

PPI Europe

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

Pulp price rises keep coming, BEK and NBSK both increase

Prices for the benchmark pulp grades increased yet again in February, marking the sixth consecutive month of hikes. Contacts said that a mix of factors similar to those in recent months helped producers push the latest round of increases through, including low inventories in Europe, logistical issues, a modest but visible improvement in demand on the paper side and some uptick in the bellwether market of China following the Lunar New Year holiday. Several sellers also continued to point to the sizable increase in annual discounts for 2024 contracts as an element of the ongoing upward momentum.

The rising price cycle is unlikely to have reached its peak yet, most contacts agreed. Producers of bleached eucalyptus kraft (BEK) pulp have announced further increases for March, and there were also reports that softwood sellers had put further price hike plans on the table for April.

Another BEK hike sails through: The \$80/tonne price increase for BEK went through once again with little or no resistance, contacts on both the buy and sell sides of the market reported, bringing the February price of the short-fiber benchmark to \$1,220/tonne.

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Two-week strike at Finnish ports set to start March 11

The Finnish Transport Union (AKT) has announced plans for a two-week strike at the country's ports. The walkout is set to begin at 6:00 AM Monday, March 11, and run until 6:00 AM Monday, March 26.

The AKT said the strike will bring freight traffic to a halt, while passenger traffic will continue to operate normally.

The port strike is the latest industrial action taken by unions in the country that are opposed to labor market reforms proposed by the government. Last month, the Finnish paperworkers' union Paperiliitto held a two-week strike that impacted a number of paper mills and chemical plants around the country.

In a statement released Wednesday, the AKT said that the Finnish government has continued to advance various bills that "weaken working life." According to the union, the government has failed to negotiate with employee organizations, despite the fact that the majority of citizens disagree with its proposals, leaving port workers no option but to strike.

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PRICE WATCH: United Kingdom

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

GRAPHIC PAPER	Most recent prices			Year-to-year	
	Mar. 2024	Euro	Feb. 2024	Mar. 2023	% chg.
Newsprint					
45-g	435 - 505	507 - 589	435 - 505	685 - 780	-35.8
42.5-g	445 - 515	519 - 601	445 - 515	700 - 795	-35.8
40-g 6	460 - 530	536 - 618	460 - 530	722 - 820	-35.8
52-g Improved (68 ISO)	480 - 540	560 - 630	480 - 540	730 - 835	-34.8
Uncoated mechanical					
SC offset reels, 56-g	660 - 750	770 - 875	660 - 750	800 - 850	-14.5
SC offset reels, 52-g	665 - 775	776 - 904	665 - 775	805 - 875	-14.3
Coated mechanical					
LWC offset reels, 60-g	740 - 830	863 - 968	740 - 830	850 - 920	-11.3
Uncoated woodfree					
A4 copy (B grade), 80-g	1,020 - 1,080	1,190 - 1,259	1,020 - 1,080	1,120 - 1,160	-7.9
A4 copy (C grade), 80-g	980 - 1,050	1,143 - 1,225	980 - 1,050	1,080 - 1,130	-8.1
Offset reels, 80-g	1,010 - 1,050	1,178 - 1,225	1,010 - 1,050	1,110 - 1,150	-8.8
Offset sheets, 80-g	1,040 - 1,080	1,213 - 1,259	1,040 - 1,080	1,140 - 1,180	-8.6
Coated woodfree ¹					
Reels, 100-g	900 - 960	1,050 - 1,120	900 - 960	1,020 - 1,080	-11.4
Sheets, 115-g	1,030 - 1,085	1,201 - 1,265	1,000 - 1,085	1,120 - 1,180	-8.0
PACKAGING P&B					
Virgin fiber containerboard ²					
Unbleached kraftliner, 175-g+	585 - 665	682 - 776	585 - 665	655 - 735	-10.1
Unbleached kraftliner, 150-g	605 - 680	706 - 793	605 - 680	675 - 750	-9.8
Unbleached kraftliner, 125-g	610 - 695	711 - 811	610 - 695	680 - 765	-9.7
White-top kraftliner, 140-g+	760 - 815	886 - 950	760 - 815	780 - 815	-1.3
Recycled containerboard					
Testliner 2, 140-g	550 - 575	641 - 671	550 - 575	620 - 645	-11.1
Testliner 3, 140-g	530 - 555	618 - 647	530 - 555	600 - 625	-11.4
Fluting, 100-g+	530 - 555	618 - 647	530 - 555	600 - 625	-11.4
Fluting, 90-g	550 - 570	641 - 665	550 - 570	620 - 640	-11.1
White-top testliner, 140-g ³	665 - 735	776 - 857	665 - 735	715 - 765	-5.4
Cartonboard					
Coated duplex (GC2), 270-280-g	960 - 1,210	1,120 - 1,411	960 - 1,210	1,125 - 1,360	-12.7
White-lined chipboard (GD2), 300-g	650 - 750	758 - 875	640 - 740	875 - 955	-23.5
PAPER FOR RECYCLING ⁴					
1.02 - mixed P&B (sorted)	10 - 20	12 - 23	5 - 15	15 - 45	-50.0
1.05 - old corrugated containers	45 - 65	52 - 76	35 - 60	90 - 115	-46.3
1.11 - sorted graphic paper for deinking	70 - 80	82 - 93	65 - 75	105 - 115	-31.8
2.01 - newspapers	90 - 100	105 - 117	85 - 95	135 - 150	-33.3
2.08 - colored woodfree magazines	125 - 145	146 - 169	120 - 135	220 - 235	-40.7
Multigrade	125 - 140	146 - 163	115 - 130	205 - 220	-37.6

