

PPI Europe

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

Pulp market turns a corner in June as prices flatten out

After more than half a year of nearly non-stop price increases, the European pulp market finally reached a turning point in June. Efforts by sellers to push through further price hikes failed to gain traction, and contacts said prices for both hardwood and softwood pulp held largely steady from May into June.

Market players said plans by sellers to lift prices further were stymied by a mix of factors including weakening demand in Europe and a sputtering market in China.

Sources said that given these fundamentals and the onset of the traditionally slower summer season, the question for the short term is whether prices will start to drop as soon as July or whether the period of leveling off will extend into the summer, with price declines coming in August or September.

BEK run ends: After a runup in pricing of around \$650/tonne since August last year, bleached eucalyptus kraft (BEK) pulp sellers hit

»» continued on page 3

Sack kraft prices continue upward trajectory into Q3

European sack kraft prices continued to accelerate into Q3 as machines were said to be well booked, lead times were lengthening and sentiment on the market was quite positive.

Price increases of some Euro 50/tonne for both bleached and unbleached paper were reported in continental Europe, while market contacts in the UK reported some £80/tonne on both bleached and unbleached paper.

In most cases, contracts were renewed with three-month validities as producers tried to limit half-year contracts to shield themselves from potential future volatility.

"The increases were not difficult to pass through," said one producer who sells both unbleached and bleached paper. "No one wants to lose allocations," he added.

A large number of contacts agreed that demand in Germany in particular and northern Europe in general is significantly curtailed. "Germany is the economic locomotive powering Europe and if Germany slows down, the rest of Europe does too," one buyer said.

»» continued on page 4

In this issue:

Price Watch: UK 2

Cepi eyes recovery in P&B sector 6

Smurfit Westrock merger completes 9

Pro-Gest appoints restructuring officer 9

UPM sells 50% in Dachau PFR plant 10

PPI Europe will be taking summer downtime next week. The next issue of *PPI Europe*, will appear on July 25.

Two events. One ticket.

October 28-30 | Chicago, USA

Forest Products International
Containerboard Conference 2024

and

Fastmarkets Forest Products
North America Conference 2024

Use code FM20 and register
with 20% discount

Fastmarkets RISI News & Prices App



For more info:
risi.com/app

DID YOU KNOW...

...Regular copying or other redistribution of this publication—in whole or in part—violates U.S. copyright law and is punishable by fines plus attorney's fees. For subscription and other inquiries, including discounted bulk subscriptions, contact client.services@fastmarkets.com.

PRICE WATCH: United Kingdom

GBP/tonne (unless otherwise noted). Graphic paper and packaging prices are free delivered, buyer's facility. Kraftliner prices are CIF.

	Most recent prices			Year-to-year	
	Jul. 2024	Euro	Jun. 2024	Jul. 2023	% chg.
GRAPHIC PAPER					
Newsprint					
45-g	460 - 505	539 - 592	435 - 505	510 - 600	-13.1
42.5-g	470 - 515	551 - 603	445 - 515	525 - 615	-13.6
40-g 6	485 - 530	568 - 621	460 - 530	530 - 630	-12.5
52-g Improved (68 ISO)	505 - 550	592 - 644	480 - 540	560 - 660	-13.5
Uncoated mechanical					
SC offset reels, 56-g	635 - 735	744 - 861	635 - 735	665 - 750	-3.2
SC offset reels, 52-g	640 - 760	750 - 890	640 - 760	670 - 775	-3.1
Coated mechanical					
LWC offset reels, 60-g	725 - 810	849 - 949	725 - 810	785 - 850	-6.1
Uncoated woodfree					
A4 copy (B grade), 80-g	1,030 - 1,080	1,207 - 1265	1,030 - 1,080	1,030 - 1,070	0.5
A4 copy (C grade), 80-g	990 - 1,050	1,160 - 1230	990 - 1,050	990 - 1,040	0.5
Offset reels, 80-g	1,025 - 1,050	1,201 - 1230	1,025 - 1,050	1,020 - 1,060	-0.2
Offset sheets, 80-g	1,050 - 1,100	1,230 - 1289	1,050 - 1,100	1,050 - 1,090	0.5
Coated woodfree ¹					
Reels, 100-g	900 - 960	1,054 - 1125	900 - 960	910 - 970	-1.1
Sheets, 115-g	1,030 - 1,085	1,207 - 1271	1,030 - 1,085	1,010 - 1,070	1.7
PACKAGING P&B					
Virgin fiber containerboard ²					
Unbleached kraftliner, 175-g+	670 - 750	785 - 879	635 - 715	605 - 665	11.8
Unbleached kraftliner, 150-g	690 - 765	808 - 896	655 - 730	625 - 680	11.5
Unbleached kraftliner, 125-g	695 - 780	814 - 914	660 - 745	630 - 695	11.3
White-top kraftliner, 140-g+	825 - 880	966 - 1031	790 - 850	780 - 815	6.9
Recycled containerboard					
Testliner 2, 140-g	635 - 660	744 - 773	600 - 625	570 - 595	11.2
Testliner 3, 140-g	615 - 640	720 - 750	580 - 605	550 - 575	11.6
Fluting, 100-g+	615 - 640	720 - 750	580 - 605	550 - 575	11.6
Fluting, 90-g	635 - 655	744 - 767	600 - 620	570 - 590	11.2
White-top testliner, 140-g ³	730 - 790	855 - 925	695 - 765	685 - 735	7.0
Cartonboard					
Coated duplex (GC2), 270-280-g	960 - 1,210 *	1,125 - 1,418	960 - 1,210	1,070 - 1,275	-7.5
White-lined chipboard (GD2), 300-g	665 - 765	779 - 896	665 - 765	755 - 855	-11.2

