

PPI Europe

PAPER, PACKAGING AND FIBER MARKET NEWS AND PRICES FOR EUROPE, THE MIDDLE EAST AND AFRICA

SKG receives final green lights for merger with WestRock

Smurfit Kappa Group (SKG) has received all outstanding regulatory clearances for its combination with WestRock, including approval from the Irish High Court on July 2, clearing the way for the expected completion of the deal on July 5.

Trading of SKG shares on Euronext Dublin concluded at 5:00 PM, July 2, while trading of the firm's shares on the London Stock Exchange's main market for listed securities will continue until 4:30 PM, July 5.

The deal is expected to "become effective in accordance with its terms at 5:00 PM [EST] on July 5, following which Smurfit WestRock shares will be allotted and issued to scheme shareholders pursuant to the terms of the scheme," Smurfit Kappa said in an investor release.

Shareholders of both firms approved the merger on June 13 and the European Commission gave its nod back in April. Under the terms of the deal, Smurfit WestRock will be 50.4% held by current SKG shareholders.

The deal will result in one of the world's biggest containerboard producers, with a total capacity of some 17 million tonnes/yr, according to Fastmarkets RISI's Asset Database.

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Turkey imposes measures on testliner and fluting imports

Turkey has decided to implement safeguard measures on testliner, fluting and semi-chemical straw cellulose fluting paper imports to the country in the form of an additional financial obligation for a period of three years.

The measures will be applied on paper grades that fall under the following custom codes: 4805.12.00.00.00, 4805.19.10.00.00, 4805.19.90.00.00, 4805.24.00.00.00 and 4805.25.00.00. Tariffs will come into effect with the entry into force of the relevant presidential decree. During the first year, a duty of \$87/tonne will be applied. That will decrease to \$86/tonne in the second year and \$85/tonne in the third.

The investigation was launched at the beginning of the year with the aim to discover whether imports of a certain product are causing, or threatening to cause, serious injury to a domestic industry.

The Turkish Ministry of Commerce said in a communiqué that developing countries will be exempt from these measures and that consultations with World Trade Organization members who have an important interest as exporters of the goods in question will be held if requested.

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Graphic Paper Focus: June

Newsprint prices flat: Prices for newsprint deliveries in June remained flat, as customers mostly rely on three-month contracts. Negotiations for contracts starting in July have been ongoing and were mostly wrapped up in June, with initial signs pointing to price increases in both the UK and continental Europe. While newsprint suppliers announced price increases of Euro 40-80/tonne for deliveries in Q2, the first indications suggest that more or less half that level has been achieved. This round of negotiation also brought some news in terms of length of agreements. While some six-month deals had already been signed in April, now it appears that quite a few deals have returned to six-month validities, as was the case before the energy crisis set in back in late 2022. Paper producers said newsprint bookings were quite good in June and pointed out that the main issue affecting the market is the lack of paper for recycling (PfR) and its subsequent cost increase.

SC, LWC prices roll over into June:

Supercalendered (SC) and lightweight coated (LWC) paper prices were also carried over into June, while negotiations for deliveries in Q3 were in full swing during the month. Some paper producers expressed their desire to raise prices for deliveries from July, citing rising PfR, pulp and transport costs as the main drivers behind the potential hike. Nevertheless, overcapacity affecting both markets coupled with low demand scuttled the hike effort. Contacts said demand for both SC and LWC paper remained stable at low levels during the month, with the SC segment performing worse than LWC in terms of consumption. On the production side, earlier this year, Leipa announced it would close PM 1 at its Schwedt mill in Germany by mid-year, thus reducing its output of recycled-based coated mechanical paper by 170,000 tonnes/yr.

