

As European paper mills consume more pulp, inventory levels at ports fall in June

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European paper mills consumed roughly 856,400 t of pulp in June, 1 per cent more than in May 2024, reports industry federation Utipulp. Compared with the second quarter of 2023, the increase in consumption is significantly higher at 15 per cent. Consumption of BHKP increased by nearly 3 per cent month-on-month to almost 555,500 t. Consumption of BSKP eased by 1 per cent to 254,500 t in the same period. Compared with June last year, consumption increased significantly by 21 and 10 per cent, respectively.

In the first half of 2024, European pulp converters consumed 5.15 million t of pulp, up by 11 per cent year-on-year. The increase is mainly attributed to BHKP consumption, which was 17 per cent higher and reached 3.32 million t in the first six months of 2024. Softwood kraft pulp consumption (1.54 million t) remains virtually unchanged.

Pulp stocks at major European ports remained low in June. Europulp reports a 2 per cent fall compared with May, with stocks standing at 1.23 million t. A comparison with the same month last year, when European port warehouses held up to 1.82 million t of pulp, shows just how low this figure is. That said, pulp levels in June in 2022 and 2021 at 1.03 and 1.08 million t respectively were far lower than in the current year. The average stock level of pulp at European ports in the last five years for June amounts to roughly 1.37 million t, 10 per cent higher than in the current year.

Port stocks in Italy eased by 7 per cent to 341,300 t. The decline in ports in the UK and Germany amounted to 13 per cent (28,300 t) and 11 per cent (161,800 t) respectively. Port stocks in Spain (+2 per cent to 88,800 t) and France, Switzerland, Belgium and the Netherlands (+4 per cent to 605,700 t) increased in June.

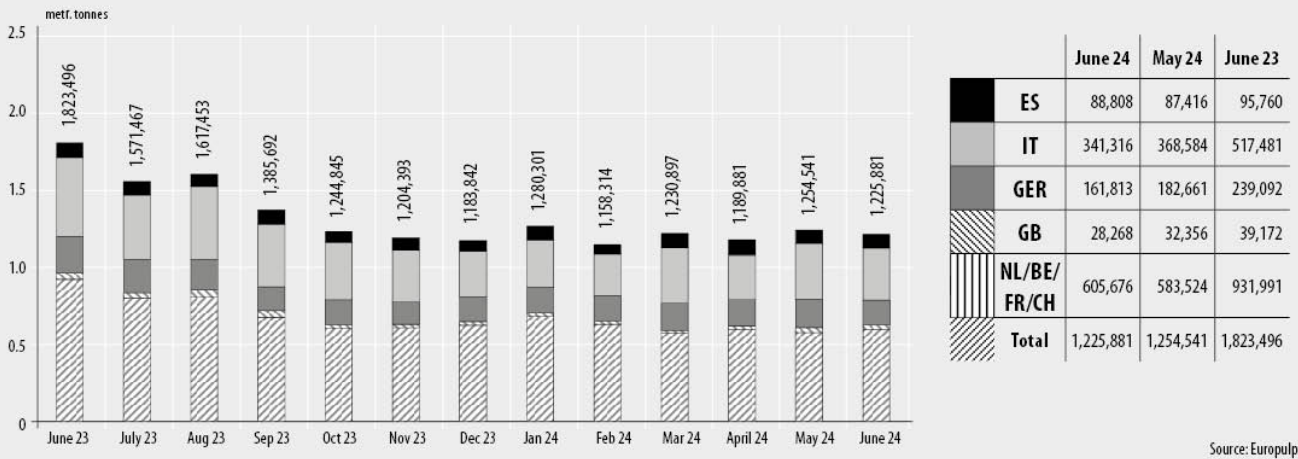
Inventories and consumption of pulp consumers in Europe
June 2024

tonnes		UNBLEACHED		BLEACHED / SEMI-BLEACHED			Total	Previous year
		Sulphite & Kraft	Softwood sulphite	Hardwood sulphite	Softwood kraft	Hardwood kraft		
Inventories								
May	2024	8,122	14,085	9,081	207,091	425,279	663,658	666,875
June	2024	7,728	16,599	9,183	203,736	400,527	637,773	675,436
Consumption								
May	2024	9,025	28,636	9,432	256,484	541,505	845,082	776,922
June	2024	8,280	29,528	8,610	254,545	555,450	856,413	742,380

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
June 2023 - June 2024



Körber and Valmet partner in joint venture to advance digital solution Factorypal

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Körber and **Valmet** have reached a joint venture agreement to further strengthen the digital shop floor solution Factorypal. This strategic partnership will connect Factorypal's digital excellence with extended machinery expertise to streamline digital optimisation across the entire production lines of tissue shop floors and beyond, the companies stated. Dr Nadja Hatzijordanou, CEO of Factorypal, states: "By setting up this powerful partnership, Factorypal will be able to advance its product development with extensive machinery and paper making knowledge. This will empower us to deliver further innovative digital solutions across the entire tissue value chain."

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Recovered paper consumption up by 8 per cent in Germany

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In the first half of the current year, a far higher volume of recovered paper was used in Germany. Compared to the first six months of last year, Germany's plants consumed a total of almost 8.3 million t of recovered paper, as reported by German industry association Die Papierindustrie. This corresponds to an increase of more than 8 per cent. In 2023, Germany's recovered paper consumption had fallen by 9 per cent compared to 2022.

Total production of paper and board in Germany rose by just under 7 per cent in the course of the first six months of 2024, while deliveries increased by well over 5 per cent.

In spite of higher production and deliveries, Germany's paper producers had to cope with another decline in sales revenues of almost 7 per cent in the first half of this year. The cost of pulp, recovered paper and energy had continued to rise, complained the association.

As to recovered paper, the German market saw above all prices of ordinary grades rise substantially in recent months. The increase in prices for sorted graphic paper for deinking summed up to almost €100/t in the first six months of the current year.

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German paper markets experiencing severe summer slump

Corrugated board industry complains about dramatically bad margins

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In many segments of the German paper market, the summer slump this year happens to be particularly pronounced. Sentiment among market participants has weakened again, especially since the forecast uptick in consumer spending failed to materialise. And this summer's major sporting events did not provide the boost that players had been hoping for, either.

Newspaper publishers complain about shrinking advertising budgets and the ongoing decline in circulation. Printing companies see high paper prices as one of the main constraints on print advertising. Buyers are irritated by the fact that the paper industry is considering plans for further mark-ups in the fourth quarter after a price hike was just implemented in July.