NOTES

1. Price range reflects standard double-coated grades. 2. Prices are CIF for European and American imports. 3. Prices are for uncoated board with a brightness of ISO≥70.

*Some contacts reported a partial implementation of the increase announced by producers effective July 1, while many said the increase had been delayed.

DISCLAIMER

While the information contained in this report has been obtained from sources believed to be reliable, Fastmarkets RISI does not warrant or guarantee the accuracy and completeness of the information. All prices are best estimates of prices, and are composite prices as opposed to median or average prices. Actual transaction prices may vary.

Paper for recycling: Europe

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

		Weekly Prices		Monthly Average Prices		
WEEKLY	Jul 9, 2024	Jul 2, 2024	Jun 25, 2024	Jun 2024	May 2024	% chg.
Pan European						
PIX OCC 1.04 dd	167.22	166.44	163.73	159.33	141.10	12.9
PIX ONP/OMG 1.11 dd	214.46	214.40	209.35	207.38	190.31	9.0
MONTHLY				Jun 2024	Monthly Prices May 2024	% chg.
Pan European						
PIX SOP				219.71	208.47	5.4
PIX Multiprint				239.08	230.28	3.8
Germany						
PIX RCP Mixed 1.02 GER				153.18	136.34	12.4
PIX OCC 1.04 GER				177.83	164.56	8.1
PIX ONP/OMG 1.11 GER				217.82	208.77	4.3

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](#).

DISCLAIMER

While the information contained in this report has been obtained from sources believed to be reliable, Fastmarkets does not warrant or guarantee the accuracy and completeness of the information. Actual transaction prices may vary.

China BEK market slows, stretching net price differentials versus Europe

>>> continued from page 1

a wall in June with efforts to implement another \$60/tonne increase. As a result, pricing for the short-fiber benchmark closed unchanged at \$1,440/tonne.

Contacts attributed the turn to a slowing market in China, slipping demand in Europe coupled with an uptick in pulp availability and an "unsustainable" development in net pricing between Europe and China. Several contacts also pointed to falling prices in adjacent markets such as Turkey, the Middle East and North Africa.

One contact also suggested that some sellers may have been too quick in confirming unchanged prices for the month, leaving others little option but to do the same.

"The market situation is suddenly very different, and the hardwood race has stopped. The [June] price has been widely accepted as unchanged at \$1,440/tonne," a buyer said. He added that stocks at paper mills are now high enough, especially given the production levels typical during July and August. "Together with the situation in China, these arguments worked and supported price stabilization," he said.

Several sellers reported slumping demand but also said they managed to sell the full volumes in June. "It's true, demand was down in both May and June, but we sold every tonne we had," one seller said.

"We do not see increased pulp availability for the moment but slowing demand in the printing and writing (P&W) segment is a fact which can be the result of

the seasonally expected slower consumption in combination with an inventory correction in anticipation of higher pulp supply in Europe in the coming months," another seller said. China/Asia is not playing a direct role in the European market, on the paper side, at least not yet. "No paper imports – tissue or P&W – are known to be arriving from Asia [in Europe] and freight rates westbound are high," he added.

Buyers generally agreed that the turn in the market was long overdue, with some suggesting that when the price declines start to come, they could be quite steep.

"We've been paying way over the net price in China for quite a while and this is just not sustainable. Why have producers pushed the limit like this?" a buyer said. "This [pushing of limits] explains why the pulp and paper markets in Europe are dead today. It's a question of affordability, and producers just got too greedy."

PRICE WATCH: Market Pulp

US\$/tonne (unless otherwise noted). CIF to European ports.

	Most recent prices*			Year-to-year	
	Jun. 2024	May 2024	Apr. 2024	Jun. 2023	% chg.
Bleached softwood kraft					
NBSK	1,620 - 1,650	1,620 - 1,650	1,520 - 1,550	1,200 - 1,200	36.3
Southern pine	1,580 - 1,610	1,580 - 1,610	1,480 - 1,510	1,160 - 1,160	37.5
Bleached hardwood kraft					
Birch	1,440 - 1,440	1,440 - 1,440	1,380 - 1,380	840 - 850	70.4
Eucalyptus	1,440 - 1,440	1,440 - 1,440	1,380 - 1,380	840 - 850	70.4
Northern mixed	1,400 - 1,400	1,400 - 1,400	1,340 - 1,340	800 - 810	73.9
Southern mixed	1,390 - 1,390	1,390 - 1,390	1,330 - 1,330	790 - 800	74.8
Other					
Fluff	1,890 - 1,890	1,890 - 1,890	1,890 - 1,890	1,980 - 1,980	-4.5

NOTES

Prices before regular volume and customer discounts. Prices may also be subject to rebates, depending on market activity.