NOTES

- Price range reflects standard double-coated grades.
- Prices are CIF for European and American imports.
- Prices are for uncoated board with a brightness of ISO \geq 70.
- Paper for recycling nomenclature comes from the list of standard European qualities developed by CEPI and BIR, except for 'multigrade', which is a blend of coated and uncoated woodfree paper.

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After February price hikes, pulp producers turn attention to further increases

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Producers reported solid demand, and multiple contacts said that they received requests for additional volumes again last month.

“We actually sold a bit too much. Some customers will have to wait an extra week or two to get all their volumes,” one seller said. He explained that the requests for additional volumes were not only from regular customers. “We’ve also had non-contracted buyers approach us looking for volumes.” He also noted that in terms of market segments, requests for additional pulp were not only coming from the printing and writing sector, but from the tissue segment as well, with some in the latter

looking for additional availability for up to three months.

Another seller who said his firm had some issues meeting orders noted that it seemed that some buyers had underestimated their need for pulp when budgeting for this year and thought that they could rely on spot volumes if necessary, but with little or no spot available, they were now running into problems.

Another producer noted that the February increase represented the first “real” increase after the 2024 contract negotiations, which saw annual rebate levels rise substantially.

“There is just a lot of demand right now and not enough supply, but the situation is still mainly supply-driven, with issues

on the capacity side of the market,” a trader explained.

“There is just no extra [BEK]. The situation is quite tight, and we’re really sticking to our contracted volumes,” another trader said.

Buyers acknowledged the difficult position they were in. “All in all, there has not been much room for negotiation under current circumstances, with purchasers’ stock levels low and sellers not wanting to release more pulp than contracted,” one said, echoing the views of several others.

Another buyer, who said that he had hoped that his internal pulp stocks would provide something of a buffer in this kind of situation, admitted that they were not enough to block the latest increase. “We built some stocks from spot volumes last year and thought this would help us with negotiations this year, but that’s not really the case,” he explained.

PRICE WATCH: Market Pulp

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

	Most recent prices			Year-to-year	
	Feb. 2024	Jan. 2024	Dec. 2023	Feb. 2023	% chg.
Bleached softwood kraft					
NBSK	1,380-1,400	1,350-1,350	1,300-1,300	1,370-1,390	0.7
Southern pine	1,340-1,360	1,310-1,310	1,260-1,260	1,330-1,350	0.7
Bleached hardwood kraft					
Birch	1,220-1,220	1,140-1,140	1,060-1,060	1,280-1,280	-4.7
Eucalyptus	1,220-1,220	1,140-1,140	1,060-1,060	1,280-1,280	-4.7
Northern mixed	1,180-1,180	1,100-1,100	1,020-1,020	1,240-1,240	-4.8
Southern mixed	1,170-1,170	1,090-1,090	1,010-1,010	1,230-1,230	-4.9
Other					
Fluff	1,840-1,840	1,820-1,820	1,790-1,790	2,165-2,165	-15.0

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.

