

# PPI Pulp & Paper Week

PAPER, PACKAGING AND FIBER MARKET NEWS AND PRICES FOR NORTH AMERICA

## OCC-hungry US mills cause domestic price hikes again, by \$5-10 FOB, to \$87/ton national average

US containerboard and paper and board mills' hunger for recovered fiber at the start of 2024 gobbled up bulk grades, taking in extra tons when offered, and prices increased for US old corrugated containers (OCC), new double-lined kraft corrugated cuttings (DLK), and boxboard cuttings (BBC) by \$5-10/ton at the FOB seller's dock in January, according to Fastmarkets' *PPI Pulp & Paper Week* Jan. 5 pricing survey and market report. Mixed paper pricing also increased this month, by \$10/ton in every US region.

The pricing rises in January mark 10 straight months of upward pressure for US OCC, and the 11<sup>th</sup> consecutive month for mixed paper.

*>>> continued on page 9*

## Dec. US pulp up \$25-40 as Suzano, Eldorado set hikes; shipping costs surge due to Red Sea crisis

North American pulp markets closed 2023 with a fourth straight increase in hardwood prices and a back-to-back rise in softwood, as producers either completed phased-in hikes from prior months or tried to maximize gains from ones that went into effect on Dec. 1. Before market participants left their offices for yearend holidays, at least two major bleached eucalyptus kraft (BEK) producers – Suzano, the world's biggest one, and competitor Eldorado – announced \$10-80/tonne global price increases on January business.

North American contract prices across key grades of pulp increased \$25-40/tonne in December, according to Fastmarkets' *>>> continued on page 13*

## With producers claiming high costs, a 2nd producer plans NA boxboard price hike, effective next month

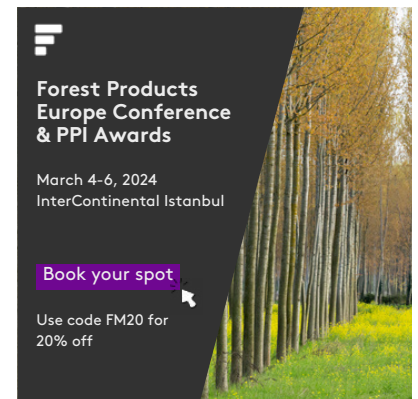
Graphic Packaging will increase prices by \$50/ton for its coated unbleached kraft board (CUK), coated recycled folding boxboard (CRB), and uncoated recycled boxboard (URB) grades, key industry contacts reported to Fastmarkets' *PPI Pulp & Paper Week* this week. Contacts said the increase in pricing will be effective Feb. 1.

"Everyone is very puzzled. It doesn't make much sense," one converter told *P&PW*.

This increase came just weeks after Sonoco announced it will raise prices for all converted paperboard products by a *>>> continued on page 16*

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## Containerboard/boxes

### IP Orange, TX, kraft liner mill permanently closed; board-box increase starts up

International Paper (IP) early last month shut down operations at its two-machine 695,000 tons/yr unbleached kraft linerboard mill in Orange, TX.

IP announced the permanent closure of the mill in November, initially noting that the mill would be closed by yearend 2023.

An IP official told Fastmarkets' *PPI Pulp & Paper Week* on Dec. 28 that the "Orange Mill is being shut down in stages. Operations at the mill stopped earlier this month."

The Orange mill shutdown is the largest of eight machine closures in the last year or so in North America's containerboard market. The permanent shut in Texas is especially important now as closures are aimed at offsetting new capacity startups and containerboard oversupply from last year. And this all happens as the US corrugated box demand condition has improved slightly yet remains far off pace from the levels during the COVID Box Demand Surge in 2020 and 2021.

Orange was shutting while for the first time in almost two years, North American producers attempt to increase their pricing for linerboard and corrugated boxes.

A month after announcing the permanent closure of the Orange mill, IP announced \$70/ton and \$110/ton increases effective Jan. 1 for its linerboard and corrugating medium, respectively, in North America.

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## Capital spending

### GP invests \$2 billion on capital spending projects

Georgia-Pacific (GP) announced investments of about \$2 billion in 2023 with focus on its Dixie and consumer tissue business as well as for its containerboard and corrugated box business. The \$2 billion is more than \$1.8 billion the company committed to spend for 2022.

The larger spend last year came as the US paper and board market industry condition weakened in 2023 with less production year-over-year, and prices down on packaging and print paper, and as other large companies pulled back on capital spending.

The privately held GP owned by Koch Industries told of \$600 million on two plants for Dixie product; \$575 million for increasing consumer tissue paper production at two Midwest and West Coast mill complexes; \$325 million for a gypsum wallboard plant for home building material in Sweetwater, TX; and \$200 million for containerboard mill and corrugator plant projects.

GP is the second largest fluff pulp producer in the world (behind

»» continued on page 18

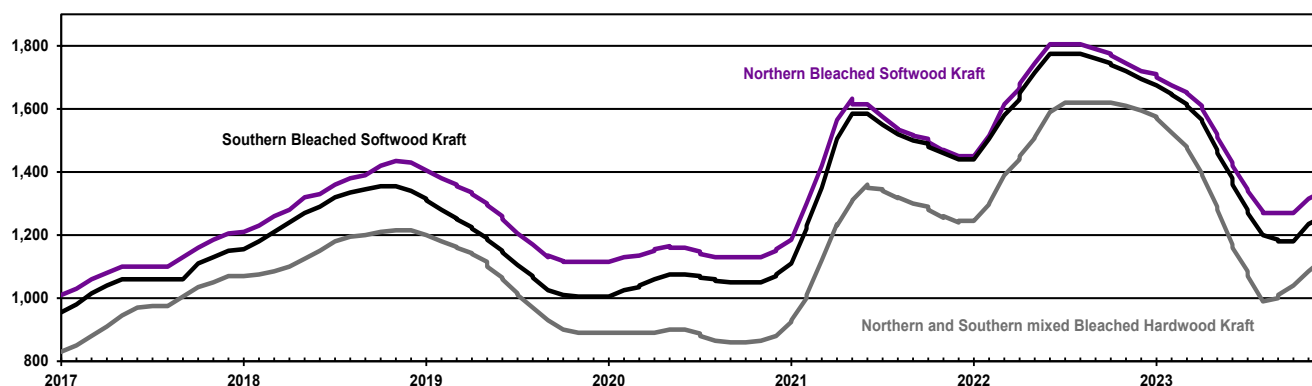
## Key US market indicators

(Percent changes are month-over-month or quarter-to-quarter unless otherwise noted.)

