 - 820	780 - 820	890 - 940
SC offset 56 g (A)	650 - 690	650 - 690	780 - 820
SC rotogravure 56 g (A)	660 - 690	660 - 690	790 - 840
SC offset 52 g (A)	660 - 700	660 - 700	790 - 830
SC rotogravure 52 g (A)	670 - 700	670 - 700	800 - 850
Corrugated case material			
Primary fibre corrugated case material			
Unbleached kraftliner 175 g+, European quality	600 - 630	580 - 610	630 - 670
White-top kraftliner 140 g, European quality	750 - 800	740 - 800	770 - 810
Recycled corrugated case material			
Recycled fluting, European quality	360 - 380	340 - 370	350 - 370
Testliner II, European quality	390 - 410	370 - 400	380 - 400
Testliner III, European quality	370 - 390	350 - 380	360 - 380
White-top testliner, grade C, 140 g, European quality	510 - 540	500 - 535	560 - 590
Medium, Italian quality	300 - 320	290 - 310	290 - 310
Testliner IV, Italian quality	310 - 330	300 - 320	300 - 320
Cartonboard			
GD II	630 - 710	630 - 710	710 - 800
GD III	590 - 630	590 - 630	670 - 740
GC II	1,000 - 1,120	1,000 - 1,120	1,120 - 1,280
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Pulp prices have been soaring for the past six months, and producers have already proposed additional mark-ups. Recovered paper prices have been edging higher since the start of this year, too. Along with facing spiralling costs, converters are repeatedly experiencing fresh challenges on the raw material supply front. The paper industry has already responded to these changes – with varying degrees of success – by increasing selling prices. Manufacturers are also preparing to raise prices again, although they typically lack support for such plans from the demand side.

Brown corrugated case material manufacturers increased their prices again in May and underpinned their demands for higher prices by announcing plans for hikes for deliveries from June onwards. GD board producers managed to consolidate April's mark-ups in May, while in the GC segment, more producers have stuck their necks out and announced plans to increase prices for third-quarter deliveries. Fine paper producers have been trying to keep pace with rising pulp prices since the start of the year, albeit with limited success. But still, they are trying to raise prices time and again. Publication paper prices have stabilised a little in the second quarter, with spiralling costs giving manufacturers less and less wiggle room on pricing.

Manufacturers still trying to identify the right prices for fine paper

As pulp prices rise, so does the pressure on fine paper producers. So far, they have managed to pass on only a small portion of the jump in market pulp costs to their customers. And yet, pulp manufacturers are already discussing additional price increases for hardwood and softwood pulp in Europe. Integrated pulp and paper manufacturers are having a slightly easier time of things, although they are also battling rising wood costs.

Paper manufacturers described demand for graphic paper as good to average in May. As a rule, demand is stronger than last year but has been a little weaker than in the first quarter since around the beginning of April. Merchants are encountering rather mixed demand, with customers reportedly attempting to buy as much as possible at low prices in the indent business.

As is well known, manufacturers have been taking different approaches to raising their prices since the start of the year. This situation is reflected in the wide range of prices quoted in Italy and other European markets. In a few special arrangements with big customers, producers agreed to leave prices untouched if they were set in stone for a long time. Other transactions were inked at prices that were up to €60/ higher than in January.

Paper manufacturers have two main goals in current price talks. Firstly, they want to keep up the pressure on customers to avoid having to enter into any kind of discussions about current prices. Temporary downtime and production curtailments like those recently seen at an Italian manufacturer are playing a role, too. Secondly, they want to strike the right price that does not jeopardise paper mills' financial position but does not stifle demand, either.

Woodfree uncoated paper manufacturers are having a harder time when it comes to pricing than their counterparts in the coated paper business. Rising pulp prices are exerting more pressure on these grades. What is more, suppliers have to keep up with competition from Asia and South America. Sources in Italy said that a price of €920/t for offset reels made in Europe was certainly available if it was a matter of securing an order. Manufacturers hope that resurgent freight costs for shipments from Asia to Europe might allow the price floor to edge a little higher.