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NBSK prices move up too:

Prices for northern bleached softwood kraft (NBSK) pulp also increased in February, though the hikes were less uniform than on the hardwood side. Producers had been seeking a \$50/tonne increase for NBSK, and contacts reported this week that it was achieved in some cases but not in others. Overall, reports suggested a spread of price increases for the long-fiber benchmark that saw February business closing in the range of \$1,380-1,400/tonne.

While the overall fundamentals were similar to the hardwood side, contacts generally agreed that the softwood side of the market was somewhat less

firm, though not necessarily to a major extent.

"It may not be as tight [as BEK] but the availability of NBSK is restricted," said a buyer who had not closed February business yet but thought that he would likely have to accept the full \$50/tonne increase.

Similar to their counterparts on the hardwood side, some NBSK sellers also reported interest from customers for extra pulp in February. "We've gotten requests for additional volumes from the non-tissue segments," a seller said, adding that there were also increasing requests for updates on shipments and assurances that deliveries would arrive on time, indicating a concern on the part of customers about receiving their allotments.

"Softwood is well balanced, but you can still get extra volumes if you need it," said a trader.

Another trader said that some buyers and sellers had agreed on a "two-step" approach that would split the \$50/tonne increase over the course of February and March.

In addition to the demand uptick, multiple contacts on the softwood side pointed to the soaring cost of wood as a driver behind the price rises for pulp. With wood imports from Russia banned, pulp producers in Scandinavia in particular are being forced to make changes to their wood sourcing, driving up prices. At the same time, there is increasing competition between energy wood and pulpwood. One contact said pulpwood pricing per cubic meter had jumped by over 130%.

Logistics snags continue:
Market sources continued to

cite logistical problems as an element of uncertainty hovering over the market. "Nowadays, I feel more like a crisis supply chain manager with all the supply chain interruptions," said one contact. In addition to complications for shipping via both the Suez and Panama Canals, logistics on land have also been impacted, notably in Germany, where train strikes and infrastructure problems have hindered the movement of goods, a source pointed out.

"Some vessels are being delayed, while stocks are under pressure. This environment does not help make the market any more stable," a contact said.

"Sea container freight to Asia is flowing somewhat but with added difficulties such as vessel space, empty boxes and sudden schedule changes, resulting in extra costs," another source explained.

March outlook: With another price increase for BEK of \$80/tonne on the table for this month, sellers were generally bullish about their chances of implementing the hike in full. Indeed, one seller said he was already getting traction on the increase which, if fully accepted, would lift levels for this month to \$1,300/tonne.

Still, there were some concerns that another \$80/tonne hike might be approaching some limits. "\$1,300/tonne – it is really quite high," one seller said.

Buyers, for their part, said they would be pushing back harder this month. As one put it, "sellers have to remember, when prices rise quickly and by big amounts, the same thing often happens in reverse on the way down."

General news

Finnish industry groups warn against "reckless" port strike

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The AKT action is part of a broader strike called by the country's Central Organization of Finnish Trade Unions (SAK). Announcing the industrial action, the SAK said that its efforts to establish negotiating channels with the Finnish government in recent weeks had been "futile," and that the government has simply announced its intention to continue implementing its plans in all respects.

Along with the AKT, other union affiliates taking part in the strike are the Industrial Union, the Public and Welfare Sectors Trade Union, the Electrical Workers' Union, the Finnish Construction Trade Union and Service Union United.

FFIF sounds the alarm:

The Finnish Forest Industry Federation (FFIF), the sector's employers' group, and other export-oriented bodies, including those for the chemical and technology industries, described the upcoming strike as "reckless" and "irresponsible." They said the actions posed a "serious threat to the Finnish economy," which "holds the ports hostage."

"The new, massive political strikes announced by the trade unions in the export industry are essentially worsening the financial situation of exporting companies. The Finnish economy has already been predicted to shrink, and the number of change negotiations, layoffs and dismissals has also increased since the beginning of the year. Large-scale strikes

confirm the need for limiting the political right to strike," the industry associations said.