	1Q 2023	2Q 2023	3Q 2023
Gross domestic product, %	2.0	2.1	4.9
	Sept. 2023	Oct. 2023	Nov. 2023
Natural gas wellhead industrial (per 000 cu. ft)	\$3.90	\$4.13	n.a.
US industrial production, % chg.	-0.2	-0.7	0.2
Nondurable (non-energy) output growth, %	-0.5	0.6	-0.8
Trade deficit (billion)	\$61.2	\$64.3	n.a.
Housing starts, seasonally-adjusted (millions of units)	1.356	1.359	1.560
US retail sales, % growth, seasonally-adjusted	0.8	-0.2	0.3
Institute for Supply Management Index -- Manufacturing, %	49.0	46.7	46.7
US unemployment, %	3.8	3.9	3.7
US consumer price index, % chg., seasonally-adjusted	0.4	0.0	0.1
Target US federal funds rate %	5.25-5.5	5.25-5.5	5.25-5.5
Printing/support output, monthly rate, % chg.	-3.4	-8.0	0.2
Rates per US dollar	Oct. 31	Nov. 30	Dec. 22
*Euro	1.056	1.090	1.100
C\$	1.387	1.358	1.325
Mexico peso	18.05	17.37	16.98
Brazilian Real	5.04	4.92	4.85
Chinese RMB	7.31	7.13	7.13

Notes: The Federal Reserve FOMC upped the target rate by 0.25% on July 26 to 5.25-5.5%. The December 2022 natural gas wellhead industrial price was \$8.23 and the August 2023 price was \$3.78. \*US dollars per Euro. e=estimate, n.a.=not available. Sources: RISI's Monthly Economic Commentary, US Federal Reserve, Dept of Commerce, Bureau of Labor Statistics, Dept of Energy, and Census Bureau, and Institute for Supply Management (ISM).

## PRICE WATCH: Market Pulp



Effective list price before regular volume and customer discounts. US\$/metric tonne unless otherwise noted.

	Current months				Year-to-year	
	Dec. 2023	Nov. 2023	Oct. 2023	Q4 2023	Dec. 2022	% chg.
<b>US (DELIVERED IN EAST)</b>	<b>Final<sup>1</sup></b>					
<b>Bleached softwood kraft</b>						
Northern (Canadian)	1,350	1,315	1,270	1,312	1,720	-21.5
Southern (US)	1,260	1,235	1,180	1,225	1,695	-25.7
<b>Bleached hardwood kraft</b>						
Northern and southern mixed (Canadian/US) <sup>2</sup>	1,125	1,085	1,040	1,083	1,595	-29.5
Eucalyptus	1,135	1,095	1,050	1,093	1,605	-29.3
<b>Specialty grades</b>						
Unbleached softwood kraft (Canadian/US)	1,280	1,245	1,200	1,242	1,650	-22.4
Fluff (US southern kraft, untreated softwood rolls)	1,790	1,765	1,710	1,755	2,190	-18.3
<b>Spot Markets<sup>3</sup></b>						
Northern Bleached Softwood Kraft	700 - 720	700 - 720	670 - 700	702	925	-23.2
Southern Bleached Softwood Kraft	670 - 690	660 - 680	630 - 660	665	915	-25.7
Northern and Southern Bleached Hardwood Kraft	590 - 620	580 - 610	545 - 585	588	915	-33.9
<b>EUROPE (CIF)</b>	<b>Pending<sup>1</sup></b>					
<b>Bleached softwood kraft</b>						
Northern (Canadian/Nordic)	1,230 - 1,250	1,230 - 1,250	1,190 - 1,200	1,225	1,425	-13.0
Southern (US)	1,190 - 1,210	1,190 - 1,210	1,150 - 1,160	1,185	1,385	-13.4
<b>Bleached hardwood kraft</b>						
Northern mixed (Canadian/US)	940	940	860	913	1,340	-29.9
Southern mixed (US)	930	930	850	903	1,330	-30.1
<b>Specialty Grades</b>						
Fluff (US southern kraft, untreated softwood rolls)	1,790	1,765	1,710	1,755	2,190	-18.3
<b>ASIA (CIF)</b>	<b>Final<sup>1</sup></b>					
<b>JAPAN<sup>6</sup></b>						
<b>Bleached softwood kraft</b>						
Northern (Canadian)	870	870	840	860	990	-12.1
<b>KOREA</b>						
Northern bleached softwood kraft	960	960	905	942	1,070	-10.3
<b>CHINA</b>						
Northern bleached softwood kraft - net <sup>4</sup>	730	765	749	748	885	-17.5
Fluff (US southern kraft, untreated softwood rolls) <sup>5</sup>	890 - 930	880 - 920	860 - 900	897	1,280	-28.9

**SPECIFICATIONS**

All prices are best estimates of list prices before regular volume and contract discounts and are composite prices as opposed to median or average prices. Actual transaction prices may vary. US prices include normal freight allowance for delivery to consuming paper mills. Export prices are CIF main European ports. Normal terms include a 1.5% discount for cash payment or 60 days. Prices may not reflect some existing contract discounts off list prices still in effect: in North America, typically 40-47%; in Europe 31-34%; in Japan, 3-9%; in Korea, 13-16%; in China, 0% (from Canadian and European producers). BHK pricing varies according to species used for the pulp.

**DISCLAIMER**

While the information contained in this index has been obtained from sources believed to be reliable, Fastmarkets RISI does not warrant or guarantee the accuracy and completeness of the information.

**NOTES**

1. Preliminary and final prices: US - Mid-month PPW effective list prices shown are preliminary prices. End-of-month final prices published in PPW and World Pulp Monthly supersede these preliminary prices. Full details at: [www.risi.com/PulpPriceChanges](http://www.risi.com/PulpPriceChanges). Europe - Originally published in PPI Europe. Pending indicates prices are not available at the time of publication. Final prices are published in the next Price Watch issue. The exception is European fluff price assessments, which follow the same publishing schedule as US pulp, and are formally tied to US fluff price assessments. Asia - Final prices are reported at the end of the month. 2. Effective January 2016, NBHK and SBHK were merged into a single assessment. See [www.risi.com/PulpPriceChanges](http://www.risi.com/PulpPriceChanges) for details. 3. Spot prices are mid-point weighted averages for biweekly orders up to the publication date. Prices are net delivered with 0% discounts. 4. As of January 2020, NBSK net China reflects the last price assessment for NBSK from North America/Scandinavia CIF China (imports) as published in PPI Asia. As of end-December 2023, Canadian NBSK were at \$700-760/tonne and Nordic NBSK has been assessed at 700-760/tonne. 5. Fluff CIF China assessments were introduced in September 2020.

## PRICE WATCH: Recovered Paper - Domestic

January 5, 2024

US\$ per short ton for open market purchases by mills, FOB seller's dock, for delivery this month. (Further specifications below.)