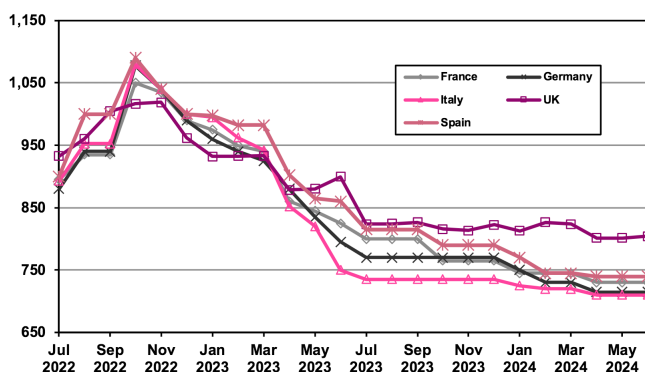
UWF prices up slightly in Spain and the UK:

Prices for uncoated woodfree (UWF) paper deliveries remained fairly stable in June, with some exceptions. UWF offset reel prices rose by some Euro 10/tonne on the higher end of the range in Spain, while sheet prices increased by Euro 30/tonne and £30/tonne, respectively, on the higher end of the range in Spain and in the UK. Some of these increases were originally planned for April or May and were postponed to June. Some cut-size buyers mentioned slight decreases of Euro 10-25/tonne in Germany and France during the month, although overall price ranges remained unaffected. During the month, The Navigator Company announced plans to lift UWF paper prices by 4-6% from July 1 for deliveries in Europe. Pulp prices continued to put pressure on UWF producers, especially on non-integrated suppliers, while freight costs from Asia continued to increase.

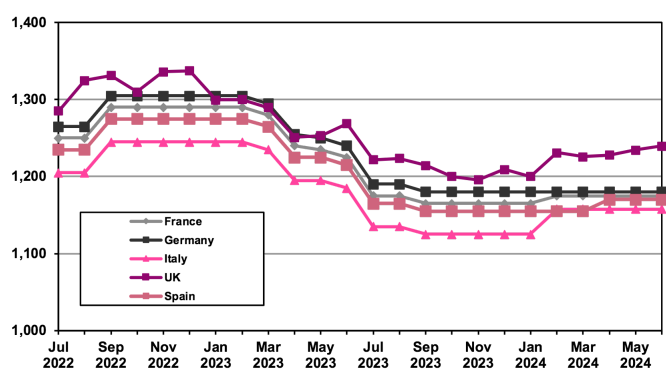
CWF price hikes continue in some countries:

Prices for coated woodfree (CWF) reel deliveries increased again in June, rising Euro 40/tonne on the higher end of the range in Germany, while remaining fairly stable in other countries. In Italy, some customers mentioned new list prices for June, which would in practice be applied to July shipments. On the sheet side, prices rose by some Euro 20-25/tonne at the high end of the range in Germany and Italy. Some buyers said paper suppliers were looking for a further Euro 50/tonne hike in July, but they believe the current supply/demand balance does not support a further price increase. CWF demand continued to be on the soft side during the month, with some customers reportedly downgrading to mediumweight coated paper as a way to cut costs.

SC offset reels 56 g



Uncoated woodfree 80 g - A4 (B-grade) - sheets



Prices (Euro/tonne) are based on average monthly values.

Smurfit Westrock set to become one of world’s biggest containerboard producers

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While WestRock does not have any European mills, it is a market leader in the United States where it can produce some 7.9 million tonnes/yr of containerboard across 29 mills. Half of SKG’s mills are in Europe and only one, a 305,000 tonne/yr recycled containerboard mill in Texas, is located in the United States. Both companies have production facilities in Mexico and South America.

WestRock does have significant cartonboard converting facilities in Europe, while SKG has a capacity of 435,000 tonnes/yr of cartonboard spread across three mills in Germany.

General news

Södra taps Andritz to supply technology for its new kraft lignin plant

Södra has selected Andritz to supply a complete solution for kraft lignin production at its Mönsterås pulp mill in Sweden.

The scope of the order will see Andritz deliver a system to recover lignin contained in the black liquor from the pulping process, making it available to Södra as a saleable product. The order also includes supporting systems that will improve the mill’s environmental performance and ensure full integration of lignin recovery into existing operations.

The system will be based on Andritz’s LignaRec lignin recovery process. The lignin drying section, equipped with flash dryer technology, will further process the kraft lignin, while the integration of the LignaRec process into the Mönsterås mill will be completed by the installation of an Andritz SulfoLoop sulfuric acid plant, allowing for the closure of the sulfur loop, avoiding the purge of sulfate streams even after lignin recovery is implemented.

Södra announced last week that it would invest over SEK 2 billion (\$191 million) in what will be Sweden’s first commercial

facility to produce lignin and the largest lignin production plant of its kind in the world.