Panelists weigh capacity growth at Fastmarkets RISI's 2024 European conference

With huge volumes spread over multiple grades slated to come onstream by the end of the decade, a panel gathered at Fastmarkets RISI's 2024 European conference which took place in Istanbul this week to discuss the impact and challenges associated with this new capacity.

For Turkish producers, sometimes viewed as upstart disruptors in the market, there is an opportunity to compete with more established players.

"There are giant board machines coming but it doesn't necessarily mean that they will be successful. You need a strategic location, integration with mechanical pulp, there are all kinds of logistical advantages that can [allow smaller players to] compete with a giant today," said KASAD (the Cardboard Packaging Manufacturers Association Turkey) managing director Alican Duran.

"In Turkey, we are very strong on recycled [cartonboard] and containerboard. What is missing is a folding boxboard mill," Duran added.

However, at a time when demand for paper and board products has plummeted following banner years, overcapacity concerns loom over such conversations.

"If there is overcapacity in an industry, two things need to happen. One is for demand to go up and two is for supply to come down. If you are a

[producer], the game you are playing is whether you can sit it out long enough so that someone else starts taking out capacity at their own expense [...] and some of the demand gets spread around the market," said partner at Moorgate Capital Nick Mockett.

The way forward: Ways for paper and board producers to navigate these murky waters and move forward in this challenging environment was a hot topic.

"The majority of companies will stay on the asset optimization [path] and will focus on optimizing cost reduction in the current environment," said Rabobank senior analyst packaging Natasha Valeeva.

"Investment decisions are delayed and cancelled, and I only expect those things to continue. We will see more of those, plus, for those producers who want to survive, we will see more and more desperate measures [such as] more swing capacity. I calculated that 90% of the machines in western Europe already swing to some sort of packaging grade," added Fastmarkets director, EMEA mill intelligence Ville Henttonen.

Regulatory uncertainty:

Potential overcapacity is not the only concern weighing on the market, as participants voiced concerns over regulation related to the industry while so many investments in new capacity are being made.

"People delay projects in this environment because it is not easy to see what is coming [in terms of environmental regulation]," said Duran. "We don't really see what's concrete and if you make a mistake, that will be the end of the story. People are trying to understand what is coming. All of us are professional in this industry

and none of us know what is coming. [...] Because Brussels is not certain about it, we are not certain either," he added.

While many of the capacity increase decisions were made during the "cheap money" era, it remains to be seen how high interest rates will impact those investments.

"Of course, interest rates almost everywhere are much higher than they have been. If your cost of capital has gone up, you need to be generating a higher return. What worries me is that some of the capacity expansion [plans] that have been announced have been made on the basis of selling prices or profit levels that are no longer feasible [...]. I hope producers have done the math with very sensible inputs," Mockett said.

German P&P production drops 13.7% year on year in 2023, hitting lowest level in 20 years

The German pulp and paper (P&P) industry went through a very difficult 2023, as highlighted by the latest statistics provided by the industry association Die Papierindustrie, although it saw a mild recovery during the second half of the year compared to figures from H1.

According to the association, German P&P production sank by 13.7% year on year to 18.7 million tonnes in 2023, the lowest level in the past 20 years. Deliveries dropped by 13.1% on a year-on-year basis, while revenues decreased by 27.0% to Euro 15.5 billion (\$16.8 billion). "The disproportionate reduction in sales is also an indication of significant price discounts at the expense of companies' profitability. The industry expects new impulses for the future, including through innovative

packaging solutions made from paper, which represent a sustainable alternative to fossil-based plastics," the association said in a statement.

The graphic paper segment was hit particularly hard in 2023. Here, production plummeted by 30.5% year on year to 4.1 million tonnes, while sales declined 29.3%, which was "significantly worse than in comparable European markets," Die Papierindustrie said.

Packaging paper and cardboard production sank by 7.9% on a year-on-year basis to 11.7

million tonnes during 2023, while shipments fell by 7.2%.

Production of hygiene paper and specialty paper decreased by 5.9% and 4.6%, respectively, during the year.