Incorporating Official Board Markets

	Northeast						LA-SF		
	New England	New York	Buffalo	Midwest (Chicago) <sup>3</sup>	Southeast <sup>3</sup>	Southwest <sup>3</sup>	LA	SF	Pacific NW <sup>3</sup>
<b>MIXED PAPER</b>									
Mixed Paper (54)	45 - 50 (+10)	45 - 50 (+10)	45 - 50 (+10)	50 - 55 (+10)	50 - 55 (+10)	45 - 50 (+10)	50 - 55 (+10)	45 - 50 (+10)	40 - 45 (+10)
<b>BROWN GRADES</b>									
Boxb cutt (4) - OBM*	70 - 75 (+5)	70 - 75 (+5)	65 - 70 (+5)	60 - 65 (+10)	60 - 65 (+5)	65 - 70 (+10)	75 - 80 (+10)	65 - 70 (+10)	50 - 55 (+10)
OCC (11) - OBM*	90 - 95 (+5)	90 - 95 (+5)	90 - 95 (+5)	85 - 90 (+10)	90 - 100 (+5)	90 - 95 (+10)	85 - 90 (+10)	70 - 75 (+10)	65 - 70 (+10)
DLK (13) - OBM*		110 - 120 (+5)		110 - 120 (+10)	115 - 125 (+5)	115 - 125 (+10)	90 - 100 (+10)	80 - 85 (+10)	80 - 85 (+10)
<b>GROUNDWOOD</b>									
Sorted Residential Papers & News (56) <sup>4</sup>	60 - 65 (+10)	60 - 65 (+10)	60 - 65 (+10)	65 - 70 (+10)	60 - 65 (+10)	60 - 65 (+10)	60 - 65 (+10)	50 - 55 (+10)	45 - 50 (+10)
	Northeast						LA-SF <sup>2</sup>		
OMG (10)		90 - 95 (+0)		80 - 85 (+5)	80 - 85 (+5)	90 - 95 (+5)		85 - 90 (+5)	45 - 50 (+5)
CGS (44)		90 - 95 (+0)		80 - 85 (+5)	80 - 85 (+5)	90 - 95 (+5)		70 - 75 (+5)	40 - 45 (+5)
SCN (58)		150 - 160 (+0)		155 - 165 (+0)	160 - 170 (+0)	180 - 190 (+0)		135 - 145 (+0)	90 - 95 (+0)
WBN (24)		260 - 270 (+0)		250 - 260 (+0)	250 - 260 (+0)	275 - 285 (+0)		225 - 235 (+0)	175 - 185 (+0)
<b>HIGH GRADES</b>									
SOP (37)		130 - 140 (+0)		130 - 140 (+10)	130 - 140 (+0)	130 - 140 (+0)		155 - 165 (+0)	90 - 100 (+0)
CBS (43)		130 - 140 (+0)		130 - 140 (+10)	130 - 140 (+0)	130 - 140 (+0)		145 - 155 (+0)	90 - 100 (+0)
SBS heavy print (45)		155 - 165 (+0)		145 - 155 (+10)	140 - 150 (+0)			175 - 185 (+0)	
SWL (40)		180 - 190 (+0)		180 - 190 (+10)	185 - 195 (+0)	215 - 225 (+0)		215 - 225 (+0)	170 - 180 (+0)
MWL (41) <sup>1</sup>		195 - 205 (+0)		190 - 200 (+10)	185 - 195 (+0)	215 - 225 (+0)		215 - 225 (+0)	185 - 195 (+0)
SBS light print (45)		200 - 210 (+0)		180 - 190 (+10)	180 - 190 (+0)	205 - 215 (+0)		235 - 245 (+0)	
<b>PULP SUBS</b>									
SBS unprinted (47)		230 - 240 (+0)		230 - 240 (+0)	255 - 265 (+0)	255 - 265 (+0)		250 - 260 (+0)	
HWS (30)		250 - 260 (+0)		245 - 255 (+0)	275 - 285 (+0)	280 - 290 (+0)		265 - 275 (+0)	
HWEC (31)		280 - 290 (+0)		280 - 290 (+0)	295 - 305 (+0)	300 - 310 (+0)		320 - 330 (+0)	260 - 270 (+0)

### \* OBM PRICES

Prices for grades designated "OBM" are a continuation of the prices originally published in Official Board Markets ("OBM", "The Yellow Sheet") and are reported on the same basis as published historically in OBM. See [www.risi.com/RCPmethodology](http://www.risi.com/RCPmethodology) for a complete description of what has and has not changed about OBM prices. (Price not marked \* are consistent with prices published historically in P&PW.)

### SPECIFICATIONS

Prices represent open market board and paper mill purchases agreed to for delivery in the indicated month. Contractually indexed transactions are excluded. Specifications: baled; full-truckload quantities; exclusive of delivery charges, premium or distress lots, and of all subsequent charges for packing, handling, destination considerations, or other special charges. Grades and preparation requirements are as defined in the current ISRI Scrap Specifications Circular.

### NOTES

1. Preconsumer.
2. The price on the low end of the range is for the Bay Area and the price at the top end of the range is for the Los Angeles area.
3. As of Oct 2012, these region names were changed from a city to a region (e.g. "Chicago" to "Midwest"). This is a change in title, not in methodology. All references to the new names (e.g. "Midwest") as they apply to each price series above are consistent with the legacy names (e.g. "Chicago").
4. ONP #8 can be replaced with SRP #56 in formulas used to derive ONP#6 price.
5. Change reflects the difference between the high of the current month and the high of the previous month.

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## PRICE WATCH: Recovered Paper - Export

Open market transactions for delivery this month, US\$. (Further specifications noted at right.)

January 5, 2024

	Destination	New York <sup>1</sup>	LA <sup>2</sup>	SF/Oakland
FAS port of origin (per ton)		Change <sup>4</sup>		
Mixed Paper (54)	Asia	92 - 95 (+5)	97 - 100 (+10)	92 - 95 (+10)
OCC (11)	Asia	157 - 160 (+5)	167 - 170 (+15)	162 - 165 (+15)
Double Sorted OCC (12)	Asia	167 - 170 (+5)	177 - 180 (+15)	172 - 175 (+15)
DLK (13)	Asia	177 - 180 (+5)	187 - 190 (+15)	182 - 185 (+15)
Sorted Residential Papers & News (56)	Asia	97 - 100 (+5)	102 - 105 (+10)	92 - 95 (+10)
CGS/OMG (44,10)	Asia	122 - 125 (+0)	107 - 110 (+10)	
SOP (37)	Asia	207 - 210 (+0)	212 - 215 (+0)	202 - 205 (+0)
SWL (40) <sup>3</sup>	Asia	277 - 280 (+0)	267 - 270 (+0)	257 - 260 (+0)
CFR to destination port (per tonne) <sup>5 6</sup>				
OCC (11)	India	187 - 190 (+0)		
Double-sorted OCC (12)	India	202 - 205 (+0)		

### SPECIFICATIONS

Prices represent open market purchases agreed to for delivery within 30 days. Contractually indexed transactions (i.e. transactions whose price is determined in whole or in part by a formula in a long-term contract) are excluded. Specifications: baled; full-truckload quantities; exclusive of premium or distress lots. Grades and preparation requirements are as defined in the current ISRI Scrap Specifications Circular (now PS-13).