Prices for white-top testliner were still being negotiated in the first days of August and the outcome – with regard to both amounts and timing – was still unclear. Market participants say implementation dates of 1 August, 15 August and 1 September are all up for debate. Companies in the corrugated board industry are currently curtailing production and complaining about dramatically low margins because they are unable to pass along the price increases for corrugated case material. Cartonboard producers are also mulling downtime measures in light of the very weak summer business.

Deteriorating sentiment in newsprint segment

Many German companies report deteriorating sentiment as a result of the summer slowdown – and the newsprint market is no exception. In general, the paper and printing industry was less satisfied with its current business in July than it had been previously. August also got off to a very slow start for many companies. While a handful of paper mills and printing companies do report decent activity levels, many players are increasingly sceptical about the coming months, especially since the German economy seems to be languishing.

However, it is unclear how much of an impact this poor sentiment is having on the business of publishers and commercial printing companies. On the one hand, industry experts note that newspaper circulation figures continue to decline. The advertising business is facing challenges and advertisers are quick to slash their marketing budgets, they add.

Printing companies' prospects are worsening because of the increased paper prices. Printers complain that paper producers are now floating the idea of further mark-ups in the fourth quarter, instead of offering inexpensive paper, which print customers believe is necessary to design economically viable print contracts and keep advertisers using the medium of print.

One paper company representative, echoing the tenor in his industry, contends that cost-savings potential has been exhausted and mills therefore need to introduce further price mark-ups.

By contrast, players once again described capacity utilisation in the newsprint segment as not bad. This segment had definitely benefited from print advertisers downgrading from SC paper recently, they noted. Moreover, the paper industry has taken sometimes "painful" measures to reduce supply. Recently, UPM announced plans to close its paper mill in Hürth. In addition, there has been a creeping reduction in capacity: At numerous European sites, operators have launched and implemented diversification projects to improve capacity utilisation and simultaneously benefit from an expanded portfolio. In addition to the classic products that can also be produced on newsprint machines, such as book paper and SC paper, companies have also started to make packaging paper, tablecloth paper, gift wrapping paper and copy paper, experts say.

The paper industry started off the latest price round for the third quarter with ambitious plans, but buyers say these high demands were not fully implemented. Ultimately, however, mark-ups of €20-40/t were realised, which means printing firms were unable to achieve their desired roll-over of prices from the second quarter. The very long duration of the latest round of negotiations, which buyers had not been expecting, shows that paper mills were extremely determined to raise prices, one market participant noted.

Third price round for corrugated case material concluded

In August, the second instalment of the price hike for brown recycled corrugated case material was implemented in Germany in those instances where producers and buyers had agreed to such a model. In total, prices have thus been lifted by a further €40/t in the third price round of this year. Although the cumulative rise now amounts to €140/t during 2024, paper mills in Germany say they are still not in a position to turn a decent profit.

In light of the paper producers' continued weak financials, EUWID respondents believe a fourth price round this year cannot be entirely ruled out. So far, this is just speculation on the part of a few market participants, as there have been no specific announcements. And the market will have to see whether recovered paper prices decline in August, which some industry insiders see as a possibility.

Price hikes for white-top testliner are still being negotiated in the early days of August and the outcome – with regard to both amounts and timing – remains unclear. Market participants say potential implementation dates could also be 15 August or 1 September.

In August, paper mills continued to report relatively good capacity utilisation. The industry is working at a stable level, although not at its full potential. As the German corrugated board market remains sluggish, paper factories are increasingly exporting to other European countries. Some European markets are much livelier than the German market, EUWID was told.

Corrugated board companies report very bad earnings situation in first half-year

Almost all companies in the corrugated board industry are dissatisfied with their performance in the first and second quarter of this year. Deliveries were down compared with the prior-year periods and a few companies are already mentioning the possibility of short-time work. It remains to be seen whether the percentage declines will change when the year-on-year comparison is adjusted for the number of working days, but the mood in the corrugated industry is not good.

The supposed improvement in consumer sentiment is not being felt in the corrugated sector. Industry players also have a rather pessimistic outlook, noting that too many industry segments are struggling and the number of insolvencies has risen. Several companies say they have already “mentally written off” the second half-year and do not expect any change prior to next year’s elections, when consumer sentiment might improve due to the political changes.

The food industry, an important customer for the corrugated sheets and packaging sector because of its “natural demand,” did not reach the levels that players had anticipated for the second quarter. The automotive sector is currently well below pre-pandemic levels, which is particularly challenging for producers of heavy-duty corrugated board. In addition, the construction sector has been in a major slump for some time, while the e-commerce market is no longer seeing the growth that the corrugated board industry had become accustomed to.

In the market survey, however, it was clear that although delivery volumes were down slightly versus the previous year – a trend affecting some more than others – the earnings situation posed the biggest problem for corrugated board producers in the first half-year, with market players mentioning double-digit drops for the period. The cumulative declines amounted to 15 per cent or more within the first six months of the year, EUWID was told. This also indicates that players affected by the volatility in delivery figures were increasingly trying to generate contracts by lowering prices. Players report that “fierce battles” are being waged in the corrugated board sector. Yet, industry insiders themselves repeatedly criticise moves from players destroying their own prices.

It is not only the concessions granted to their own customers that are squeezing margins: Sheet feeders are also unable to pass along the price hikes introduced by the paper mills, unless their contracts have price-adjustment clauses. Many respondents say they were able to charge their customers the first hike in containerboard prices but could not pass on the second adjustment and they must now absorb the third adjustment, too.

The paper industry has been rigorously watching its own margins and has continuously implemented the necessary price hikes. Because paper mills have stable capacity utilisation – albeit at lower levels – and business in neighbouring European markets is decent, they were in a good negotiating position vis-à-vis converters. But even without this upper hand, paper mills would have rather taken downtime than sell at lower prices.

By contrast, the corrugated board sector – with its high number of companies and corrugators – is currently unable to show the same rigour when it comes to passing along needed price hikes on the domestic market. As corrugated board is typically not exported, players here say they are unable to pivot to livelier markets in other parts of Europe.

Some converters are speculating on falling recovered paper prices and a subsequent decline in containerboard prices in the near future. However, paper mills put paid to this idea: They say their operations have still not reached a sustainably sufficient level despite the third price round.

Continued decline in capacity utilisation on GD board machines

In early August, activity levels continued to trend downwards in the markets for fresh-fibre board (folding boxboard (GC)) and recycled cartonboard (white-lined chipboard (GD)). Even though this was expected by market participants, as this is the height of the summer holiday season across Europe, EUWID respondents were surprised by the magnitude of the current weakening.

Producers of GD board are talking about a “veritable summer slump” and many board machines have below-average utilisation rates. In July, one major producer had already considered temporarily idling cartonboard machines again in response to the softening demand.