"The declines in the two major areas of printing and packaging clearly show the current economic weakness and the difficult market conditions in Germany. Our competitiveness is suffering from the sharp rise in energy costs. We are now massively feeling the consequences of the hasty energy transformation and

the Russian war of aggression on Ukraine," Die Papierindustrie CEO Hans-Christoph Gallenkamp said in a statement.

The association highlighted how high energy, raw material and transport costs, as well as increasing uncertainty in terms of planning due to short-term political changes, are also putting pressure on the industry in 2024. "The association therefore urgently calls on politicians to simplify bureaucratic and regulatory requirements, get the energy transition back on an orderly track and support the transformation of companies," Die Papierindustrie said.

German pulp, paper and board production and deliveries 2023

1,000 tonnes

	2023	2022	% change
Total paper and board			
Production	18,647	21,612	-13.7
Deliveries	18,751	21,581	-13.1
Domestic	9,516	11,080	-14.1
Exports	9,235	10,501	-12.1
Graphic paper			
Production	4,135	5,947	-30.5
Deliveries	4,218	5,963	-29.3
Domestic	2,220	3,043	-27.0
Exports	1,998	2,920	-31.6
Packaging paper and board			
Production	11,733	12,733	-7.9
Deliveries	11,708	12,611	-7.2
Domestic	5,134	5,725	-10.3
Exports	6,574	6,886	-4.5
Sanitary and household paper (parent reels)			
Production	1,379	1,466	-5.9
Deliveries	1,434	1,532	-6.4
Domestic	1,387	1,493	-7.1
Exports	47	39	20.0
Specialty paper and board			
Production	1,399	1,466	-4.6
Deliveries	1,391	1,475	-5.6
Domestic	775	819	-5.3
Exports	616	656	-6.0
Raw materials			
Fiber* (production)	1,951	2,201	-11.3
Paper for Recycling (consumption)	15,488	17,038	-9.1

Source: Die Papierindustrie.

*Chemical, mechanical, deinked pulp and other grades.

EBB expands footprint in Ireland with acquisition of Realt Paper merchant

Elliott Baxter & Company (EBB) is expanding in Ireland with the acquisition of a 100% stake in the paper merchant Realt Paper, based in Dublin.

The deal will make EBB the largest paper merchant in the Irish market and will result in a combined group turnover in the country of some Euro 50 million (\$54 million), EBB said, adding that it will integrate Realt's sales operations within the EBB logistics network over the course of this year.

Realt Paper will continue to operate from its Swords premises and EBB Ireland from its Rathcoole and Belfast locations.

"Since we entered the Irish market with our acquisition of UniBoard back in 2019, Realt has always been on our radar due to the excellent reputation they have. As a competitor, we have admired their professionalism in everything they do. [...] Our new combined strength, backed up by our UK stock resources,

will see improved choice and better service to all our Irish customers," said EBB group managing director Matt Elliott.

Graphic paper

Burgo to hike UWF prices by up to 7% from April 1

Burgo has announced its intention to raise uncoated woodfree (UWF) paper prices by up to 7% for all deliveries in both European and overseas markets from April 1.

The firm ascribed this decision to continuous pressure on input costs.

Last week, The Navigator Company separately announced it will increase UWF paper prices by 5% from March 25. The firm also cited rising input costs as the reason for the move.

Volga starts work on conversion of newsprint PM 6 to packaging paper

Volga Pulp and Paper Mill, one of Russia's largest paper

producers, said it is beginning the installation of equipment for the conversion of its newsprint PM 6 to packaging paper production as well as for a new MM-500 paper waste processing line.

"We expect the final deliveries of components for the conversion of PM 6 in March-April," Volga's deputy director Aleksander Barinov said, adding that about 99% of the equipment for the projects had already been delivered to a temporary storage warehouse.

PRICING NOTICE: Launch of new PIX European prices for paper for recycling/recovered paper and discontinuing PPI Europe prices for similar grades – final decision

Fastmarkets invited feedback in an open consultation between January 24, 2024 and March 1, 2024 on the following proposed action: Expanding PIX European Recovered Paper coverage and discontinuing PPI Europe Paper for Recycling Assessments. The consultation process seeks to ensure that our proposal is handled 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.