As of January 2019, price assessments for BCTMP (Aspen) delivered Europe were discontinued and price assessments for fluff pulp were formally tied to the price of US fluff pulp published in PPI Pulp & Paper Week. As of May 2019 spot pulp price assessments were discontinued.

DISCLAIMER

While the information contained in this report has been obtained from sources believed to be reliable, Fastmarkets RISI does not warrant or guarantee the accuracy and completeness of the information. All prices are best estimates of prices, and are composite prices as opposed to median or average prices. Actual transaction prices may vary.

In China, *PPI Europe's* sister publication *PPI Asia* reported last week sellers' decisions to pull back proposed hikes for bleached hardwood kraft pulp imports from South America of \$30/tonne, as well as \$20/tonne hikes for bleached softwood kraft pulp. *PPI Asia*, however, said the move had so far not enticed Chinese buyers back to the market.

Looking ahead, expectations were rather mixed on what will come next. Some sellers and buyers were predicting another month of flat prices in July followed by possible reductions in August or September, while

others said the reductions could come immediately.

"There's really a feeling among many [buyers] that enough is enough. Customers are already setting their sights on price reductions, especially on the eucalyptus side, a source said. "Some of the bigger producers may be willing to push back harder to keep prices steady, but some of the smaller ones may be willing to prioritize volumes over price, especially as some customers were already reducing volumes in June."

"July [developments in Europe] will be driven by what happens in China. We could see some drops [in price] and they could be big," one seller said.

"I think it's a very opaque market going into the summer, and we may see things move sideways until August or September, but when the declines do come, they could be big and quick," a buyer said.

One seller pointed out, however, that many of the indirect factors such as the logistics situation in the Red Sea, production disruptions and the summer downtime situation would serve as moderating factors, supporting price stability. He reported having already negotiated unchanged prices for BEK in July at \$1,440/tonne.

NBSK prices on hold: As on the hardwood side, at the tail end of May and early June, most contacts agreed that the northern bleached softwood kraft (NBSK) pulp market was approaching a peak, but most also believed that a further, if smaller, increase would be implemented in June before things flattened out. In the end, however, the turn in the market came sooner than expected, and

pricing for June closed at May levels, with the bulk of business around the \$1,620/tonne level, contacts said in early July.

"A rollover [of prices] was thought to be unlikely two or three weeks ago, but that's where we ended up," a seller said. On the demand side, he noted that the upswing seen in the P&W segment in the first few months of the year was coming to an end, and that some customers were no longer taking their full volumes.

Reports on the tissue segment varied somewhat, ranging from good to very good. "There are different situations; some of the big guys are running flat out, while some of the smaller guys are running slower," a seller said.

"Unchanged [pricing] was the logical result [for June]," another seller said. The fuel for the price increases [in Europe] has been undersupply. China, the Middle East and Africa have been swallowing up softwood pulp not taken in Europe, but that's changing," he added, while noting that, in his view, the NBSK market in Europe still remains relatively balanced.

Moving into the summer, however, some contacts said the balanced softwood situation would likely be changing. "To my surprise, there are spot offers appearing for softwood and prices are below contract levels," a buyer said. He also noted that the restart of Metsä Fibre's Kemi mill would improve availability as well.

Other contacts noted that with the slowdown in paper demand, more machines are or will be taking downtime, leaving more pulp on the market. Several contacts also mentioned that with these closures, integrated pulp and paper

producers were moving some of their pulp production normally earmarked for internal use onto the open market, adding to the overall supply-side pressures.

As on the hardwood side, contacts were taking their cues from adjacent markets and China in terms of what the future holds for Europe. "I see a lot of pulp coming into the Middle East, and customers are just sitting on their stocks and waiting for price drops before they buy any more," one market player said. "As for China, the party is over there and it could get ugly," he added.

Sack kraft demand in southern Europe, overseas supports market

>>> continued from page 1

It was agreed that the improved market situation is being driven largely by southern Europe and overseas markets. One producer also said that he had passed through an overseas increase of Euro 100/tonne for both bleached and unbleached paper. "Low price points have really disappeared on overseas markets," another producer added.

One producer of both unbleached and bleached grades, however, said that he had noticed the beginning of an uptick in the northern European markets. "Recently, these countries seem to be moving back up. Give it a month," he said, indicating that something of a recovery might be expected after that. A handful of other sources agreed with this assessment.