This is now happening in August: Extended maintenance shutdowns, but also 1-2 week down-times are being discussed. The tactic taken by a different GD producer is to move up orders that were originally scheduled to be produced in September.

The picture was similar on the unlined chipboard market in early August. Players bemoan a lack of upward momentum in nearly all product segments. Consequently, one producer of unlined chipboard has slightly slowed the speed of its board machine, while another plans to produce orders in advance. Almost no EUWID respondents in this sector expect a lasting improvement in demand this year.

Industry insiders do not see any price movement right now for GD II and unlined chipboard. Most contracts for GD are valid until the end of the third quarter. For unlined chipboard, a few agreements are only valid until further notice. Given the subdued order situation, both producers and converters see barely any room to negotiate higher prices. Although recovered paper remains costly, there are currently no plans to initiate a price round soon for either GD board or unlined chipboard.

Delivery times remain short: GD board is available in 2-3 weeks, while lead times for unlined chipboard can sometimes be just 10-14 days.

On the market for folding boxboard, producers still report a subdued order situation but it is reportedly slightly better than in the GD II market. According to industry insiders, the only customer segment to show real improvement is the pharma sector.

When surveyed at the beginning of August, players expressed little optimism about the rest of the year: "The year is over," was an oft-heard sentiment.

Meanwhile, margins remain under pressure due to the high pulp costs, even though these seem to have recently peaked. Nevertheless, EUWID respondents reported no real widespread price movement for GC at the time of the market survey, although some prices have already moved upwards. One non-Scandinavian supplier of GC Ilboard said they had finally implemented the price hike announced in spring in most cases with a final step effective as of August. Non-integrated cartonboard producers outside of Scandinavia had already implemented higher prices back at the beginning of July. Apart from this, market experts do not see any changes in market prices, especially involving leading GC producers from Scandinavia. Moreover, one major supplier from Scandinavia still has not announced any price hikes on the market.

Producers of folding cartons also report very muted activity levels. The Olympic Games in France had not provided much of a boost, they said. Factories are said to be reducing shifts in some cases and there is talk of short-time work. Incoming orders from the food segment and the beauty industry continue to be volatile and last-minute. By contrast, demand from the pharmaceutical industry is reportedly improving again. Moreover, board converters are hoping for orders from the confectionery industry as soon as packaging for the Christmas business is needed.

Metsä Group reports weak first half-year

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Metsä Group reports weak first half-year

“The first half of 2024 was financially very weak for Metsä Group,” said CEO Ilkka Härmälä in his opening remarks for the presentation of the group’s consolidated results. The second quarter did not bring an upswing compared to the first quarter – on the contrary: Performance in all group divisions was weaker and some slid (deeper) into the red. Business was challenging in the cartonboard and pulp segments, in particular.

Metsä Group reported a net profit of €20.5m for the first half of 2024, down by a whopping 93 per cent compared with the same period of 2023. Operating profit came in at €46.1m (prior-year period: €402.3m) while group Ebitda amounted to €270.2m (€555.3m). Sales declined only slightly, falling by 6 per cent to €2.9bn.

Metsä attributed the weaker results in part to lower sales prices, especially for board and pulp. In addition, high wood costs have been posing a problem for the wood-processing divisions for some time. This year, the company faced an additional challenge: A weeks-long strike at Finnish ports brought exports to a halt, resulting in production stoppages at many paper and board mills in the country. Metsä said the strike had a negative impact of €60m on its consolidated operating result.

However, the group also reports positive developments in recent months. The company says it is seeing good demand for pulp and rising price levels in this segment. Moreover, demand for cartonboard in 2024 is said to have clearly improved from last year’s record low levels. Demand for laminated veneer lumber was reportedly at a stable and good level, which the company sees as a positive sign given the ongoing weak situation in the construction industry. The muted sentiment in the construction industry is also still adversely affecting the sawn timber and spruce plywood businesses, according to Metsä.

Metsä Fibre books operating loss

Despite the challenging market conditions, most of Metsä’s divisions managed to close out the first half-year in the black. One exception was Metsä Fibre (pulp and sawn timber), which booked an operating loss of €68.8m in the first six months of the year. Although the company delivered more pulp, raw material and maintenance costs were higher while the overall sales price level was lower than in the prior-year period. Average pulp prices in the first half-year were 5 per cent higher in Europe but 4 per cent lower in China, according to Metsä. In China, demand had weakened in the second quarter due to the decreasing utilisation rates of paper and board machines in the country, the group explained. Demand was stronger in the “very tight” European and North American pulp markets.

The opposite was the case in the sawn timber segment: Sales prices were higher than in the first half of 2023, but delivery volumes were much lower.

The Metsä Board division (cartonboard, kraftliner, market pulp) has also had a difficult 2024 so far. The first-half results were considerably lower than one year earlier. Net profit of €9.7m was merely a fraction of the €98m booked in the first six months of 2023. In the board segment in particular, prices have repeatedly fallen over the past 12 months. This was partly offset by decreased costs, for example, for energy and starch.

The group appeared to be mostly satisfied with the performance of its Metsä Tissue (tissue paper and greaseproof paper) division. Here, too, the operating results fell short of those recorded in the first half of 2023, but profitability “continues to be reasonable” even though raw material prices have had a significant negative impact on the financial performance.

High wood prices tough for Metsä Wood, but beneficial for Metsä Forest

The weakness in construction activity led to deteriorating results at Metsä Wood (wood products). The group reported reduced demand, lower deliveries and decreased sales prices. Simultaneously, the raw material wood was expensive, and there was limited availability of birch logs, the group reported.

The same trend however benefited Metsä Forest (wood supply and forest services), which was the only division to improve its first-half operating result compared with the prior year. “Log and pulpwood prices reached record levels,” the company said, noting that weather conditions for harvesting were excellent. Especially in Sweden, demand for log and pulpwood was said to be very strong.

Metsä expects broadly steady market conditions in third quarter

For the near future, Metsä Group does not foresee any major changes in the divisions that deal with wood, wood products and forests. In the pulp division, the group also expects demand to remain stable in Europe and North America and weaker again in China.

In the cartonboard market, demand already started to improve in the first half-year and Metsä expects that it will remain stable in the third quarter, while deliveries might increase slightly compared with the preceding quarter. Sales prices in the cartonboard division are expected to be broadly unchanged until the end of September, the company says.

Stable demand is likewise forecast in the tissue and greaseproof paper division. The group intends to continue working on its cost situation and improving margins in this segment.

Södra's second quarter results improve, first half below previous year's reference figures

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Swedish forestry company Södra has reported solid results for the second quarter of 2024. The company writes that it benefited from high selling prices for pulp and tight control of raw material costs. However, performance was affected by SEK275m in costs for scheduled maintenance shutdowns at the Mörrum and Våro pulp mills in Sweden.