### NOTES

1. "New York" includes ports in Northern New Jersey
2. "LA" includes Long Beach and LA ports
3. SWL prices are for ports in South Korea, Indonesia, and Thailand
4. Change reflects the difference between the high of the current month and the high of the previous month.
5. As of April 2019, assessments of OCC (11) bound for China, SCN (58) bound for non-China asia and all grades FAS Chicago were discontinued.
6. As of January 2021, assessments of DLK (13) CFR China, were discontinued. The destination of all FAS assessments for grades bound for China was changed to Asia.

## Corporate strategy

### For mega deal, investor calls for SKG/IP combo; analysts seeing M&A uptick, feel 'vibe'

A London investment company told the Smurfit Kappa Group board of directors before Christmas to drop the WestRock acquisition attempt and instead do a deal to combine with the larger International Paper (IP).

PrimeStone Capital cited a purer containerboard play for Smurfit Kappa with IP than with WestRock. WestRock is the second largest containerboard producer by capacity in North America, behind IP, and also runs one of North America's largest consumer packaging boxboard and folding carton businesses.

PrimeStone Capital on Dec. 21 said a deal with IP at 50 Euro per SKG share would be 42% accretive for IP shareholders and "lead to an immediate upside" of 37% to SKG's share price, "with further upside over time as the 'SKG playbook' is applied to IP's unrivalled asset base in North America."

PrimeStone Capital on Dec. 21 owned a 0.8% share of Smurfit Kappa.

The letter to the SKG board came as the SKG/WestRock mega-merger of \$11 billion is nearly four months old from the initial announcement in mid-September. A shareholder vote had not been set as of last week. One Wall Streeter previously estimated a vote

was likely for late first quarter or early second quarter 2024.

The combining of Smurfit Kappa with WestRock creates a company led by SKG CEO Tony Smurfit that would be the largest containerboard and corrugated box converting company in the world (based on annual sales). Smurfit Kappa is the largest containerboard producer in Europe. Both companies also run containerboard businesses in Mexico and in other countries in Latin America.

IP is most likely the largest containerboard company in the world based on sales at more than about \$15 billion last year and is second largest in the world behind Nine Dragons in capacity. It was IP in 2018 who

failed to acquire Smurfit Kappa. In the five years since, Smurfit Kappa grew with about an 18% margin annually before, through, and after the COVID surge.

IP's containerboard capacity share in North America is now about a 29-30% share and WestRock's is about 19-20%, based on Fastmarkets' *PPI Pulp & Paper Week* estimates. North America's containerboard capacity is 45 million tons in 2024.

PrimeStone Capital in its letter claimed less value would come from a SKG/WestRock combination because WestRock's assets needs updating. Also noted was WestRock's large position in consumer packaging, even though the combined company's product positioning would still be dominated by and big in containerboard. WestRock CEOs, especially Steve Voorhees, maintained that one WestRock benefit was that it could cross-sell packagers all at once corrugated boxes, folding cartons, kraft paper bags, and converting equipment.

PrimeStone, which is comprised of former Carlyle Group and Boston Consulting officials, viewed a better, highly integrated containerboard/corrugated company from a SKG/IP combination. On the day of the Smurfit Kappa/WestRock deal announcement, IP also announced plans to start to look for a successor for CEO Mark Sutton.

After announcing the deal with WestRock, Smurfit Kappa CEO Smurfit told *P&PW* that WestRock was in the process of a restructuring and Smurfit said the work to "right size" WestRock would continue as would focus on developing a large combined

company system with high internal containerboard mill through to its own converting and box plant integration.

WestRock has closed four US mills in the last two years along with at least a half dozen corrugated box plants in the last year that subtly help raise its integration level. It also closed three older, smaller linerboard machines in Florence, SC, three years ago that gave way to North America's largest unbleached kraft linerboard machine, a 710,000 tons/yr behemoth in Florence, SC, that started running in fourth-quarter 2020.

PrimeStone Capital in its letter claimed that "WestRock has a massive long paper exposure, which deviates from the industry's proven 'integrated model,' ... (which is) a model (Smurfit Kappa) and other successful companies like PCA (Packaging Corp of America) have been following for decades. It will take years and much capital to fix this."

"WestRock's asset base is of significantly lower quality than that of competitors and," PrimeStone claimed in its letter, "it has been underinvested for a decade and its upgrade will require large sums of capital."

IP's "share price has not performed well in the last five years and its performance relative to PCA has been unsatisfactory," PrimeStone Capital added.

"However, this gap (for IP) also suggests a significant potential for value creation given the quality of the asset base. According to our due diligence, crystallizing this potential will

notably require a significant shift in commercial approach in corrugated. This is exactly what (Smurfit Kappa) is known to be good at," PrimeStone Capital said.

Talk in the US market since the Smurfit Kappa/WestRock announcement focused less on a different mega deal, and more on a Smurfit Kappa/WestRock combination - and what IP might do in the aftermath. One contact claimed IP might do a one-off of a strategically well-located mill or even do a full-on large acquisition.

IP leaders have told of improving their corrugated converting business and IP recently developed its first brand new box plant in years in Atglen, PA.

### **The sound of 'mega mergers.'**

Either way, a big or small deal, one financial analyst this week told *P&PW* that "market players have woken up again to the music of mega mergers."

This interest comes after two years of surging demand during the onset of COVID in 2020 to early 2022 followed by the last almost two years of destocking and plummeting box demand since mid-2022. Still, contacts noted that the largest companies made a lot of money in 2020 and 2021, lost some of that gain in 2022 and 2023, and now appears poised with what may be a coming recovery of sorts to grow and add position especially as interest rates start declining.

"I hear all kinds of rumors," a company official with an integrated producer said early this week, about potential deals. The contact cited two major integrations and a major US national converter, for example.



"I'm getting the same vibe," another contact with a linerboard supply company said. "I think the (European) players will start to consolidate and, also, (there's) potential for (them) coming to the US and merging/acquiring. The WestRock/Kappa thing will resonate with them."

Despite the PrimeStone letter, contacts seemed most smitten with or understanding of a Smurfit Kappa/WestRock deal.

"To be honest, I do not necessarily see this huge additional synergy with IP over WestRock," a US analyst said. "IP just has a couple of European mills, so we are ultimately back down to wondering what exactly is the value of creating a transatlantic containerboard/corrugated company without substantial current footprint overlap in the primary markets of North America and Western Europe."

"I think the synergy proposition on the overlap with WestRock/Smurfit Kappa Group assets in Latin America is clearer, as is the potential for exporting more WestRock boxboard to Europe," the analyst added. "From a re-valuation perspective, US producers may be getting higher valuations because of the more structured US industry and more stable US prices, so a more desirable merger might be one that furthers European consolidation rather than global."