In certain markets, where earlier in the year, contacts reported opportunistic producers coming to pay them sales

visits, such visits had reportedly tailed off, which suggests a tightening of the market.

While nearly every contact agreed that the situation on the market continues to improve, there was also a strong sentiment that the successful

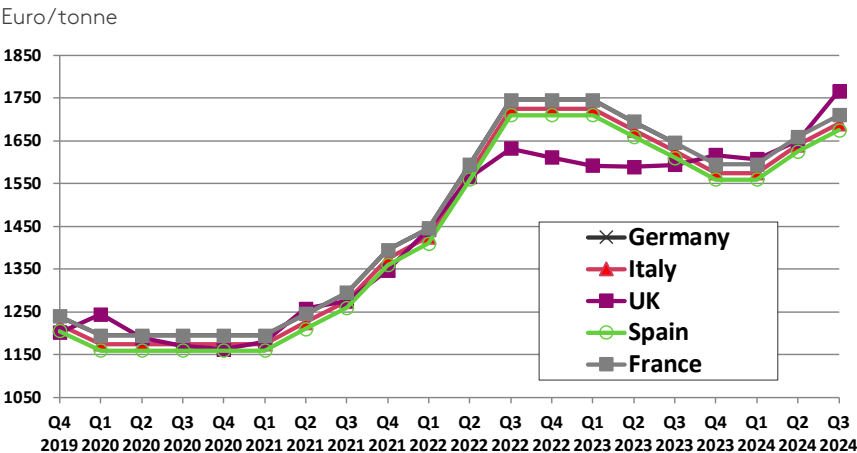
price increase announcements were due in large part to input costs, with contacts particularly citing historically high pulp prices and wages that were brought up to tackle inflation.

And while one converter pointed out that it is important to stay

positive, the market situation needs to be put into perspective. Given that the market saw double-digit declines in growth over recent years, the low single-digit growth that it is seeing now is just the beginning of a long road of recovery. "It is important to look at where we are coming from. We are a long way from 2021," he said, citing the high-water mark of a few years ago. "We have to understand where we are coming from, otherwise we get too excited," he added.

In terms of the end-use sector, chemicals were still said to be dragging (much of Europe's chemical industry is focused in Germany), with food performing well and cement and building materials improving. Sources were split between those who said that e-commerce is in good shape and those who said that it is lagging.

Bleached sack kraft paper 80 g



Prices are based on average monthly values.

QUARTERLY PRICE WATCH: Sack Kraft Paper

Euro/tonne (unless otherwise noted). Free delivered, buyer's facility.

	Year-to-year			
	Jul. 2024	Apr. 2024	Jul. 2023	% chg.
80-g+ Bleached				
France	1,690 - 1,730	1,640 - 1,680	1,610 - 1,680	4.0
Germany	1,690 - 1,730	1,640 - 1,680	1,610 - 1,680	4.0
Italy	1,650 - 1,730	1,600 - 1,680	1,570 - 1,680	4.0
Spain	1,645 - 1,705	1,595 - 1,655	1,565 - 1,655	4.0
United Kingdom	£1,460 - 1,525	£1,380 - 1,445	£1,370 - 1,435	6.4
80-g+ Unbleached				
France	1,475 - 1,500	1,425 - 1,450	1,425 - 1,475	2.6
Germany	1,485 - 1,510	1,435 - 1,460	1,460 - 1,485	1.7
Italy	1,470 - 1,500	1,420 - 1,450	1,420 - 1,475	2.6
Spain	1,455 - 1,500	1,405 - 1,450	1,405 - 1,475	2.6
United Kingdom	£1,445 - 1,520	£1,365 - 1,440	£1,385 - 1,460	4.2

NOTES

Sack Kraft prices are reported on a quarterly basis and reflect the price for the first month of a given quarter. Prices are for the semi-extensible quality with a Gurley air resistance value of 3-10.

DISCLAIMER

While the information contained in this report has been obtained from sources believed to be reliable, RISI does not warrant or guarantee the accuracy and completeness of the information. All prices are best estimates of prices, and are composite prices as opposed to median or average prices. Actual transaction prices may vary.

Unbleached motors on:

"The market continues to be healthy, and we cannot complain," said one producer of unbleached sack kraft. "We are fully booked with lead times approaching three months. Sometimes customers ask us for urgent deliveries and sometimes we cannot accommodate that," he added, going on to posit that the improved market situation is due in part to low stocks at converters and the improvement in overseas demand compared to last year.

Indeed, a handful of converters agreed with his assessment of stock levels. "Our stocks are a little low, not exactly where we would like them to be," one said.

Still, one producer who had initially feared that the improved market situation was due in large part to destocking said, "the market is not dropping,

and in many cases, we are past restocking, so I think it is safe to say that the improvement is also due to demand."

Bleached paper also quite hot:

Due to good demand, a limited number of producers, and lingering effects from the Finnish transport strikes, the bleached sack kraft paper market was said to be especially strong. "Demand in white is much higher than in brown," said one contact who produces both grades, and a number of market players shared this sentiment.