Södra's consolidated results for the second quarter were slightly better than expected. Sales increased by 3 per cent year-on-year to SEK7.53bn, and net profit by 2 per cent to SEK316m. The company's Ebitda, by contrast, declined by 4 per cent year-on-year to SEK773m, while operating profit of SEK398m was 14 per cent down on last year's second quarter figure.

Consolidated results for the first half of 2024 look less successful in comparison. Although Södra's sales of SEK15.14bn are just 1 per cent lower than the reference figure for 2023, the half year results were burdened by the increase in operating expenses of SEK344m and depreciation of SEK80m. Ebitda fell by 23 per cent to SEK1.72bn and operating profit by as much as 38 per cent to SEK966m. At the bottom line, Södra's net profit for the first half of 2024 stood at SEK854m, down 35 per cent from the same period last year.

Pulp subsidiary Södra Cell performed well in the second quarter, according to the parent company. Healthy demand and reduced supply led to higher selling prices, enabling Södra Cell to increase revenues despite lower deliveries. However, earnings continued to be affected by high raw material costs.

Södra Cell's production in the second quarter stood at 413,000 t, 4 per cent less than in the same period last year. Deliveries were 3 per cent lower year-on-year at 445,000 t. Pulp output and deliveries in the first half were 914.000 t (-1 per cent) and 956,000 t (-4 per cent) respectively.

Södra's forestry division Södra Skog benefited from strong demand for wood and higher selling prices. In the sawn timber business, Södra Wood posts significantly better results in the second quarter of 2024 compared with both the first quarter of 2024 as well as the second quarter of 2023. The company attributes this improvement mainly to higher selling prices which compensated for lower deliveries.

Södra Wood's operating profit of SEK128m in the second quarter made up for the operating loss booked in the first quarter of this year. Cumulative earnings of SEK93m for the first half of 2024 exceed earnings in the same period in 2023.

During the second quarter, the Swedish group launched two projects building on the high yield of wood-based raw materials and aiming to diversify the company's offerings. The first project involves the production and conversion of lignin in Monsterås, Sweden. Södra plans to install the world's first industrial production plant with capacity for 75,000 tpy of kraft lignin, which will reportedly enable the company to become the world's largest supplier of this product. The second project involves investments in a tannin production line in Våro from 2026. The tannin will be used as tanning agent for leather.

Södra results				
million SEK	April - June		January - June	
	2024	2023	2024	2023
Key figures				
Sales	7,527	7,322	15,140	15,323
EBITDA	773	803	1,716	2,221
Operating profit	398	464	966	1,549
Net profit	316	309	854	1,318
Business area review				
Södra Skog				
Sales	1,867	1,688	3,452	3,320
EBITDA	68	50	75	46
Operating result	46	31	32	10
Södra Wood				
Sales	1,691	1,681	3,312	3,341
EBITDA	180	63	200	80
Operating result	128	8	93	-26
Södra Cell				
Sales	3,884	3,855	8,186	8,464
EBITDA	655	833	1,711	2,303
Operating result	380	572	1,160	1,782
Södra Innovation				
Sales	85	98	190	198
EBITDA	-33	-17	-80	-86
Operating result	-54	-19	-123	-89
Source: Södra				

SCA sees positive sales and profit development in the second quarter of 2024

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Swedish forest products group SCA reports a poor market environment with lower prices and higher costs for the first half of the 2024 financial year. Sales revenues increased by 5 per cent to SEK9.85bn, but operating profit (SEK2.44bn) and net profit (SEK1.75bn) were down 14 per cent and 18 per cent respectively on the previous year's figures.

However, the trend is positive: SCA's performance in the second quarter of 2024 was better than in the previous quarter and the same quarter of 2023. Sales revenues increased by 15 per cent to SEK5.29bn, operating profit by 11 per cent to SEK1.36bn and net profit by 5 per cent to SEK960m, on the second quarter of 2023.

Demand for fibre-based products gradually picked up in the first half of 2024, allowing sales prices to be increased, which had a positive impact on the second quarter performance. The company's high level of integration in wood and energy supply and logistics contributed to effective cost control.

Higher sales volumes and prices for SCA's Pulp division

In the company's Pulp segment, demand remained at a good level, with deliveries increasing and sales prices rising slightly. Sales revenues in the first half of the year (SEK3.92bn) increased by 8 per cent and the operating result fell by 24 per cent to SEK495m. Higher costs for a planned maintenance shutdown and higher timber costs had a negative impact in the period January-June 2024, the company informed.

The division's performance in the second quarter of 2024 was much more positive. Sales revenues (SEK2.15bn) and operating profit (SEK341m) increased by 22 per cent and 61 per cent respectively compared to the second quarter of 2023. Leakages in a recovery boiler impacted earnings by around SEK60m in the second quarter and a similar amount is expected for the third quarter, SCA said.

Market demand for packaging increased in the first half of 2024, which contributed to stronger demand for kraftliner and, from the second quarter 2024 onwards, led to rising prices for containerboard. Higher input costs and lower sales prices had a negative impact on results. In the first half of the year, the Containerboard division recorded an operating loss of SEK21m after an operating profit of SEK328m in the same period of the previous year.

Sales revenues and profits in the company's Forestry Division developed favourably. Prices for sawn timber and pulpwood rose, while sales volumes increased.

The seasonal increase in demand combined with higher costs for sawn timber led to higher sales prices for solid wood products. Sales revenues and profits in the Wood Division therefore increased, according to SCA.

The seasonally lower demand for electricity and solid biofuels combined with a weaker market for liquid biofuels led to lower sales prices and delivery volumes in the Renewable Energies segment.

SCA results				
million SEK	April - June		January - June	
	2024	2023	2024	2023
Key figures				
Sales	5,291	4,582	9,849	9,395
EBITDA	1,888	1,700	3,484	3,755
Operating result	1,361	1,229	2,438	2,825
Net result	960	916	1,749	2,129
Business area review				
Forest				
Sales	2,239	1,945	4,408	3,876
EBITDA	883	817	1,853	1,598
Operating result	821	761	1,731	1,484
Wood				
Sales	1,506	1,353	2,599	2,650
EBITDA	294	201	405	324
Operating result	222	151	266	222
Deliveries, 1,000 m ³	516	483	919	973
Pulp				
Sales	2,147	1,760	3,921	3,641
EBITDA	509	380	832	937
Operating result	341	212	495	650
Deliveries, 1,000 t	258	242	491	467
Containerboard				
Sales	1,584	1,432	3,219	3,005
EBITDA	231	217	372	667
Operating result	33	46	-21	328
Deliveries kraftliner, 1,000 t	224	218	476	419
Renewable Energy				
Sales	448	402	1,084	916
EBITDA	85	182	262	363
Operating result	67	164	225	327
Deliveries own wind power, GWh	31	30	76	93
Source: SCA				

Turkish Dinamo Packaging acquires insolvent GPD Foodpackaging

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Insolvent German folding carton manufacturer GPD Foodpackaging has found an investor: Turkish packaging producer Dinamo Packaging has taken over the company in an asset deal, confirmed GPD's insolvency administrator Martin Schmidt, lawyer, talking to EUWID. According to him, the acquisition is aimed at restarting production at GPD Foodpackaging, where machines are currently idle.