## **M&A containerboard history.**

The last major M&As in North America for containerboard and packaging was the 2015 combination of RockTenn and MeadWestvaco into WestRock. Smaller deals before and after the RockTenn/MeadWestvaco

merger were RockTenn's 2011 acquisition of Smurfit Stone Container, the \$3.7 billion IP acquisition of Temple-Inland in 2012, and the \$3.5 billion WestRock acquisition of KapStone Paper & Packaging in 2018.

In 2005, Jefferson Smurfit merged with Kappa Packaging, which at the time was Europe's largest corrugated packaging manufacturer. Michael Smurfit's Jefferson Smurfit moved into the US market in 1998 by acquiring Roger Stone's Stone Container.

IP's M&A spree also included acquisitions of Champion International (2000), Box USA (2004), and Weyerhaeuser containerboard/box/recycling (2008). Two years before the Champion deal, IP acquired Union Camp for \$5 billion.

Today, following the M&As and consolidation the last 25 years, the business in the US/North America is about 70-75% integrated, with the four largest producers combined managing almost 70% of containerboard capacity, based on a Fastmarkets estimate.

The letter from PrimeStone Capital, is at <https://primestonecapital.news/>.

PrimeStone was founded by three former partners from The Carlyle Group, who specialized in buyouts, and "have invested and worked together across Europe for more than 23 years ... (and) share a prior experience as consultants in strategy and operations improvement with The Boston Consulting Group."

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## **NA board increase underway**

*>>> continued from page 2*

IP, the largest containerboard producer by capacity in North America with about a 29-30% share, followed with 14% corrugated box and 16% sheet price increases, effective Jan. 11. (The company also announced Jan. 1 price increases of \$50/ton on white top linerboard and \$70/ton on bag paper).

IP was the second producer to announce a Jan. 1 containerboard price increase. Packaging Corp of America (PCA) was the first with a Jan. 1 \$70/ton linerboard and \$100/ton corrugating medium price hike.

These increases come after \$220/ton in linerboard price increases in 17 months during the COVID demand surge from late 2020 through early 2022. Open market prices have since dropped \$110/ton for 42-lb unbleached kraft linerboard in the domestic market in the past year. High performance 35-/36-lb linerboard also dropped by \$110/ton and 30-/31-lb recycled linerboard dropped by \$120/ton, according to Fastmarkets' PPI Pulp & Paper Week pricing survey of the open market domestically.

The increase follows a 6-7% plummet in US actual box shipments during the last five quarters from third-quarter 2022 through third-quarter 2023 and comes as North American containerboard mills operated at just 85% of capacity with a consistent stream of monthly downtime for the last 15 months to try to reduce oversupply.

The oversupply resulted from a destocking campaign since mid-2022 along the box supply chain.

In the last week, containerboard producers seemed confident of their increases, boxmakers hedged in waiting, and end-users in some cases screamed in disbelief.

One buyer thought the increase creates an unwieldy “whipsaw effect” on box buyers from prices going down and then up so quickly. The contact noted that a \$70/ton increase in one month would eliminate two-thirds of the \$110/ton decline in kraft linerboard that occurred in the past year.

“It’s stunning,” the contact said.

Another contact, an executive with a national old corrugated container (OCC) supply business, saw the January increase as a “defensive move” to try to stop price declines. US 42-lb kraft linerboard and 30-/31-lb recycled linerboard prices dropped \$20/ton in November, according to *P&PW*’s pricing survey.

Various contacts told *P&PW* in mid-December that they believed destocking was over. Box buyers went into early 2023 with too many boxes and too much inventory. They then cut back dramatically their box buying and reduced inventory. This approach went on into late-2023.

One executive with a large integrated North America firm described the destocking as causing end-users late last week waiting to the “last-minute” to order boxes, rather than keeping to a typical and consistent order pace as in the past. This seemed to occur as five startup

recycled containerboard machines began operating last year.

Now, with the January price increases, which surprised some market contacts and caused some to outright say they would not pay more, a typical “hedging” effort was occurring.

“Everyone is trying to do the same thing – hedge,” a linerboard supplier said of boxmakers.

One boxmaker in the East in mid-December told of “not changing yet” his position with suppliers to pay a higher linerboard price in January. In the same sentence, he admitted, though, that he was in the middle of writing notices to his customers to pay higher prices for the converted product he sells them.

In Mexico, the No. 1 export destination for US kraft linerboard and a key US trade partner, a boxmaker said after Christmas what other US boxmakers had been saying, that November/December business came in a bit better than expected.

“Now the corrugated business seems very stable,” the executive said.

“We probably will start (slow) on 2024 indeed, but I believe after the first quarter, (that) we are expecting an improvement in demand. I’ve heard about the (North American/US) price increase for linerboard, but it hasn’t yet created any pricing movements in the sheet or box prices so far,” the contact said after Christmas.

The contact spoke of inflationary pressure on boxmakers and added that “many sheet plants” were

holding “pricing to our customers (and are) expecting a rebound in paper prices. ... I see an active economy in 2024 ... (and) that lower interest rates will create more investments and spending.”

In the US, a linerboard supplier this week said the “increase is starting to take a hold” and “let’s see what the week looks like. It’s a short week and business is still slow.”

- The **permanently-closed North American containerboard machines** in the last year or so are at the **IP** Orange mill; **Cascades** at Niagara Falls, NY; **WestRock** at North Charleston, NC, Tacoma, WA, and Minneapolis, MN; and **Greif** at Santa Clara, CA. These shutdowns occurred as startup capacity came on from **Domtar** in Kingsport, TN, **Atlantic Packaging** in Whitby, ON, **ND Paper** at its Biron mill in Wisconsin, **Cascades** in Ashland, VA, and **Pratt Industries** in Henderson, KY. The additional capacity totaled about 2.4 million tons/yr. The permanently shut capacity totals about 1.7 million to 1.8 million tons or nearly 75% of the startup capacity. In addition, one contact this week spoke of the potential of another permanent machine closure in the East.

- **Corrugated box prices** were reported to be down in both November and December, according to the survey report, according to the latest Supply Management (ISM) Manufacturing Business Survey Committee report (see full release on p. 16). Also, **November US industrial production** was down 1.4% compared with industrial production in November 2022, the



US government reported. Retail sales increased 0.3% in November on a sequential basis, and grocery store sales were up 2.6% year-to-date through November (compared with grocery sales in 2022 through November).

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## US OCC still on the rise

>>> continued from page 1

OCC in the Northeast and Southeast added another \$5/ton in January, increasing to \$90-95/ton, and \$90-100/ton, respectively. Prices for OCC in the Midwest, Southwest, Los Angeles, San Francisco, and Pacific Northwest regions gained another \$10/ton. These increases put prices in January at \$85-90/ton in the Midwest, \$90-95/ton in the Southwest, \$85-90/ton in Los Angeles, \$70-75/ton in San Francisco, and \$65-70/ton in the Pacific Northwest.

US OCC's average, at \$87/ton in January, is the second-highest average at the start of the year in the last five years, trailing the \$130/ton average in January 2022. This time last year, US OCC averaged \$29/ton. The \$87/ton average today means the one-year increase was \$58/ton, or by 200%.