"Business is better than good, touch wood," another producer said. "For us, the recovery started in March, but we were happy [with the situation] last year too."

"We have a very stable order intake and have to say no, thank you to certain customers who want to increase their

orders [because we are fully booked]," he added.

Still, there were a handful of converters who deal in both grades that reported they had seen a stronger performance from unbleached paper over the course of the last quarter and that some of their customers had expressed interest in switching from one grade to another. "Unbleached paper is really outpacing bleached paper," one such converter said. "We even have some customers coming out of bleached paper and moving to unbleached for a more environmental look," he added.

Although the market sentiment was indeed mostly positive, some buyers were shellshocked to be faced with rising prices yet again, relatively soon after the pandemic-fueled increases of 2021 and 2022. "I just can't believe prices are on the way up yet again," one said.

General news

Cepi "cautiously optimistic" of recovery in P&B industry in 2024

The Confederation of European Paper Industry (Cepi) sees early signs of a turnaround in the European paper and board (P&B) industry in 2024 after a very difficult year in 2023.

According to a statistical report released July 9, total European P&B production was down 13% in 2023 compared with 2022 at 73.9 million tonnes, while consumption fell by 13.5% to 62.7 million tonnes, indicating a more severe impact than during the Covid-19 crisis.

This included an eye-watering 24.2% drop in graphic paper production to 16.7 million tonnes, a 4% decline in sanitary and household P&B production to 7.6 million tonnes and a

European P&B statistics: 2023 vs 2022

(1,000 tonnes)

	Production			Consumption		
	2022	2023	% Change 2023/2022	2022	2023	% Change 2023/2022
Newsprint	3,442	2,778	-19.3%	3,323	2,638	-20.6%
Uncoated mechanical	3,871	2,983	-22.9%	3,415	2,597	-24.0%
Coated mechanical	3,603	2,718	-24.6%	2,692	2,001	-25.7%
Uncoated woodfree	7,284	5,581	-23.4%	6,148	4,573	-25.6%
Coated woodfree	3,869	2,668	-31.0%	2,160	1,727	-20.0%
Printing and writing paper	18,628	13,950	-25.1%	14,416	10,898	-24.4%
Total graphic paper	22,069	16,727	-24.2%	17,739	13,536	-23.7%
Sanitary and household	7,963	7,647	-4.0%	7,746	7,484	-3.4%
Containerboard	32,456	30,852	-4.9%	30,169	27,873	-7.6%
Cartonboard	9,548	7,769	-18.6%	6,384	5,172	-19.0%
Wrappings	4,345	3,628	-16.5%	2,684	2,062	-23.2%
Other packaging P&B	4,655	3,914	-15.9%	4,194	3,546	-15.4%
Total packaging P&B	51,004	46,163	-9.5%	43,431	38,653	-11.0%
Other paper and board	3,897	3,394	-12.9%	3,611	3,039	-15.8%
Total paper and board	84,933	73,933	-13.0%	72,572	62,712	-13.5%

Source: Cepi Key Statistics.

9.5% drop in packaging P&B production to 46 million tonnes.

In Q1 2024, Cepi recorded a 6.6% increase in P&B production compared with the same quarter of 2023. This included a 5.9% increase in packaging P&B production, a 4.2% increase in sanitary and household and a 10.3% increase in graphic paper. Production remains far below levels seen between 2020 and 2022, however.

"As you can see, 2023 was a very difficult year; 2024 is definitely a year of recovery," Cepi trade and industrial policy director Bernard Lombard told a briefing held on the release of the report.

"We are not there yet. We will have to see how the second quarter is performing, but we are cautiously optimistic."

A sluggish economy, destocking across the supply chain and high energy prices all took their toll during 2023, Lombard said. However, EU GDP, which grew by only 0.4% in 2023, was forecast to grow by 1% in 2024 and 1.6% in 2025, while inflation was expected to fall from 6.4% in 2023 to 2.7% in 2024 and 2.2% in 2025. In addition, the period of destocking appeared to have come to an end at the start of 2024.

The fiber sector fared somewhat better meanwhile. For pulp,

2023 saw the EU become a net exporter of market pulp for the first time thanks to growing production and strong demand from China, Cepi said. "This is a trend that will probably be confirmed in the years to come," Lombard said.

Market pulp production grew by 2.3% in 2023 to 15 million tonnes, while exports to China almost doubled, accounting for more than half of the EU's market pulp exports.

Poor demand in Europe itself, meanwhile, was offset by a sharp increase in exports of almost 8 million tonnes, 52% of total production.