Based on the feedback and support received from the industry, Fastmarkets announces it will be launching PIX pan-European monthly price coverage for the following grades, starting from April 9, 2024:

Description: PIX SOP

Quality: CEN 2.05.01 Sorted office paper and CEN 2.06.00 Ordinary sorted coloured letters.

Quantity: min 20 metric tons

Location: Europe

Incoterm: Delivered at buyer's mill or warehouse.

Timing: Orders for delivery during the current month or following month at the latest

Unit: Euros per metric ton.

Payment terms: 30 days or other term of payment which is used in the majority of sales/purchases.

Publication: Monthly, on second Tuesday of each month at 11am CET

Description: PIX Multiprint

Quality: CEN 3.10.00 Multi printing. CEN 3.10.01

Medium printed multi printing can also be included if compatible in price

Quantity: min 20 metric tons

Location: Europe

Incoterm: Delivered at buyer's mill or warehouse.

Timing: Orders for delivery during the current month or following month at the latest

Unit: Euros per metric ton.

Payment terms: 30 days or other term of payment which is used in the majority of sales/purchases.

Publication: Monthly, on second Tuesday of each month at 11am CET

Fastmarkets will discontinue all Paper for Recycling assessments currently featured in its PPI Europe publication from May 8, 2024, and replace therein with the full suite of PIX Recovered Paper Prices including PIX OCC 1.04 dd, PIX ONP/OMG 1.11 dd, PIX RCP Mixed 1.02 GER, and PIX SOP and PIX Multiprint.

Some industry stakeholders suggested using the term 'Paper for Recycling (PfR)' while others have suggested continuing to use the term 'Recovered Paper (RCP)'. Fastmarkets will continue to use both terms, Paper for Recycling (PfR) and Recovered Paper (RCP), while continuing to take feedback about naming conventions from all stakeholders in the supply chain.

The above new price coverage will be in accordance with our **PIX European Recovered Paper Price Indices Methodology** and they will be added in the methodology document before the launch. For all published Fastmarkets FOEX pricing notices please [see here](#).

We would like to thank everyone for all the feedback received. For comments or queries, please email hello.foex@fastmarkets.com indicating "PIX European Recovered Paper and PPI Europe Paper for Recycling Coverage" in the subject line.

The Nizhny Novgorod-based Volga said the whole project should be completed in the fourth quarter of this year, as the paper waste processing line will also be operational by then.

PM 6 will produce lightweight fluting and testliner, with the bulk of the new production being exported to China, Turkey and some central Asian countries. Currently, Volga produces some 330,000 tonnes of paper annually.

Packaging

Provisional PPWR deal finalized during EP session

The European Council presidency and representatives from the European Parliament (EP) have struck a provisional political agreement on the Packaging and Packaging Waste Regulation (PPWR). The deal is pending formal adoption by both institutions.

A cardboard exemption from reuse targets cheered many industry players. The deal will also introduce restrictions on single-use plastic packaging used in a number of applications from fruits and vegetables to travel-sized cosmetic and toiletry items to very lightweight plastic bags used at markets and grocery stores.

The provisional agreement will now be sent to the member states' representatives within the Council and the Parliament's Environment Committee for endorsements. If approved, the PPWR will be applied from 18 months after the date of entry into force.

"We have been able to move the legislation to a much better position compared to what was

the original EU Commission proposal, which was heavily inclined towards bans on certain applications and reuse systems based on fossil materials as a solution to what they perceived as waste," said Cepi director general Jori Ringman.

"The good preparations within our value chain, technical work done in the 4evergreen project to perfect our circularity and patient exchanges with EU Institutions have had the merit of bringing forth a model that advances the objectives of the EU Green Deal. Still far from perfect, it no longer poses an existential threat but gives us breathing space and offers stepping stones to go forward with renewable and recyclable packaging," Ringman added. "The sector will continue working towards the goal of a 90% recycling rate by 2030 in all EU countries."

Harsh but hopeful outlooks in CEO panel discussion at Fastmarkets RISI's 2024 European conference

A paper packaging-focused CEO panel discussion at Fastmarkets RISI's annual European conference which took place in Istanbul on March 4-6 took an unflinching but ultimately hopeful look at the state of the industry and expectations for it.