In the last five years, OCC's average pricing in the US topped \$73/ton in January 2021, \$24/ton in January 2020, and \$69/ton in January 2019.

Buyers and sellers reported this week that OCC-consuming mills were "replenishing" their inventories after the yearend

holidays and downtime, as one major mill contact said. Mills anticipate running "well" this month, and as one mill contact said, "If there's extra (OCC) being offered, we're taking it."

Premiums either held firm or increased for orders in January for both mixed paper and OCC, contacts said.

"We are replenishing our inventory," a mill contact said. "We are doing our best to hold our premiums. ... There have been some higher premiums out there. Are we paying that? If that's what it takes."

Some major producers started off the year with lower raw material inventories than anticipated, upping their orders for bulk grades the first week of January.

Market dynamics impacting the pricing include lower generation of OCC, from reduced US box shipments, and the startup of 2.4 million tons/yr of recycled containerboard capacity on five machines in 2023 in the US and Canada.

**Mixed up \$10/ton.** For mixed paper, the \$10/ton tacked on to orders pushed up prices to \$45-50/ton in the Northeast, Southwest, and San Francisco regions, to \$50-55/ton in the Midwest, Southeast and Los Angeles regions, and to \$45/ton in the Pacific Northwest.

Mixed paper's \$49/ton US average in January is a significant rise from one year ago, at negative \$2/ton, when dried up demand sent tons to landfills. One year later, mixed paper has a

## US Recovered Paper National Averages – Nov. 2023 - Jan. 2024

(FOB seller's dock levels)

US average	Jan. 2024	Dec. 2023	Nov. 2023	Jan. % chg. year ago
Mixed paper	\$49	\$39	\$34	n.a.
Boxboard cuts OBM	67	59	55	346.7
OCC OBM	87	79	75	200.0
DLK OBM	104	96	92	153.7
SRPN	60	50	46	150.0
OMG	81	77	77	-52.1
CGS	78	73	73	-53.6
SCN	150	150	150	-22.3
WBN	244	244	244	-19.5
Unprinted SBS	249	249	254	-35.3
HWS	268	268	273	-33.7
HWEC	294	294	299	-30.8
SOP	133	131	131	-39.0
CBS	131	129	129	-39.6
Heavy print SBS	159	156	156	-36.1
SWL	196	194	194	-27.5
MWL	203	201	201	-27.5
Light print SBS	\$205	\$203	\$203	-28.3%

Notes: Pricing is based on levels to mills and numbers are rounded. PPI Pulp & Paper Week legacy national average prices, except for OBM national averages for boxboard cuttings, old corrugated containers, and new double-lined kraft corrugated cuttings. Added in July 2017 were the new mixed paper and sorted residential papers & news (SRPN), which replaces the retired old newspapers No. 8. n.a.=not meaningful.

Source: PPI Pulp & Paper Week.

premium and buyers cannot get enough of the material.

While every major producer reportedly maintained or elevated demand for US OCC in January, large mill groups sought additional mixed paper this month, according to buyers and sellers. Pratt's recent startup in Henderson, KY, has dipped into multiple regions for tons, contacts said, as mills owned by Georgia-Pacific and others had demand for mixed paper.

There also were varying reports this week that one large containerboard producer "has started to run a little bit of mixed paper," as one contact said on Jan. 4.

Of the startup capacity last year, these mill groups plan to add more mixed paper as part of their raw material furnish, replacing OCC in 2024. This

includes Domtar's Kingsport mill, Cascades' Ashland, VA, mill, Atlantic Packaging's Whitby, ON, PM, and ND Paper's Biron mill PM in Wisconsin. Biron already has been buying mixed paper, contacts said, as has Cascades' Bear Island mill, the latter which has been making sellable tons since November 2023, contacts said.

Cascades' Bear Island mill in Virginia could potentially get up to 50% mixed paper for its corrugating medium output on the converted PM, and up to 20% mixed paper for linerboard production on the machine, contacts said.

In January, at least three mills bought boxboard cuttings due to the lack of supplies for mixed paper, sources said. Some of these mills were containerboard operations rather than boxboard mills.

Insulators continued to seek No. 56 sorted residential papers and news and prices increased by \$10/ton in every US region.

"In January we are running full out, and our order books are solid," a large containerboard mill contact said.

The rises this week occur as five of the six largest North American containerboard firms called for a Jan. 1 linerboard rise of mostly \$70 for domestic markets.

For traders that sell both domestic and export, especially off the US East Coast and Chicago ports, tons sold to US mills seeking the bulk grades. Contacts said they prefer to avoid the risks of shipping export, especially with the Red Sea-

Suez Canal shipping crisis this week, as well as facing rejections and delays. Export demand for US OCC, DLK, and mixed paper also increased prices for January orders (see story, p. 11).

**Supplies soft.** US mill demand at the start of the year is met with still reduced supplies. Contacts across the US continued to tell of year-over-year declines in generation, despite the holiday season that typically sees an influx of recovered fiber supplies. February historically is the lowest generation month of the year for recovered fiber tons.

Contacts pointed to slacking supplies from automotive plants, and specialty sectors, including home delivery kits, among other once-reliable sources of OCC. Combined with the yearend downtime and shutdowns that generators took, OCC supplies are short.

A mill contact in the South said this week that typically his company sees growth in OCC supplies at this time from holiday shopping "but we've seen a retraction, showing generation is off in some locations."

• **California's "Advanced Clean Fleets" regulation** is delayed, which requires trucking companies to purchase an increasing percentage of electric trucks in the coming years. According to a report in the *Wall Street Journal*, drayage operators are struggling to charge their equipment and maintain deliveries on time, a report said this week.

• **Midland Davis** promoted **Leonard Zeid** to pres of the company's brokerage div. Zeid, who has been with Midland

## US Recovered Paper Price Ticker\*

(FOB seller's dock per ton.)

	2024	
January		\$137
	2023	
December		131
November		130
October		129
September		126
August		122
July		125
June		132
May		141
April		149
March		152
February		160
January		\$161

\* Ticker is the average from the combined US average domestic mill prices for mixed paper, sorted residential paper & news (SRPN), old corrugated containers (OCC), hard white envelope cuttings, sorted office paper, and sorted (post-consumer) white ledger. Effective in July 2017, the ticker includes new grades mixed paper (54) and SRPN (56). The SRPN replaces the retired ONP No. 8.

Source: PPI Pulp & Paper Week.

Davis since 2005, is a recovered paper industry veteran. Zeid also was on the Institute of Scrap Recycling Industries' (ISRI) Board of Directors, a past chair of the ISRI Paper Division, and ex-pres of the Paper Stock Industries group.