Total European pulp statistics: 2023 vs 2022

(1,000 tonnes)

	Production			Consumption		
	2022	2023	% Change 2023/2022	2022	2023	% Change 2023/2022
Mechanical & semi-chemical	8,221	6,526	-20.6%	8,289	6,257	-24.5%
Sulfite pulp	1,597	1,320	-17.3%	1,409	933	-33.8%
Sulfate pulp	26,026	24,726	-5.0%	28,102	24,023	-14.5%
Chemical pulp	27,623	26,046	-5.7%	29,551	24,956	-15.4%
Total wood pulp	35,844	32,572	-9.1%	37,800	31,213	-17.4%
Other pulp	89	87	-2.2%	239	170	-28.9%
Total pulp	35,933	32,659	-9.1%	38,040	31,383	-17.5%

Source: Cepi Key Statistics.

European market pulp production and consumption

(1,000 tonnes)

	Production			Consumption		
	2022	2023	% Change 2023/2022	2022	2023	% Change 2023/2022
Mechanical & semi-chemical	1,123	971	-13.6%	1,192	702	-41.1%
Sulfite pulp	578	502	-13.1%	389	115	-17.5%
Sulfate pulp	12,931	13,492	4.3%	15,008	12,790	-14.8%
Chemical pulp	13,509	13,994	3.6%	15,397	12,904	-16.2%
Total wood pulp	14,632	14,965	2.3%	16,588	13,606	-18.0%
Other pulp	60	58	-3.8%	211	141	33.0%
Total pulp	14,692	15,023	2.3%	16,799	13,747	-18.2%

Source: Cepi Key Statistics.

Open consultation on methodology for European Packaging Paper and Board; proposed changes to sack kraft assessments: pricing notice

Fastmarkets is inviting feedback from the industry on the pricing methodology for European Packaging Paper and Board as part of its announced annual methodology review process.

This consultation, which is open until August 31, 2024 seeks to ensure that our methodologies continue to reflect the physical market under indexation, in compliance with the International Organization of Securities Commissions (IOSCO) principles for Price Reporting Agencies (PRAs). This includes all elements of our pricing process, our price specifications and publication frequency.

You can find the current methodology for European Packaging Paper and Board [here: https://www.fastmarkets.com/methodology/forest-products/europe-packaging-paper-and-board/](https://www.fastmarkets.com/methodology/forest-products/europe-packaging-paper-and-board/).

As part of this consultation and following discussion with market participants, Fastmarkets would specifically like to propose launching new price assessments for bleached and unbleached European sack kraft.

Following extensive market research, Fastmarkets is proposing this change to provide assessments more in line with actual market prices. The current assessments will be archived after running in parallel with the new assessments for a period to allow stakeholders to adjust to the new price assessments. During this period, a fixed differential established at the launch will be applied between the two assessments.

The proposed specifications for European sack kraft is as follows:

European sack kraft (new)

Quality: Bleached and unbleached paper, 80-g+

Location: France, Germany, Italy, Spain and the United Kingdom

Timing: Orders taken in the month to date for shipment in the current month or the following month

Unit: Tonne

Payment terms: Free delivered

Publication: Quarterly

The consultation period for this proposed launch starts from **July 11, 2024** and will end on **August 31, 2024**. The launch will take place, subject to market feedback, on **January 30, 2025**.

Fastmarkets will publish the outcome of this methodology review by October 24, 2024, including a summary of the feedback – except those responses marked as confidential. Any proposals to make material changes, discontinue or launch prices will involve a separate market consultation, the length of which will depend on how substantial the change is.

To provide feedback on this price or if you would like to provide price information by becoming a data submitter to this price, please contact Ben Fisher by email at: pricing.risi@fastmarkets.com.

Please add the subject heading 'FAO: Ben Fisher, re: European Sack Kraft'. Please indicate if comments are confidential. Fastmarkets will consider all comments received and will make comments not marked as confidential available upon request.

To see all Fastmarkets pricing methodology and specification documents, go to <https://www.fastmarkets.com/methodology/forest-products>.

The Capi report also pointed to very high recycling rates in 2023, with as much as 79.3% of all paper and board consumed in Europe recycled. This puts the industry on track to meet its targets, with new investments seen in recycling capacities.

Overall, Capi said the sector had shown resilience in a very difficult environment.

"Considering the context, the pulp and paper industry in Europe can be proud of what it has achieved in terms of climate action and circularity," Capi director general Jori Ringman said.

Capi statistics are based on data received from the national P&B associations that are Capi members. These include the associations of Austria, Belgium, Czech Republic, Finland, France, Germany, Hungary, Italy, the Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the UK.

Capi hopes for more clarity on EUDR after summer break

The Confederation of European Paper Industry (Capi) hopes for more clarity on whether the European Union Deforestation Regulation (EUDR) will be implemented on time after the summer break, the organization's director general Jori Ringman told a briefing July 9.

The regulation, which came into force on June 29, 2023, is due to be implemented by December 30, 2024, but the sheer scale of the directive has led to some doubts as to whether all the relevant authorities will be ready at that point to implement it.

The scope of the regulation includes cattle, cocoa, coffee, palm oil, rubber, soya and wood, as well as pulp, paper and printed products.