Reports indicate that the Turkish company took over the printing presses and equipment as well as the 8,300 m² production and warehouse space plus the adjacent office complex with effect from 1 July. The production of folding cartons, which was stopped in May, is planned to be restarted as soon as the question of location has been finally settled – which, current forecasts say, could already be the case in August. Relocation is being considered as an alternative option.

On 22 February GPD Foodpackaging filed for insolvency. The proceedings were opened on 1 May. The packaging producer attributed its financial difficulties by referring to problems with a printing press, confirmed Mr Schmidt. A manroland Goss spokesperson denied alleged deficiencies upon EUWID inquiry in late February and spoke of disagreement among the parties involved with a view to the printing line's performance parameters.

According to the insolvency administrator, a procedure of taking evidence initiated by GPD Foodpackaging is still under way at the Augsburg regional court to prepare an expert opinion on the printing press. No findings have as yet been available at the beginning of August.

Folding carton producer GPD Foodpackaging had been manufacturing carton packaging for the food sector, primarily for frozen food, at its Rintel plant in the north of Germany since the end of 2021. A Varioman c:line web offset printing machine from printing press manufacturer manroland Goss formed the core of its production equipment and was able to produce up to 2,500 pizza cartons at a maximum speed of 400 m/min.

Turkish packaging producer Dinamo Packaging manufactures folding cartons and self-adhesive labels, among other things, and has a production capacity of up to 25 million m² per year.

Mondi sees market improvement in Q2

Sales and profit in H1 2024 below previous year's figures

📄 **EUWID +** 14 August 2024 | ⌚ ~ 2 min | [Published in issue 33/2024](#)

Lower selling prices and higher labour and operating costs impacted Mondi's performance in the first half of 2024. The company's sales revenues fell slightly to €3.74bn after €3.88bn in the first half of 2023. Operating profit amounted to €328m (H1 2023: €460m) and net profit to €225m (€317m).

However, Mondi CEO Andrew King was optimistic about the improved market conditions, which had led to higher order backlogs and deliveries. This had enabled the company to implement a series of price increases in the paper sector in the reporting period. "Together with the lower input costs, we have achieved an improvement in adjusted Ebitda compared to the first half of 2023. The price increases will have a positive impact in the second half of the year," said Mr King.

Sales (€1.10bn) and adjusted Ebitda (€143m) in the Corrugated Packaging division were below the previous year's figures, which Mondi attributes primarily to lower selling prices and higher labour and operating costs. Deliveries remained stable compared to the first half of 2023, while input costs fell slightly.

Mondi achieved a 3 per cent increase in corrugated box deliveries, which is primarily attributable to the rising demand for e-commerce and sustainable consumer packaging solutions. The company expects the current price increases for paper to be passed on to customers in the second half of the year.

The investment in the semi-chemical fluting plant in Kuopio, Finland has been successfully completed. The machine is currently being ramped up with an increased capacity of 55,000 tpy. Kraftliner capacity at the Polish plant in Świecie was also increased by 55,000 tpy. The project was recently completed, Mondi announced.

Following the rebuild, the paper machine in Duino, Italy is scheduled to go into operation in the first half of 2025. It will then produce 420,000 tpy of recycled containerboard. In addition, investments in the Simet and Warsaw corrugated plants were finalised.

Sales in the Flexible Packaging division remained more or less stable at €2.02bn in H1 2024. The division's adjusted Ebitda of €276m was below the previous year's figure. Deliveries of kraft paper were higher than in the same period last year, while paper bag deliveries remained stable. The higher kraft paper prices are to be passed on along the supply chain in the second half of the year. Margin increases were achieved for flexible and functional papers and films.

The investment in kraft paper and pulp production at the Štětí mill in the Czech Republic is proceeding according to plan and should be completed in the first half of 2025. In addition, Mondi acquired the Hinton pulp mill in Alberta, Canada, for \$5m during the reporting period.

Sales (€699m) and adjusted Ebitda (€166m) in the Uncoated Fine Papers division remained stable year-on-year in this year's first six months. The improved market environment in Europe led to an increase in deliveries, but sales prices were below the previous year's level. Pulp prices rose in the reporting period and were roughly at the level of the first half of 2023 on average.

Mondi results		
million €	January - July	
	2024	2023
Key figures		
Sales	3,739	3,881
EBITDA	538	662
Operating result	328	460
Net result	225	317
Business area review		
Corrugated Packaging		
Sales	1,103	1,187
Underlying EBITDA	143	188
Underlying operating result	65	116
Flexible Packaging		
Sales	2,024	2,062
Underlying EBITDA	276	343
Underlying operating result	177	251
Uncoated Fine Paper		
Sales	669	690
Underlying EBITDA	166	168
Underlying operating result	133	134
Source: Mondi		

Iberpapel posts weaker results for year's first half

 **EUWID +** 14 August 2024 |  ~ 2 min | [Published in issue 33/2024](#)

Iberpapel group's financial data for the first half of 2024 could not quite match previous year's figures for the same period. The Spanish producer of uncoated paper reported that sales revenues receded by 8 per cent to €124m. The company's Ebitda fell by 9 per cent to €18m and operating earnings by 15 per cent year-on-year to €11m. Despite the setback, Iberpapel's net profit for the reporting period is just 4 per cent lower at slightly above €10m compared with last year's first half results.

Iberpapel produces a wide range of woodfree uncoated papers, especially printing and writing paper as well as papers for speciality and packaging applications. The price of paper in the first half of the year was 22 per cent lower than in the previous year, Iberpapel writes.

Although the company delivered 26 per cent more paper in the reporting period, it was not enough to match the previous year's sales revenue. Selling prices increased slightly between April and June this year but are still far lower than last year's level.

Iberpapel struggled with low electricity prices especially between February and May 2024. In response, the company significantly scaled back power generation which additionally burdened deliveries and sales development in the energy business, it writes. In view of the negative development, Iberpapel's sales in the electricity business receded by 46 per cent to €11m, the Spanish group adds.