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## Recovered paper

### **DSOCC up \$15/ton FAS from US West Coast ports as shipping crisis shifts demand**

The Red Sea shipping crisis shook up the export market this week, shifting demand for US recovered fiber tons more to West Coast ports, contacts told Fastmarkets' *PPI Pulp & Paper Week* this week. Freight rates started to soar as did pricing for US bulk grades to Southeast Asia as ships are rerouted, and demand for US tons shifts to the West Coast.

The ordeal on the waters means that it is easier for tons to get to Southeast Asia off the US West Coast rather than the East Coast. This resulted in crickets from India for bulk grade orders in January, while Southeast Asia added more money behind trades to secure orders.

Shipping giant Maersk said on Jan. 5 that it will divert vessels away from the Red Sea "for the foreseeable future," according to reports, among safety concerns stemming from attacks by Houthi militants. "The diversion means avoiding the quickest path between Europe and Asia through Egypt's Suez Canal, and taking the longer Cape of Good Hope route around southern Africa," CNBC reported.

The slowdowns occur as "robust" demand from mills in Southeast Asia spurs buying and pricing rises for January orders despite China's Lunar New Year in February. In years past, with China's behemoth buying of 14 million tons/yr of US recovered fiber, demand for fiber would scale back at the start of the year so as to avoid tons showing up to Chinese ports during the holiday downtime. Major containerboard producers including Nine Dragons, Lee & Man, and Shanying International have planned downtime for the Lunar New Year. With some production shifted to Southeast Asian mills, mostly making a recycled brown pulp for use in China's production of containerboard, contacts this week described elevated demand against slowed supplies.

"We have not felt any downward price pressure from all the announced China downtime," a seller contact said on Jan. 4. "(The) Red Sea-Suez (situation) is throwing a monkey wrench into the East Coast export business."

### **DSOCC increases 6/7 months.**

Prices for US old corrugated containers (OCC) and new double-lined corrugated kraft cuttings (DLK) increased by \$15/ton FAS out of the Los Angeles/Long Beach ports, and by \$5/ton FAS out of the New York/New Jersey ports.

As of Jan. 5, OCC for export to Asia moved up for No. 11 OCC to \$167-170/ton FAS out of the Los Angeles/Long Beach ports and \$157-160/ton FAS out of the New York/New Jersey, and for No. 12 DSOCC to \$177-180/ton FAS out of the Los Angeles/Long Beach ports, and to

\$167-170/ton FAS out of the New York/New Jersey ports.

DSOCC pricing increased for six out of the last seven months.

Prices for DLK to Asia grew to \$187-190/ton FAS out of the Los Angeles/Long Beach ports, and to \$177-180/ton FAS out of the New York/New Jersey ports.

For mixed paper, pricing moved up by \$5/ton FAS out of the New York/New Jersey ports to \$92-95/ton FAS, and by \$15/ton FAS at the Los Angeles/Long Beach ports to \$97-100/ton FAS.

Contacts reported on Jan. 4 increases of \$300/container by shipping companies.

"The OCC price is moving up," a large seller contact said. "(A) lot of mills were waiting for prices to drop during the holiday periods, but it did not happen. With the Suez Canal/Middle East issues, shipping companies also have announced the ocean freight increase ... (and) CIF sales prices for various grades have increased in January."

**SOP holds, CGS rises.** Prices for export SOP held unchanged month-over-month, buyers and sellers said. A slight uptick in demand from Mexico and India did not reflect in pricing rises, contacts said. Export SOP pricing remained at a high side of \$210/ton FAS out of the New York/New Jersey ports, and \$215/ton FAS out of the Los Angeles/Long Beach ports.

Buyers also sought more coated groundwood sections (CGS) off the West Coast in January, hiking up prices out of the Los Angeles/Long Beach ports to \$107-110/

ton FAS to mills in Indonesia, South Korea, and Thailand, among others, contacts said. Generation of these grades dipped in the last few weeks.

"A buyer in Indonesia who hasn't been in the market (is) back in," a seller contact said of CGS orders for January.

- In China, **Shanying International** announced on Dec. 29 that most machines at its five existing board mills will be down for 12-17 days in February, reducing output by 270,000 tonnes, *PPI Asia* reported. This is in addition to the early December announcement of downtime at its Jiaying mill in Zhejiang province between Jan. 15 and Feb. 15, which will reduce production by 82,000 tonnes. Shanying International is the second largest containerboard producer in China behind Nine Dragons with about 8.4 million tonnes/yr of capacity. Also, *PPI Asia* reported that **Dongguan Jinzhou Paper** will halt production on its six recycled containerboard PMs in Dongguan city, Guangdong province, southern China, on Feb. 3. Two machines will run down until Mar. 1. Four other machines will be down until Feb. 17.

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## RCP high grades

### SOP prices mostly unchanged as printers 'still not back'

US deinking high grade prices remained unchanged again in January, save for a \$10/ton bump up in the Midwest region, according to Fastmarkets' *PPI Pulp & Paper Week* Jan.

5 pricing survey and market report. Pulp substitutes pricing also held firm, in every US region, for January orders.

Contacts in the Midwest described elevated demand for sorted office paper (SOP) vs slowed generation as printers "have still not come back as" anticipated, one supplier said.

High grades generation, especially SOP, is short, and hasn't bounced back since COVID, contacts said.

The \$10/ton rise in the Midwest increased SOP's pricing to \$130-140/ton at the FOB seller's dock in January. One seller in the Midwest claimed buyers "are fighting over (SOP) right now."

"SOP is so much easier to move today," a seller contact said.

The Midwest move up in price for SOP increased SOP's national average in January by \$2/ton month-over-month to \$133/ton. Compared with one year ago, average US SOP prices are down \$85/ton, or 39%, from a \$218/ton US average in January 2023.

The mostly unchanged pricing for SOP this month follows firm prices in December. SOP prices fell for 11 months in a row through November 2023.

The Away-from-Home (AfH) tissue sector continued to show signs of growth, recycled-content tissue mill contacts said this week. Even with some downtime, contacts said they were "back to our regular (and) contracted orders as of (the) first week of January," as one mill contact said.

"All (are) moving well without any hiccups or panic demand," a seller of SOP in the Southwest said.

**CGS up \$5/ton.** Tissue mills also reportedly bought more coated groundwood sections (CGS) for January, buyers and sellers said. With more demand vs shorter supplies in recent weeks, CGS pricing increased by \$5/ton at the FOB seller's dock in every US region, except for in the Northeast. In that region, contacts reported unchanged prices, especially as at least one mill stopped using CGS in its furnish, as well as limited export orders out of the New York/New Jersey ports.

In the Midwest, contacts reported extra demand for CGS and old magazines from tissue mills.

The recent update from Fastmarkets' *US Tissue Monthly*, with data from November, revealed that the AfH tissue sector's growth late last fall was 0.8%, the slowest growth month after three months of strong shipment figures, the report said.

"Bathroom tissue and AfH toweling showed some improvement, facial tissue was stable, but the napkin sector was negative," according to the November *US Tissue Monthly* report.