According to the EUDR, these commodities and products shall not be placed or made available on the European market or exported, unless they are deforestation-free, they have been produced in accordance with the relevant legislation of the country of production and are covered by a due diligence statement ensuring the product can be traced back to the specific plot of land where it originated.

Ringman said there had been mixed signals from within the European Commission as to whether implementation would be delayed, with the environment commissioner expressing optimism that all remaining issues will be resolved before the deadline, while elsewhere, including in the Directorate-General for Agriculture, there were predictions that authorities would not be ready on time and the regulation would have to be delayed.

Key will be whether the Commission itself will have adequate systems in place to handle the amount of data it is likely to receive as part of the regulation.

"We will have millions of data points and if the system receiving the data at the Commission is not ready it will have to be delayed," Ringman said.

"We will maybe see after the summer break if the system will be ready in time."

Russia's Kondopoga shuts for annual maintenance

Russia's Kondopoga Pulp and Paper Mill, a newsprint and packaging paper producer in

Karelia owned by Karjala Pulp, kicked off a four-day annual maintenance downtime this week.

The firm said that the downtime, which started on July 7, would run until July 10. During this period, it planned to focus on diagnostics and repairs, as well as installation of new equipment.

"For repair services, a planned shutdown is the most important event of the year," the mill's head of repair services Alexey Kuznetsov said.

"We are conducting a complete audit of the backup equipment of the backup production shops," he added.

The Kondopoga Pulp and Paper Mill is among Russia's leading packaging paper and newsprint producers and a major exporter.

In February, it announced plans to invest Rouble 4 billion (\$45.4 million) over three years to upgrade equipment and increase paper production.

Following the planned upgrades, the mill should be able to produce about 722,000 tonnes/yr of paper by 2026. Currently, it produces some 660,000 tonnes/yr.

Packaging

Smurfit Westrock starts trading on NYSE and LSE

Smurfit Westrock started trading on July 8 on the New York Stock Exchange (NYSE), its primary listing, as well as on the London Stock Exchange (LSE), trading under the respective tickets of SW and SWR.

The company, which was created with the Smurfit Kappa Group's (SKG) takeover of WestRock on July 5, is the world's biggest

containerboard producer by sales, according to research from sister publication *PPI Pulp & Paper Week*. And it is one of the world's biggest containerboard producers by capacity, which totals some 17 million tonnes/yr, according to Fastmarkets RISI's Asset Database.

WestRock was a market leader in the US where it could produce some 7.9 million tonnes/yr of containerboard across 29 mills. Half of SKG's mills were in Europe and only one, a 305,000 tonne/yr recycled containerboard mill in Texas, is located in the US. Both companies had production facilities in Mexico and South America.

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

Pro-Gest gets new chief restructuring officer, announces return to production

Italian tissue and packaging producer Pro-Gest has announced that a new chief restructuring officer (CRO), Angelo Rodolfi, will work alongside the Zago family to overhaul the business.

The last CRO, Sergio Iasi, quit some days before the July 5 announcement. He had been appointed in March.

The change in CRO comes a couple of weeks after the firm said it would not pay the interest that was due June 15 on its Euro 250 million (\$267 million) senior notes, which mature at the end of the year.

"The decision [to default] comes within the context of ongoing financial manoeuvres,

pertinent to negotiations with creditors, and comes as we see the recovery of production, with growing rates especially at [our] paper mills, both for tissue and containerboard,” the firm explained earlier this month.

Pro-Gest has declined to comment specifically on the state of operations at its individual mills, some of which have exhausted state benefits supporting layoffs after extensive downtime over the past several months.

Market contacts have indicated that it seems to be producing paper more regularly recently, and the firm itself said that its operating rates have been better than the 80% average posted for Italian containerboard mills in the first four months of the year.

Pro-Gest’s mill assets include the 400,000 tonne/yr Mantova recycled containerboard (RCCM) mill, which has been a focus of divestment talk. Elsewhere, the company can produce 120,000 tonnes/yr of RCCM at its Cartitalia facility in Ferrara, 150,000 tonnes/yr in Tolentino, 300,000 tonnes/yr at its Villa Lagarina mill in Trento and 95,000 tonnes/yr at its mill in Padua. The firm also runs several packaging converting plants.

Besides Pro-Gest’s packaging activities, it can produce 18,000 tonnes/yr of tissue at its Camposampiero mill, 30,000 tonnes/yr at its San Gennaro mill and 25,000 tonnes/yr at Villa Lagarina.

Tissue

Russia’s Naberezhniye Chelny to complete installation of new tissue line next month

Russia’s Naberezhniye Chelny Paper Mill expects to complete the

installation of a new converting line for tissue products in the first half of August, the company said.

Last October, the firm announced it had signed a contract with Chinese company Baosuo to supply the line, which will be delivered this month. The line will produce three-ply toilet paper and towels.

No capacity details were provided.

With the start of three-ply toilet paper production, the firm, which employs nearly 1,900 people, will increase its production portfolio to 12 products.