The Spanish company operates an integrated pulp and paper mill in Hernani in Spain's Basque country. The capacity of company subsidiary Papelera Guipuzcoana de Zicuñaga, as the mill is called, reportedly amounts to 240,000 tpy of pulp and 250,000 tpy of uncoated paper.

At the group's annual meeting held in May this year, Iberpapel's shareholders approved the nomination of Miguel Ángel Tapiador Silanes as the group's new CEO and chairman of the executive board with effect from 30 September. Mr Silanes succeeds Mr Iñigo Echevarría Canales who will retire after serving the company for 43 years including 14 years as its head.

Iberpapel results		
million €	January - June	
	2024	2023
Key figures		
Sales	123.7	134.7
EBITDA	17.7	19.5
Operating result	11.1	13.1
Net result	10.3	10.7
Source: Iberpapel		

Kabel to increase publication paper prices

 **EUWID +** 14 August 2024 |  ~ 1 min | [Published in issue 33/2024](#)

Germany's LWC and MWV producer **Kabel Premium Pulp & Paper** has announced a price increase. The increase affects all new orders, with contracts being left untouched. The amount of the price hike depends on paper grade and specification. "We are aware of the difficult market situation in publishing, printing and print advertising, so we have made every effort to achieve a stable to falling price level for paper through internal cost reduction and efficiency improvement programmes. Despite successfully implementing these measures, our efforts have been countered by soaring cost of pulp, chemicals, and energy," the company stated. Energy costs are characterised by high volatility at European, but above all at national level, and have been rising sharply recently. In order to continue to be a reliable supplier, a price increase is unavoidable, Kabel said.

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Canfor appoints new CEO

 **EUWID +** 14 August 2024 |  ~ 1 min | [Published in issue 33/2024](#)

Don Kayne, President and CEO of Canadian lumber, pulp and kraft paper producer **Canfor**, will retire at the end of the year. The company announced that **Susan Yurkovich** was appointed to succeed Mr Kayne. She is currently Senior Vice President of global Business Development and will assume the CEO position as from 1 January 2025. Mr Kayne has been working with Canfor for the past 46 years and has held the CEO position since 2011.

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Fire at Smurfit Westrock's paper mill in Kent

 **EUWID +** 14 August 2024 |  ~ 1 min | [Published in issue 33/2024](#)

In the early afternoon on 6 August a fire broke out in the recovered paper area of the **Smurfit Westrock** Townsend Hook Paper Mill in Kent, England. There were no injuries and the fire was quickly brought under control by the Kent Fire Service, a spokesperson told EUWID, adding that the mill was operating as normal.

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Nellbeck to become member of Lecta Board

 **EUWID +** 14 August 2024 |  ~ 1 min | [Published in issue 33/2024](#)

Johan Nellbeck has been appointed to become a member of **Lecta's** board. Mr Nellbeck has extensive experience in the paper and board industry. Between 2006 and 2018 he worked at **Billerud Korsnäs**, and served as SVP for packaging paper in his last position there. Between 2019 and February 2024 he served as SVP Paperboard at **Holmen**.

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Smurfit Kappa posts decline in sales and Ebitda in the second quarter

 14 August 2024 | ⌚ ~ 3 min | [Published in issue 33/2024](#)

The second quarter of 2024 was characterised by higher costs and lower box prices for Irish paper and packaging group Smurfit Kappa Group. As the acquisition of Westrock by Smurfit Kappa was completed at the beginning of July, only Smurfit Kappa's figures are reported for the second quarter, albeit in US dollars in view of the consolidation with Westrock and the company's listing on the New York Stock Exchange.

Westrock shares were delisted after the merger, so no financial figures have been published for the company's March-June 2024 performance. Results for the combined company Smurfit Westrock will be published from Q3 2024.

Smurfit Kappa's sales in the second quarter declined to \$2.97bn (-3.5 per cent year-on-year) despite an increase in corrugated deliveries of approximately 3 per cent. The group's operating profit fell by 38 per cent to \$244m and net profit halved to \$132m year-on-year.

Group packaging deliveries increased by 3.1 per cent, with Europe up 3.5 per cent and the Americas up 1.5 per cent. On a shipments per day basis, consolidated deliveries rose by 1.1 per cent. Growth here was 1.4 per cent in Europe and 0.1 per cent in the Americas.

At \$2.21bn, sales in the Europe region were 7 per cent below the previous year's figure. Demand was robust in Southern and Eastern Europe and remained weak in Germany. In combination with higher recovered paper, labour and logistics costs, the decline in sales led to a drop in adjusted Ebitda of 17 per cent to \$355m. The costs for energy and other raw materials declined year-on-year.

In the Americas, sales rose by 4 per cent to \$762m, which contributed to a 5 per cent increase in adjusted Ebitda to \$146m. Higher labour and material costs had a negative impact. Demand in the region was solid, with the exception of Argentina.

"Cyclical low point appears to have been hit in the second quarter"

Smurfit Kappa expects corrugated packaging prices to rise in the third and fourth quarters of 2024, so increased costs will be passed on to customers with the usual time lag. Accordingly, the second quarter looks like the cyclical low point – provided "nothing bad happens in the world," commented CEO and President Tony Smurfit.

The integration with Westrock is in full swing. Many divisions of Smurfit Kappa and Westrock are built on a similar philosophy and are highly integrated, other divisions such as SBS production are less integrated and there are still unanswered questions about the way forward, said Mr Smurfit. However, the SBS market is considered to offer a lot of opportunities.

Following the Smurfit Kappa model, paper production at Westrock will focus on each mill producing the optimum paper grades, said Mr Smurfit. The CEO added that there are only a few Westrock packaging plants that either need to be optimised or closed.

"We expect the biggest synergies to come from the integration of paper production," said Mr Smurfit. Further synergies will primarily result from cost reductions; revenue synergies are less likely. The focus here is on logistics and distribution. For example, paper and board that Westrock has so far shipped to Europe and held in external warehouses would be taken into former Smurfit Kappa's locations, which would save a lot of money.

Smurfit Kappa results				
million \$	May - June		January - June	
	2024	2023	2024	2023
Key data				
Sales	2.969	3.076	5.899	6.316
Adjusted EBITDA	480	556	995	1.157
Operating result	244	394	551	838
Net result	132	267	323	548
Sales by geographical area				
Europe	2.207	2.350	4.397	4.850
The Americas	762	726	1.502	1.466
Adjusted EBITDA by geographical area				
Europe	355	432	733	904
The Americas	146	140	259	284
Source: Smurfit Kappa				

Sveza acquires Kama pulp, board and paper mill

 **EUWID** + 14 August 2024 Alexander Ungemach | ⌚ ~ 2 min | Published in issue 33/2024



Russian forest products company Sveza has acquired fellow Russian Kama mill. This step also marks Sveza's entry into pulp, LWC and board production. The transaction is subject to approval by Russia's federal anti-monopoly agency, Sveza and Kama report. The terms and structure of the sale contract have not been disclosed.