Joachim Klein, StepChange Consulting's managing director, asked for the participants' views on where the industry is and where it is heading, and Harald Ganster, the CEO of Prinzhorn Holding, pointed out how remarkable contemporary conditions are, given the industry's history of performance tracking broader economic indicators.

The current "not-so-good" situation, he explained,

followed great results for the paper packaging industry over the course of the COVID-19 pandemic, and it is now seeing something of a recovery from last year's trough. Meanwhile, however, new packaging capacity is on its way, as some graphic paper to containerboard conversions wrap up. "We have two or three years of oversupply ahead of us," he estimated later in the discussion.

Stefano Rossi, CEO of the packaging division at DS Smith, was similarly frank, pointing out that the industry was in a position where it needed to imagine the future in terms of consumer wants and needs: "there's always a new and there's always a next."

He also pointed to the acute difficulties of current economic struggles, such as those sparked by two years of war in Ukraine, contrasting it with the 2008/2009 global financial crisis. "[That] was not a crisis of values," he explained. "[Now] you can't spend your way out of it."

Continuing on the theme of values, Michele Bianchi, CEO of the RDM Group, noted a general social and political will to limit consumption, and also waste generation. "[This presents] great opportunities to compete with other [packaging] materials," he pointed out.

"Are [our market] fundamentals still intact?" asked Markus Gärtner, CEO - Corrugated Packaging at Mondi, pointing to obvious uncertainties around aspects of the industry like supply chains. As economic growth comes back to bear and packaging companies find new applications for their products, he answered his own question in the positive.

Klein nudged the conversation towards the efficacy of regulating the European packaging industry, and Gärtner pointed out that regulation can be positive when it sets outcomes rather than dictating a pathway for production. “I sometimes wonder on what basis consumers make their judgements,” he mused, pointing out that it should be regulators’ role to enable consumers to make educated choices.

Ganster pointed out the positives of this week’s provisional agreement on the EU’s Packaging and Packaging Waste Regulation (see story on p. 8). Last November’s draft upset the paper packaging industry by putting a generally plastics-friendly emphasis on reuse over recycling. In the latest agreement, packaging paper has been exempted from the reuse targets. “We always trusted everyone knows we’re better than plastic,” he pointed out. “November was a cold shower.”

Rossi reminisced about the beginning of his career at a large producer in Scandinavia in the 1990s when a set of environmental regulations came in, recalling that some of his peers expected them to wipe out tiny competing mills. “[The tiny mills] are all still there,” he pointed out.

DSS shuts sheetfeeding plant in Louth, UK

DS Smith (DSS) is closing its sheetfeeding plant in Louth, UK, a company representative confirmed to *PPI Europe*.

“A period of collective consultation has been undertaken with the trade union and employee representatives [at the site]. Unfortunately, there have been no viable

business proposals presented during this process, and we have therefore taken the difficult decision to proceed with the proposal to close the site,” DSS said. “We will now focus our efforts on supporting all those employees impacted by this decision,” it added.

According to local press reports, the site’s main production ended on February 29, while a skeleton crew will continue at the plant until the closure process is completed in August. Some 70 jobs will be eliminated as a result.

Turkey’s Karitex buys AIP’s industrial sack plant in Izmir

Turkish textiles producer Karitex has acquired the industrial sack plant of Advanced Industries Packaging (AIP) group in Izmir, Turkey. The price of the deal was not disclosed.

Operational control of the plant was transferred to Karitex on March 1, AIP’s CEO Rinat Stark said. The transition period, during which the unit will be renamed and its IT infrastructure transferred to Karitex, will last until June 14.

AIP will continue to operate and develop its six production sites in the EU, in Denmark, Romania, the Netherlands, the Czech Republic, Italy and Germany.

AIP employs over 500 people and produces more than 700 million sacks/yr. Its customer base is comprised of major global producers of cement, chemicals, construction materials, dairy products and other foodstuffs.

AIP was acquired in February 2023 by the Luxembourg-based Advanced Industries Group and reportedly

comprises Segezha Packaging’s former European assets.