Italy's woodfree coated paper market is less fragmented and has a more robust structure. For one thing, a few major European paper manufacturers also operate as merchants. For another, imports come from just a few suppliers. That being said, demand for coated paper is weaker than for uncoated grades, with competition on prices still evident in the coated paper business.

Publication paper prices still stable in May

Italy's publication paper manufacturers continue to describe the market as difficult and challenging. Sources told EUWID that the large number of public holidays and long weekends in a few major European markets in April and May meant that demand for publication paper had levelled off a bit in the recent past.

Newsprint manufacturers have little interest in cutting their prices again since the last price adjustment at the start of the second quarter. Recovered paper has become much more expensive since the start of this year and as newsprint production in April and May was lower, fixed costs per tonne of paper have swelled. Nonetheless, the suppliers with the lowest prices are still landing the most orders. In keeping with this situation, different suppliers had different order backlogs and machine workloads. Overall, standard newsprint can still be sourced quickly.

Magazine paper producers are also trying to maintain their position given the rising raw material costs and do not want to get involved in new price discussions already in the middle of the second quarter. For SC-A paper suppliers, this meant not being overly influenced by events and prices for SC-B grades. This was easier to do in business with publishers but much more challenging when interacting with commercial printers, sources in Italy told EUWID. Priced at around €630/t, lighter SC-B paper (48.8 g) is inexpensive and ideal for simple, short-lived products such as flyers and advertising brochures, one supplier pointed out. Any attempt to pass SC-B prices with the usual adjustments – mark-ups for variations in quality and mark-downs for higher grammages – onto SC-A paper would have dramatic knock-on effects for current prices.

Bearing this in mind, LWC suppliers are trying to set their products apart from coated magazine paper made out of 100 per cent recycled fibre. One manufacturer noted that LWC was of superior quality and incurred higher costs, so prices below €750/t were out of the question. In the view of some insiders LWC is thus becoming more and more of a niche product with specific properties that meet specific requirements. Therefore, as one paper producer said, this product has its price.

A few LWC manufacturers have recently added lower-priced, sometimes uncoated magazine paper to their portfolios to protect these products and current prices as best they could, while not losing customers and orders.

Tentative second instalment for recycled containerboard in May, with fresh talks in June

Brown corrugated case material became more expensive again in May. Market players said that most prices had jumped by €20/t. This was typically the second instalment of a price hike announced for April. Over the past two months, prices for brown grades have thus climbed by about €40/t, while brown kraftliner costs up to €50/t more than in March.

It is taking much longer for manufacturers to institute higher prices for white grades, namely white-top testliner and white-top kraftliner. Suppliers said that they had raised prices by a total of €20 or, more rarely, by €30/t in April and May. A few customers told EUWID that they had yet to hand over more for white grades.

Converters are showing little understanding of corrugated case material manufacturers' attempts to charge more again for deliveries from June onwards. Margins had been tight even before the first hike. With every fresh increase, their profits were getting thinner and thinner, one corrugated board producer pointed out. This source added that the corrugated board industry, unfortunately, had no justification for passing higher paper prices on to their customers, citing their thin order books.

Generally speaking, manufacturers are emphasising rising recovered paper costs as an explanation for their plans to charge more. Ordinary recovered paper grades cost €60/t more than they did in February. Additional mark-ups for June following May's hike of about €20-30/t are not out of the question. A few suppliers also saw demand strengthen at the start of the second quarter, especially for kraftliner. Brown kraftliner producers have apparently also reaped the rewards of scanner supply and rising prices for US kraftliner.

A somewhat different set of circumstances is playing out for recycled corrugated case material. This market is facing a considerable supply surplus, with a fiercer battle for orders than in the kraftliner market. Insiders said that the situation facing Italian paper mills was a prime example of this. One corrugated board producer explained that Italian manufacturers often had to offer prices €10-15/t lower to keep pace with competitors in nearby European markets that often had modern and more efficient plants. These concessions further ate away at their margins, he added. Major foreign paper mills that were reliant on selling to Italy to “keep their own market clean” were creating this pressure, one Italian paper manufacturer said.

Companies active on the Italian market believe that competition will intensify as new plants come online in the next few months. Manufacturers are thus trying to consolidate their capacity in advance. Stora Enso and DS Smith have already shut down less efficient machines. Heinzel also recently announced plans to close its paper mill in Raubling, Germany.