Sveza is owned by Alexey Mordashov's Severgroup. Mr Mordashov has toyed with the idea of building a pulp mill

for two decades. At last call, the project aimed to build a pulp mill in the Vologda region, which failed due to local protests, among other reasons.

The person behind Kama's sale is believed to be Viktor Kharitonin, co-owner of Russian pharmaceutical company Pharmstandard, who had made an unsuccessful bid for Mondi's erstwhile Syktyvkar mill. Mr Kharitonin acquired ownership of Kama from the Trust Bank at the start of 2023, at which time Kama was purportedly valued at RUB36bn. Kharitonin-owned Augment Investments Limited offered Kama for RUB47bn, Russian business newspaper Kommersant reports.

According to Anatoly Frishman, CEO of Sveza-Les, the company pursues a strategy of diversifying its product portfolio. The current transaction would also generate considerable synergy effects apart from expanding Sveza's business. The acquisition paves the way for Sveza, one of the biggest converters of birch wood and producer of plywood and particleboard, to enter the pulp, paper and board market.

The company's businesses include seven timber converting plants as well as goods procurement, bioproducts and artificial intelligence. The current transaction would enable Sveza to extend its converting activities to timber types not currently used in its own production, Kommersant writes citing Russian industry experts. The outlook includes the use of hardwoods like aspen to produce pulp, specifically BCTMP. Additional raw material would enable Kama to increase output of coated board, Kommersant adds. Kama has already announced plans to expand capacity.

Located in Krasnokamsk in Russia's Perm region, the Kama pulp and paper mill is considered the only producer of lightweight coated paper (LWC) and coated board (FBB) in the country. Kama has capacity to produce 85,000 tpy of LWC and 220,000 tpy of FBB. In 2023, production of these grades stood at 83,000 tpy and 213,000 t, respectively.

Kama recently announced a programme to develop a medium-term production plan and projects for the 2024-2034 period. In the next two years, Kama will ramp up FBB output to 270,000 tpy and upgrade its water supply and sewage system.

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Falling pulp prices have spread to contract business since July

Hardwood pulp prices under more pressure than softwood kraft pulp

📄 **EUWID +** 13 August 2024 [Igor Dugandzic](#) | ⌚ ~ 4 min | [Published in issue 33/2024](#)



The downward pressure on pulp prices that built on the European spot market over the past few weeks made its way to the contract business in July. A few market players are amazed at how quickly prices reversed course and how low prices are for a few commodity grades. Others are less surprised about this development since summer business is slow. They expect pulp prices to remain on a downward trajectory over the next one to two months. These mark-downs

are more than welcome for the pulp industry's customers and are providing a little cost relief in a weakening market.

Pulp suppliers and buyers agreed on price cuts for July deliveries in negotiations staged in late July and early August. In the contract business, mark-downs to list prices for bleached eucalyptus kraft (BEK) pulp totalled \$70-80/t. Price cuts for BEK are thus much larger than the reductions for northern bleached softwood kraft (NBSK)pulp, which generally stood at \$20-30/t in July. In a handful of cases, the two sides were still discussing softwood pulp prices as the first full week of August came to an end. Market players anticipate that these contracts will also reflect similar outcomes or that price reductions will apply to August deliveries at the latest.

The turnaround in European pulp prices came sooner than some suppliers had expected. The initial downward adjustment in hardwood pulp prices was larger than had been originally thought. One source noted that this development had come as a surprise, especially since key statistics covering recent months had indicated a good and balanced market with low inventories and decent consumption throughout the first half of 2024. One eucalyptus pulp manufacturer was puzzled about how spot prices could be so low in a market that was running well and why these spot prices were now hitting the contract business with such force.

Eucalyptus pulp was available at net prices of \$700/t FCA or CIF in July in a few European ports, with some prices even lower at the month's end. The pulp industry's customers are tempted to forgo the amounts agreed in contracts and source as much as possible of what they need on the spot market, given the huge gap between spot and contract prices. One pulp merchant noted that some orders were being delayed by days or even weeks to secure a better price. Sources on both sides of the market repeatedly said that manufacturers now had the choice between offering surplus material from contract business on the spot market or selling it to existing customers at special conditions from the outset.

However, the behaviour demonstrated by European eucalyptus pulp buyers goes beyond just tactics and haggling for the best price. A few buyers said that they were avoiding accepting all of the pulp covered by contracts simply because paper machines are not busy, and mills have enough pulp in stock to handle current capacity utilisation.

At the start of the third quarter, the level of activity has slowed markedly in some areas of applications, e.g. in the printing and writing or speciality paper segments, with demand for pulp slowing as a result. Demand for market pulp from tissue companies remains solid. That being said, business had not been as strong in July as it was a few months ago.

Softwood kraft pulp markets more stable thanks to capacity cuts

Softwood kraft pulp producers feel that they have been in a better position than hardwood pulp suppliers for months now. They are generally more relaxed about what lies ahead for supply, demand and sales prices. In this vein, a few producers stress that NBSK pulp prices will undoubtedly be corrected over the summer, too, but do not expect prices to fall before the year's end. Softwood pulp manufacturers repeatedly underscored capacity cutbacks over the past 18 months, especially in North America. As one producer noted, manufacturers had gradually shed capacity, with no new expansion projects on the books.

Scantier supply and hefty pulpwood costs are also underpinning "firmer prices" for softwood pulp and helping NBSK producers to adopt a "more robust stance". One pulp producer talking to EUWID stressed that this was clearly limiting Finnish and Canadian manufacturers' preparedness to keep cutting prices. Pulp production capacity might be temporarily or even permanently shut down before things become unbearable, he added.

Nevertheless, low-priced spot lots have repeatedly emerged for weeks now on Europe's softwood kraft pulp market. Market players report cases of pulp made in Western and Eastern Europe being up for grabs for well below €800/t free delivered. These prices are attracting several customers and giving some pulp producers food for thought. One manufacturer was worried that list prices would have to be slashed if these prices took hold in the long term.

A few other manufacturers are more relaxed. They believe that these offers involve smaller amounts made by integrated pulp and paper mills, which are able to offer more market pulp because of the lacklustre summer demand for paper and cartonboard. These kinds of offers will vanish into thin air again starting in September, these sources believed.