Tissue

France’s Papeco taps Toscotec to supply steel Yankee dryer for PM 3 at Orval mill in France

French tissue manufacturer Papeteries du Cotentin (Papeco) has tapped Toscotec to deliver a steel Yankee dryer on PM 3 at its Orval sur Sienne mill in France.

Under the agreement, Toscotec will supply a TT SYD steel Yankee dryer and a complete steam and condensate plant to Papeco. The project includes modifications to PM 3 for the new steam system and it is planned for start-up in Q3 2024. According to Toscotec, the new Yankee dryer will “significantly increase” PM 3’s production capacity. Details on the capacity increase were not provided.

According to Fastmarkets RISI’s Asset Database, the Orval mill can currently produce 10,000 tonnes/yr of tissue paper on its one PM.

Fiber

SCA to reorganize its pulp division, up to 70 job cuts expected

SCA is in the process of reorganizing its pulp operations in Sweden, with up to 70 jobs expected to be cut, a company representative told *PPI Europe*.

“Currently, negotiations are ongoing for a new and purpose-built organization for SCA Pulp. The operations at SCA Pulp’s factories have undergone a transformation, hence certain changes are being implemented

At a Glance

Metsä Group has announced a slate of mill manager appointments at its pulp, paperboard and bioproduct mills in Finland. The company has named **Janne Rantanen** VP, mill manager of the Äänekoski bioproduct mill. The current VP, mill manager at Äänekoski, **Ari-Pekka Vanamo**, will become VP, HR projects and will then begin the role of VP, employment relations next year. **Jaako Ikonen**, who is currently VP, mill manager of the company's Tako paperboard mill, has been appointed VP, mill manager of the Rauma pulp mill. To fill Ikonen's role, **Timo Ahonen** has been appointed VP, mill manager of the Tako paperboard mill. **Tomi Seppä** has been appointed VP, mill manager of the Kemi paperboard mill. All of the moves announced by Metsä are effective April 1.

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The Germany-based chemicals distributor **Brenntag** has signed a deal to acquire the chemical logistics site of Italy's **Chimica D'Agostino** in the city of Bari. The price of the deal was not disclosed. Brenntag said that the acquisition will increase its presence in the south Italian market and optimize its site network in the region. Brenntag will now serve the southern Italian market via its Anagni site on the western (Tyrrhenian) coast and Bari site on the eastern (Adriatic) coast. Chimica D'Agostino is a leading chemical distributor in southern Italy and has been operating since 1948. It serves customers in the water treatment, oil and gas and other industries.

in the organizational structure to enable the factories to reach their full potential," SCA said. The firm added that it was hopeful that a "significant portion" of the layoffs could be managed through measures such as contractual pension agreements.

SCA operates two pulp mills in Sweden, the Östrand plant, which has a capacity of some 900,000 tonnes/yr of bleached softwood kraft pulp, and the Ortviken mill, which can produce some 300,000 tonnes/yr of chemi-thermomechanical pulp.

Södra to invest in green energy at Mörrum mill in Sweden

Södra will invest in green energy production at its Mörrum pulp mill in Sweden in the form of a new condensing turbine.

The firm said in a statement that the project, which will cost several hundred million Swedish krona, is a "major and important step" allowing it to boost competitiveness by "utilizing more of the wood raw material from family forestry and thereby increasing the profitability of forest estates."

It added that the investment would boost the electricity generation of the county of Blekinge, where the Mörrum mill is located, by 20%.

"Our mission is to generate maximum value from every wood fiber that family forestry delivers to our mills. This investment will achieve that in both the long and short term. In the short term, it will increase our energy efficiency so that we can generate more electricity on the order of what hydropower currently generates across the whole of Blekinge. In the long term, it will give us the right conditions to continue developing our mills," said Södra's Mörrum mill manager Stefan Sandberg.

The new turbine will be installed in a new turbine hall on Södra's industrial site in Mörrum and is scheduled to start operating by mid-2026.

According to Fastmarkets RISI's Asset Database, the Mörrum mill can produce 300,000 tonnes/yr of bleached softwood kraft pulp and 170,000 tonnes/yr of dissolving pulp.

PPI Europe

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