A few recycled corrugated case material manufacturers are sceptical about the chances of instituting additional price increases on the Italian market in June, given the “tired” market and “sluggish trend in ordering.” One paper manufacturer reported that not all suppliers had managed to keep April’s round of price increases going and tack on an additional €20/t in May since customers had immediately responded by reducing or cancelling orders. Another producer questioned how they could launch a fresh round of price hikes in these circumstances. A few other suppliers are not giving up hope but want to wait and see how things shape up in other European markets, primarily Germany, which sets the direction in which market prices are headed.

Manufacturers consolidating higher GD prices in May, with GC prices to follow suit

GD board producers typically raised selling prices on the Italian market back in April. In a few instances, however, customers did not have to dig deeper into their pockets until the start of May. Price hikes for GD 2 and GD 3 are moderate in Italy at a total of €25-30/t in the past two months.

Market players note that demand had not underpinned these price adjustments, especially since supply remains high in Italy, as it is throughout Europe, in spite of a few steps to manage capacity and shifts in the supply chain. It is therefore rare for lead times for GD board to exceed four weeks in Italy. Sources on both sides of the market stressed that price increases were exclusively fuelled by higher recovered paper costs. The current corrections should be enough to offset the increase in recovered paper costs to date, observers told EUWID. However, fresh price hikes for GD board from July onwards could not be ruled out if recovered paper costs continued to climb, they added.

GC board producers have recently also sounded the bell for a round of mark-ups. Back in April, a small manufacturer already unveiled plans to invoice 6 to 7 per cent more for deliveries from the beginning of June onwards. Another manufacturer has announced a €80/t increase for all orders from 1 July onwards. A third producer expressed its desire to raise prices without providing specific details of the amount and timing.

Customers are surprised by these plans. One folding box manufacturer remarked to EUWID that demand for folding boxes – and thus for cartonboard – remained weak. A recovery was not expected any time soon, either. One converter complained that an increase in cartonboard prices had to be accompanied by higher folding box prices, but this was out of the question in the current economic environment.

One cartonboard producer stated that high wood and pulp costs left them no choice but to charge more. Another manufacturer added that it was hard to understand why other suppliers had not followed suit in announcing price hikes to date since everyone was battling higher raw material prices.

In keeping with the situation for recycled cartonboard, most insiders do not see any support for higher GC board prices. The fact that some Nordic GC board producers were quoting lead times of eight to twelve weeks had nothing to do with the market climate. Instead, these lead times were an after-effect of strikes lasting several weeks that Finnish transport workers staged in March and April, one player said. In most other cases, GC board made in Europe is typically available within four to six weeks.

Compounding matters, the Italian market is also dealing with imports from Asia and South America that have already arrived in port and are available at short notice. Freight rates for shipments from Asia to Europe are said to have risen again in the recent past. One merchant noted that GC 1 and GC 2 made in China and Indonesia were expected to cost more for deliveries from July onwards, although these hikes would likely not influence supply.

Italy: paper and board production January - March 2024						
tonnes	March			January - March		
	2024	2023	%	2024	2023	%
Total graphic paper	125,891	90,320	+ 39.4	369,009	265,510	+ 39.0
Uncoated ¹⁾	44,363	30,455	+ 45.7	123,963	85,476	+ 45.0
Coated	81,528	59,866	+ 36.2	245,046	180,033	+ 36.1
Sanitary and household paper	143,982	138,093	+ 4.3	418,794	405,773	+ 3.2
Total packaging paper/board	422,925	427,335	- 1.0	1,155,944	1,186,079	- 2.5
Corrugated case material	233,227	261,465	- 10.8	653,243	722,251	- 9.6
Other packaging paper	49,511	39,716	+ 24.7	140,167	114,814	+ 22.1
Other packaging board ²⁾	140,187	126,154	+ 11.1	362,534	349,014	+ 3.9
Other paper/board	31,107	34,041	- 8.6	89,201	90,728	- 1.7
Total paper and board	723,905	689,789	+ 4.9	2,032,947	1,948,090	+ 4.4
¹⁾ including newsprint						
²⁾ including cartonboard and greyboard						
Source: Assocarta						

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Papierfabrik Palm to increase newsprint prices

22 May 2024 | 🕒 ~ 1 min



German newspaper and packaging paper producer Papierfabrik Palm is to increase its newsprint prices from 1 July.