Kraft lignin can replace fossil materials in a variety of products, including glue, batteries, rubber and composites, and can form the basis for new biofuels and biostimulators.

Saica gets first woman president as Susana Alejandro takes the helm

Spanish packaging giant Saica Group has its first woman president. Susana Alejandro officially took the reins as the company’s president on July 1, as Ramón Alejandro retired after 14 years as president.

A member of the third generation of Saica’s founding family, Susana Alejandro joined Saica in 1996 with a degree in business administration from Zaragoza University. After working in the company’s finance department, she moved to the corrugated

Paper for recycling: Europe

Euro/tonne (unless otherwise noted). Prices for paper for recycling are delivered, buyer’s warehouse.

WEEKLY	Weekly Prices			Monthly Average Prices		
	Jul 2, 2024	Jun 25, 2024	Jun 18, 2024	Jun 2024	May 2024	% chg.
Pan European						
PIX OCC 1.04 dd	166.44	163.73	162.49	159.33	141.10	12.9
PIX ONP/OMG 1.11 dd	214.40	209.35	207.57	207.38	190.31	9.0
MONTHLY				Monthly Prices		
				May 2024	Apr 2024	% chg.
Pan European						
PIX SOP				208.47	194.15	7.4
PIX Multiprint				230.28	217.36	5.9
Germany						
PIX RCP Mixed 1.02 GER				136.34	120.36	13.3
PIX OCC 1.04 GER				164.56	142.57	15.4
PIX ONP/OMG 1.11 GER				208.77	178.84	16.7

Note: The monthly prices of the Pan European PIX OCC 1.04 dd and PIX ONP/OMG 1.11 dd are averages of the weekly indices published during the month, released on the last Tuesday of the month. The Pan European PIX SOP and PIX Multiprint and PIX Germany are published on the second Tuesday of the following month. For details, see the [PIX methodology and grade specifications](#).

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cardboard business segment, where she eventually became general manager of Iberia operations and then the corrugated cardboard division as a whole. Since 2013, she has served as the firm's director of strategy and corporate development.

In a statement issued on her first day in the new role, Alejandro said that as a family business, Saica had a clear long-term vision and that therefore, a change in the company's presidency "does not necessarily imply a change in strategy."

"Our course variations are dictated only by the requirements of our customers and market fluctuations," she explained, adding: "our roadmap is clearly defined in our Saica 2025 [strategic plan]."

Among the challenges Alejandro intends to address is climate change, which she said is pushing the company to reformulate its production and consumption models while advancing its commitment to a circular economy.

She highlighted a number of other objectives from the company's strategy document that the firm would be pursuing, including strengthening its customer orientation, achieving sustainable and profitable growth, protecting the health of employees and designing sustainable solutions that contribute to environmental protections, including zero waste and the decarbonization of factories.

The Saica Group can produce 3.3 million tonnes/yr of recycled paper and corrugated board. The firm employs over 10,000 people in Spain, France, Italy, Portugal, the UK, Ireland, Turkey, Luxembourg, the Netherlands, the USA and Poland.

Packaging

Hamburger to raise prices for recycled corrugated base paper by Euro 60/tonne from July 1

Hamburger Containerboard, a subsidiary of the Prinzhorn Group, has announced plans to increase its price for brown recycled corrugated base paper by Euro 60/tonne for deliveries from July 1.

In a statement announcing the hike, the firm attributed the move to "continued high production costs."

SCA to increase kraftliner prices by Euro 60/tonne from August 1

SCA will increase kraftliner prices by Euro 60/tonne. The new price is valid from August 1, 2024.

"We see continued good growth in the market with solid increased demand for kraftliner," SCA Containerboard's vice president of marketing and sales Mikael Frölander said in a statement.

RDM Group and trade unions meet over VSL; RDM affirms strategic value of mill

RDM Group and trade unions met on Tuesday over the future of the Villa Santa Lucia (VSL) mill and RDM Group pledged to continue production at the facility, according to a statement issued by the SLC-CGIL, FISTEL-CISL, UILCOM UIL and UGL Chimici unions.

Last week, the company issued a statement that reiterated the "strategic value" of the mill, pushing back on local media reports that it had stopped production due to high stock levels.