Naberezhniye Chelny, one of Russia’s leading manufacturers, producing around 7% of the country’s corrugated boxes and around 15% of its tissue products, added that the installation work would be carried out jointly with Chinese experts.

Fiber

UPM sells 50% stake in Dachau PfR sorting plant to Veolia subsidiary Rowe

UPM has signed an agreement to sell its 50% stake in the ASD Altpapier Sortierung Dachau paper for recycling (PfR) sorting plant near Munich, Germany to partner Rowe.

Rowe, a Veolia subsidiary that provides services, processing and logistics to the PfR sector, already owns the other 50% stake in the plant and will own the full 100% once the transaction is complete.

The purchase price of the UPM stake was not disclosed.

“We are pleased to sell ASD sorting operations to Rowe as they have long-term orientation

to recovered paper lifecycle management,” Teija Konttori, director fiber sourcing at UPM said in a statement.

“In the recovered paper supply market, there is still plenty of room for development and optimization, and ASD together with Rowe and Veolia is in a great position to capture this market opportunity.”

The present agreement would not affect employees, UPM said.

UPM’s German subsidiary UPM Communication Papers has five mills in the country, four of which use PfR as furnish.

At a Glance

SCA’s head of containerboard and pulp **Mats Nordlander** has decided to leave the company in 2024. Nordlander will remain in his role as head of both business areas until December 31. SCA has begun recruiting his replacement immediately.

• • •

Segezha Group has announced that senior vice president and head of the group’s Siberia division **Alexander Kreschenko** succeeded Mikhail Shamolin as president of the group as of July 1, 2024. “Aleksander Kreschenko will focus on increasing production efficiency and achieving strong financial and economic results, expanding cooperation with the main customers and key partners, and developing new product lines and services that meet the highest standards of Russian and foreign customers,” Segezha said in a statement. Kreschenko, 51, joined Segezha in 2018, leading the group’s plywood mill in Galich for two years.

 **Fastmarkets**

Upcoming events

Use code FM20 when registering
for a 20% subscriber discount

August 12-14 São Paulo	Forest Products Latin America Conference 2024 Join us in São Paulo at a unique event, which brings together the whole Latin American pulp, paper and packaging supply chain.	
September 9-11 Antwerp	Transport Symposium 2024 Unlock valuable business opportunities at the only event dedicated to forest products freight and shipping.	
October 28-30 Chicago	Forest Products International Containerboard Conference 2024 Meet the entire industry at the largest global forum for containerboard and packaging insights.	
Two events. One ticket	Forest Products North America Conference 2024 Be part of the only regional event covering all the key forest product grades, including pulp, paper, packaging and tissue.	

Visit fastmarkets.com/events for more info

PPI Europe

© 2024 RISI, Inc. All rights reserved. No part of this publication may be reproduced without the written permission of the copyright owner.

Editorial Staff
Steven Sachoff, Editor (market pulp) steven.sachoff@fastmarkets.com; +32.2.536.0736
Jessica Zimbalatti, Senior News Editor (containerboard) jessica.zimbalatti@fastmarkets.com; +32.2.536.0756
Ben Fisher, News Editor (cartonboard, sack kraft) ben.fisher@fastmarkets.com; +32.465.88.61.83
Andrea Venturini, News Editor (mechanical and woodfree papers) andrea.venturini@fastmarkets.com; +39.339.781.1271
Angel Krasimirov, Associate News Editor (central/eastern Europe) angel.krasimirov@fastmarkets.com; +359.888.695.510

Editorial office
Fastmarkets RISI, 231 Avenue Louise, B-1050 Brussels, Belgium.

Subscriptions and customer service
Call +44 (0) 203 855 5581 (EMEA), +1 (708) 329-2641 (Americas) or +65 3163 3458 (Asia);
visit risi.com/catalog (new subscriptions) or risi.com/contact (online customer service);
email client.services@fastmarkets.com; or mail to Fastmarkets RISI, 231 Avenue Louise, B-1050 Brussels, Belgium.
Published 48 times per year on a weekly basis.

Advertising
PPI Europe accepts advertising. For information on pricing and availability, please contact Remy Poos at:
rpoo@fastmarkets.com; +32 497 050 735.

Executives
Raju Daswani Chief Executive Officer
Matt Graves Senior Vice President

Forest Products Latin America Conference 2024

August 12-14 | São Paulo, Brazil

Our expert speaker line-up includes:



**Walter
Schalka**

CEO
Suzano



**Garo
Batmanian**

Director of the
Brazilian Forestry
Service
Environment
Ministry



**Cristiano
Cardoso Teixeira**

CEO
Klabin



**Francisco
Ruiz-Tagle**

CEO
CMPC



**Eduardo
Brunelli**

Senior Procurement
Manager,
Packaging
Unilever



**Sergio
Ribas**

CEO
Irani

Use code FM20 when registering
for a 20% subscriber discount

[Learn more](#)

fastmarkets.com/events/forest-products-latin-america/