The company said that prices will go up by €60-80/t, depending on the base level. Palm is producing newsprint at its mill in Eltmann, Germany, and King's Lynn, UK, which have a combined newsprint capacity of 950,000 tpy.

Saica Pack mulls expansion at Hartlepool, UK site

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Saica Group is considering expanding its manufacturing and storage capabilities of its facility in Hartlepool in the UK.

According to an article in the local media, the company mulls investing in a new storage warehouse with ancillary office space at the facility.

Responding to a query from EUWID, a company spokesperson confirmed: "Driven by the company's

commitment to operational excellence, the potential extension is part of Saica's ongoing strategic investment programme. The information reported in the Hartlepool Mail marks the early stages of this opportunity. Saica is currently studying all the necessary different stages and processes, including the submission of planning permission enquiries. The company remains fully committed to its Hartlepool operations and its customers in the region."

The Hartlepool site is part of Saica Pack, which produces corrugated board and packaging.

Fedrigoni acquires majority stake in POLI-TAPE

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Italian papermaker Fedrigoni Group has signed an agreement to acquire a majority stake in POLI-TAPE Group.

The German company, based in Remagen, produces materials for graphic applications including textile transfer film, advertising film, digital printing film and other speciality products.

The acquisition of POLI-TAPE is aimed to diversify and augment Fedrigoni's portfolio in self-adhesive materials for

visual communication. POLI-TAPE's management team headed by Mark Wehrmann will continue to serve the company's long-standing customers and partners worldwide.

Fedrigoni produces speciality paper for luxury packaging and other creative applications. The Italian company also supplies labels and self-adhesive materials as well as RFID solutions.

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Niederauer Mühle announces price increase for white testliner

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German containerboard producer Niederauer Mühle will ask for a price increase of €40/t for its white testliner from 1 June 2024.

The company said that it had to adapt its sales prices due to substantially rising costs for recovered paper and energy.

If the current trend on the cost side continues, further

increases may be necessary in the coming months, the company explained.

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Saica becomes majority shareholder of Lic Packaging in Italy

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Spanish Saica Group has increased its participation in Italian company Lic Packaging. The group, that joined Lic Packaging in 2001, now owns 80 per cent of the company and therefore becomes its majority shareholder, a Saica spokesperson told EUWID. The Bertoldo family will remain in the management of the business.

Lic Packaging runs one site in Brescia in northern Italy. The company offers packaging and display solutions for packaging, transport, display and direct contact with food. Lic Packaging did not comment on its production capacity. It employs 351 people and generated sales of €120m in 2023.

Saica currently runs three packaging sites in Italy. The group is mainly active in France and the Iberian Peninsula, but also has plants in other European countries. Saica is a major Spanish group active in waste management (Saica Natur) and the production of corrugated case material (Saica Paper), corrugated packaging (Saica Pack) and flexible packaging (Saica Flex).

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Valmet to deliver Bale Tester to Papresa

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Papresa will install a Valmet Bale Tester

Papresa has placed an order for the installation of a bale tester with Valmet at its mill in Erreterria. The Spanish paper mill is currently lacking a reliable system to control the quality of recovered paper delivered to the mill, according to Valmet.

The Finnish engineering company will supply the [Valmet Bale Tester](#), which measures the moisture and other contaminants, such as plastic and ash content of the recovered paper. The information is automatically stored in the mill's database, analysed, and further utilised for optimising the production process.

The delivery will include the installation of Valmet Bale Tester On-truck solution, which enables Papresa to analyse the raw material samples directly from the bale onboard the truck.

The delivery includes ash and lignin sensors and related software, the system's start-up and a spare parts package.

Papresa's Erreterria mill houses two bleaching plants, three paper production lines, a steam plant and a water treatment plant. Papresa produces 375,000 tpy of newsprint paper, lightweight fluting, testliner and other paper grades from 100 per cent recycled fibre.