EUWID Price Watch Pulp Western Europe

July 2024

CIF North Sea ports	July 2024*	June 2024	July 2023
Bleached softwood pulp			
Softwood kraft			
from Scandinavia and Canada in €/t	1,466 - 1,475	1,483 - 1,502	1,041 - 1,050
from Scandinavia and Canada in US\$/t	1,600 - 1,610	1,610 - 1,630	1,140 - 1,150
Southern softwood from the US in €/t	1,392 - 1,401	1,410 - 1,419	986 - 995
Southern softwood from the US in US\$/t	1,520 - 1,530	1,530 - 1,540	1,080 - 1,090
Bleached hardwood pulp			
Birch pulp from Scandinavia in €/t	1,246 - 1,255	1,327	731
Eucalyptus pulp			
from Portugal/Spain in €/t	1,246 - 1,255	1,327	731
from South America in €/t	1,246 - 1,255	1,327	731
from South America in US\$/t	1,360 - 1,370	1,440	800
Southern hardwood in €/t	1,163 - 1,172	1,244	648 - 667
Southern hardwood in US\$/t	1,270 - 1,280	1,350	710 - 730
Hardwood BCTMP			
from Scandinavia and Canada in €/t	641 - 692	645 - 695	502 - 566
from Scandinavia and Canada in US\$/t	700 - 755	700 - 755	550 - 620

* Exchange rate as of 8 August 2024: US\$1 = €0.916. At the end of week 32, individual contracts were still being negotiated for softwood pulp.

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EUWID Price Review Pulp Western Europe

Second quarter 2024

per tonne CIF European ports	Second quarter 2024	First quarter 2024	Second quarter 2023
Bleached softwood pulp			
Softwood kraft			
from Scandinavia and Canada in €/t	1,345 - 1,502	1,197 - 1,296	1,093 - 1,189
from Scandinavia and Canada in US\$/t	1,450 - 1,630	1,290 - 1,400	1,190 - 1,290
Southern softwood from the US in €/t	1,290 - 1,419	1,150 - 1,241	1,038 - 1,133
Southern softwood from the US in US\$/t	1,390 - 1,540	1,240 - 1,340	1,130 - 1,230
Bleached hardwood pulp			
Birch pulp from Scandinavia in €/t	1,280 - 1,327	1,058 - 1,204	781 - 968
Eucalyptus pulp			
from Portugal/Spain in €/t	1,280 - 1,327	1,058 - 1,204	781 - 968
from South America in €/t	1,280 - 1,327	1,058 - 1,204	781 - 968
from South America in US\$/t	1,380 - 1,440	1,140 - 1,300	850 - 1,050
Southern hardwood in €/t	1,196 - 1,244	975 - 1,120	698 - 885
Southern hardwood in US\$/t	1,290 - 1,350	1,050 - 1,210	760 - 960
Hardwood BCTMP			
from Scandinavia and Canada in €/t	642 - 700	583 - 675	551 - 783
from Scandinavia and Canada in US\$/t	700 - 755	640 - 730	600 - 850

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Progroup starts up sheet feeder plant in Petersberg

12 August 2024 [Frauke Schmidt](#) | 🕒 ~ 1 min [Published in issue 33/2024](#)



Progroup's new Petersberg plant

With the start-up of the new sheet feeder plant in Petersberg in the southwest of Germany at the beginning of August, Progroup has added 200,000 tpy of corrugated sheet capacity to its production capability.

The new corrugator can produce at a speed of up to 440 m/min.

Thanks to two combined heat and power generation (CHP)

units and a solar park, the plant is energy self-sufficient in two-shift operation. The co-generation units use the waste heat from the plant's own electricity generation to produce either cooling or heat for the plant's thermal cycle.

The energy set-up not only reduces the company's production costs, but also enables it to heat or cool the 30,000 m² production hall, said Progroup Chairman Maximilian Heindl.

Progroup's new Petersberg site is connected to the adjacent production facility of G&G PreiBer, a long-standing customer of Progroup. Corrugated sheets can be transported via a conveyor belt from Progroup's finished goods warehouse to G&G PreiBer's packaging production, eliminating the need for lorry deliveries.

Metsä Fibre starts talks on temporary layoffs at Joutseno pulp mill

09 August 2024 | 🕒 ~ 1 minPublished in issue 33/2024



Metsä Fibre's Joutseno mill has a capacity of 690,000 tpy of pulp

Metsä Fibre is considering temporary layoffs at its Joutseno pulp mill in Finland. The company announced it had started corresponding negotiations with employee representatives. The talks involve the entire workforce of the site, i.e. around 190 people.

If implemented, the planned temporary layoffs would last up to 90 days and would be implemented in several tranches by the end of January 2025, the company said. Metsä Fibre emphasised the need for the move, saying that production had to be temporarily adjusted to meet low delivery volumes.

The talks started last week and are expected to take approximately two weeks. Details on the temporary layoffs and their duration would be clarified by the end of 2024, the company said.

The Joutseno pulp mill produces softwood pulp with an annual capacity of 690,000 tpy. The mill also produces biochemicals and generates its own energy.

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Nippon Paper to cut graphic paper capacity, strengthen tissue and packaging businesses

08 August 2024 [Frauke Schmidt](#) | 🕒 ~ 1 min [Published in issue 33/2024](#)



Nippon Paper wants to decrease its exposure to graphic paper markets

Nippon Paper Industries has announced measures to reorganise its production platform. The company will permanently shut down some of the machines at its Shiraoi and the Yatsushiro mills in Japan, reducing printing and writing paper capacity by nearly 300,000 tpy. This step is Nippon Paper's response to the decline in graphic paper demand in Japan: Graphic paper deliveries in the country have dropped from 9.68 million tpy in 2018 to 6.51 million tpy in 2023, the company said.

Nippon Paper will shut down the fine paper machine PM 8 at the Shiraoi mill at the end of September 2025. The machine has a capacity to produce 64,000 tpy of fine paper and bleached kraft paper. The remaining facilities will be used to expand production in areas other than graphic paper, Nippon Paper said.

At the Yatsushiro mill, Nippon Paper will cease production of machine N2 at the end of June 2025, taking out 232,000 tpy of newsprint. At the same time, a coal-fired boiler at the site will be shut down, marking the end of coal use at the Yatsushiro mill. Newsprint and fine paper production from the discontinued machine will be transferred to other facilities, Nippon Paper said.

Instead, Nippon Paper will start up the production of household paper at the Yatsushiro mill, primarily targeting exports. Production is expected to commence in 2027. Nippon Paper did not disclose the planned capacity for household paper production at the site.

The move is part of Nippon Paper's strategy to expand the production of products for daily use, such as tissue and hygiene papers, liquid packaging board, nanocellulose fibres, bio-ethanol or fertilisers. The company has already commissioned new tissue capacities in Japan in 2023 and 2024.