During the Tuesday meeting, RDM communicated to the unions that although there are issues in the sector present at a global level, the company intends to guarantee production continuity at the mill.

As the worker protection fund is no longer functional, potential stops this month will be managed by using holidays as offered by the national collective agreement, the unions added. Some 300 workers are employed by the mill.

A follow-up meeting between the company and the unions has already been scheduled for September 12.

According to Fastmarkets RISI's Asset Database, VSL has a capacity of 220,000 tonnes/yr of recycled board. Earlier this year, the mill restarted after a seven-month shutdown due to negotiations with Italy's Environment Ministry over the use, reuse and classification of primary sludge from the production process.

Metsä Board's Simpele mill hit by electrical fire, production resumes

Metsä Board's Simpele folding boxboard (FBB) mill experienced an electrical fire on June 18 which was quickly brought under control without any injuries, a company spokesperson confirmed to *PPI Europe*.

The fire damaged some electric cables but repairs were done and production at the mill restarted on June 24.

According to Fastmarkets RISI's Asset Database, the Simpele mill has a capacity of 300,000 tonnes/yr of FBB.

Specialty paper

Koehler to lift FineTech Paper and reacto Carbonless Paper prices by 7% as of August 15

Koehler Paper has announced plans to raise FineTech Paper and reacto Carbonless Paper prices by 7% for deliveries from August 15, 2024.

The firm ascribed its decision to steadily increasing input costs. "Continued rising prices for raw materials, above all for pulp, make this price correction necessary in order to remain a reliable supplier of high-quality fine paper and carbonless paper in the future," the company said in a statement.

Fiber

Stocks of woodpulp at European ports rise in May

Stocks of woodpulp at European ports increased in May, climbing 5.4% month on month. Inventories stood at 1,254,541 tonnes in May, up from 1,189,881 tonnes in April, according to the latest figures released by Europulp.

Stocks were 29.9% lower than the year-earlier period, when

they amounted to 1,790,584 tonnes in May 2023.

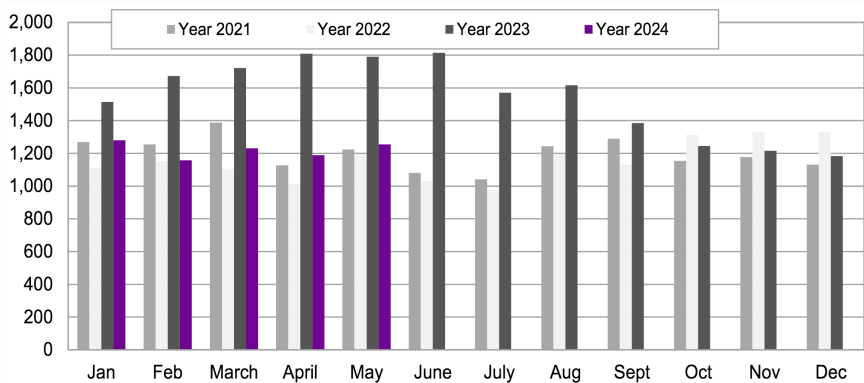
Stocks of woodpulp at European ports (tonnes)

Country	May 2024	April 2024	May 2023	May 2022	May 2021
Netherlands/					
Belgium/France/Switzerland*	583,524	605,118	930,815	562,339	630,054
UK	32,356	21,176	33,074	15,785	28,447
Germany	182,661	171,696	231,447	160,502	171,495
Italy	368,584	291,707	497,153	371,449	305,351
Spain	87,416	100,184	98,095	84,721	89,086
TOTAL	1,254,541	1,189,181	1,790,584	1,194,796	1,224,433

*Due to a change in the number of ports providing information for this report, Europulp has combined the regions of The Netherlands/Belgium and France/Switzerland to protect the anonymity of those reporting.

Source: Europulp.

Stocks of woodpulp at European ports



Note: Stocks include the Netherlands, Belgium, France, UK, Germany, Switzerland, Italy and Spain.
Source: Europulp.

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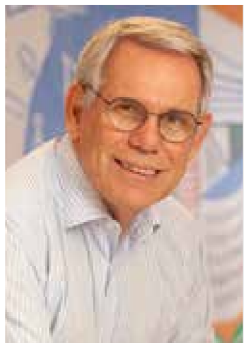
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