**Pulp subs prices hold.** For pulp substitutes, buyers and sellers said the heightened prices seen as of late for virgin pulp have yet to trickle down to secondary grades. Prices held firm for all pulp subs in January, according to *P&PW's* Jan. 5 pricing survey for the week. Hard white envelope cuttings (HWEC), at a US average of \$294/ton at the FOB seller's

dock, is down \$131/ton, or 31%, from a \$425/ton US average one year ago in January 2023.

Mills last year reportedly stocked up on both virgin pulp, especially bleached eucalyptus, as well as pulp substitutes, and inventories remain well-stocked for the most part. Demand for raw material is slightly ticking up, contacts said.

After stagnant orders for months, contacts said buyers are sniffing around for HWEC.

“This market has been very quiet the past few months, and just a few calls received from potential consumers got the generators’ attention,” a contact said. “Mills are probing to determine availability and quality, which is more activity for the grade than what has been exhibited in quite some time.”

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## Tissue

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### **Sofidel signs a purchase agreement for acquiring ST Duluth PM, as its demand rises**

Sofidel continued its growth spurt in the US by signing a purchase agreement to acquire ST Paper’s converted tissue paper machine in Duluth, MN, a Sofidel official told Fastmarkets’ *PPI Pulp & Paper Week*.

The former Verso Paper print and packaging paper machine was converted to tissue paper by ST Paper. The 71,500 tons/yr machine started up in January 2023.

The ST machine purchase would follow Sofidel’s announcement last September to spend \$185 million

on adding another tissue paper machine at its mill site in Circleville, OH. The company plans a Valmet DCT 200 machine at Circleville. The startup of the machine is planned for second-quarter 2025. Sofidel’s startup date for the Duluth PM was not provided this week.

Adding the ST and Circleville machines would expand Sofidel’s tissue capacity to an estimated 530,000 tons/yr by 2026, ranking Sofidel as the seventh or eighth largest producer in North America, according to Fastmarkets *US Tissue Monthly* statistics. The top six largest today are Georgia-Pacific, Procter & Gamble, Kimberly-Clark, Cascades, First Quality, and Kruger.

“This is an important acquisition, allowing us to immediately meet the growing demand, which saw a significant upturn in 2023,” said Sofidel CEO Luigi Lazzareschi, in a release published by *Paper Technology International*.

“What we are acquiring is a technologically advanced plant that further improves our geographic coverage and creates the conditions to strengthen and sustain growth in what is our main market,” Lazzareschi added.

Raised in Italy, where Sofidel is headquartered, Lazzareschi attended the University of South Carolina.

He’s built the company up in capacity in the US from its machine in Haines City, FL, throughout the mid-section of America – which provides Sofidel national access to customers.

Since 2018, Sofidel spent about \$750 million installing tissue machines and converting line complexes in Circleville and Inola,

OK. Circleville’s capacity is 140,000 tons, and Inola’s is 135,000 tons/yr, according to Fastmarkets Mill Benchmarking Data.

The Circleville mill near Columbus, OH, started up in 2018 and the Inola complex started up in early 2020. Two machines started rolling at the same time at both Circleville and Inola. These four machines run on virgin pulp to make both consumer retail private label and Away-from-Home tissue products, according to the benchmarking data. The Circleville PMs are Valmet units and Inola’s are from Toscotec.

The Duluth machine runs on some deinked grades as well as virgin pulp and was made by Andritz, according to the benchmarking data. ST purchased the Duluth mill in 2021.

The company official this week also said that the Duluth City Council is expected to consider support agreements for Sofidel for the Duluth mill that were provided to ST Paper. The council is expected to consider the issue at the end of this month, the official said. The support agreements were for city, county, and state assistance.

In 2023, Sofidel was ranked 10<sup>th</sup> in tissue paper capacity in North America, according to the *US Tissue Monthly* capacity ranking.

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## **Pulp prices rise again**

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>>> *continued from page 1*

*P&PW* surveys. Domestic bleached softwood kraft (BSK) levels gained \$25-35/tonne as majors Paper Excellence and its subsidiaries Domtar and Resolute



Forest Products completed \$80/tonne hikes that originally went into effect on Nov. 1. Meanwhile, bleached hardwood kraft (BHK) grades rose a bigger \$40/tonne, even though most buyers view availability as more abundant than BSK.

Benchmark NBSK final December effective list prices shot to \$1,350/tonne, up \$35/tonne, according to the Fastmarkets' *PPI Pulp & Paper Week*. Southern bleached softwood kraft (SBSK) rose \$25 to \$1,260. Both key grades' effective list prices rose to announced levels, despite a potential drag occurring in the wake of a pricing reversal in the key export market of China.

"NBSK demand has been pretty soft," said a US buyer contact prior to the holiday. "There is more volume available now vs two months ago, when the market was fairly tight and a lot of folks were shipping to China. The sentiment from then to now has changed in favor of buyers."

Since then, US spot market activity continued but *P&PW* does not publish a second round of spot market prices in December, with Dec. 15 marking the last spot prices of 2023. Anecdotal quotes toward yearend came in flat to slightly up in certain cases due to concerns about potential market-related downtime and mill closures that could hit NBSK (Dec. 15, p. 1).

**IP's January hike.** Meantime, International Paper (IP) produces NBSK and SBSK in addition to fluff pulp – a grade in which it announced not only a \$30-50/tonne increase on December business, but an additional \$30-50 increase that went into

effect on Jan. 1. While the firm only announces fluff prices to customers globally, some view its NBSK and SBSK pricing activity as roughly mirroring its fluff moves. Judging by its spot market activity in the US as well as China – where it lifts prices during market rallies – that notion makes some sense.

For Jan. 1, IP announced a \$50/tonne fluff list price increase to customers in North America and Europe, and a "minimum" \$30/tonne price increase in all other regions. That would include net markets such as China, other Asian territories, India, and Middle East/North Africa (MENA) countries, among others, according to market participants.

China NBSK international prices reversed in December, tumbling \$35/tonne on average to \$730/tonne net CIF, according to

Fastmarkets surveying. In contrast, fluff international prices to China posted a small \$10/tonne increase, rising to \$890-930/tonne net CIF, according to *P&PW*. A bigger \$30/tonne hike faded after Chinese buyers balked and in many cases outright canceled deals inked in early December.

**Red Sea missiles behind MENA surge?** In contrast, international fluff prices to MENA countries increased sharply, according to market participants who told of \$50-70/tonne increases vs November allotments. Over the course of December, sources reported MENA prices ranging from \$920-970/tonne net CFR to *P&PW*. By month's end, most price quotes veered to the high end of the range as supply concerns grew amid anxiety about diverted container freight ships in the Red Sea.

**World market pulp producer inventories – November 2023**

(000 tonnes)



Note: Statistics represent 80% of capacity, and exclude China, Russia, and Indonesia. \*Month-end stocks divided by average daily shipments in the last three months.

Source: Pulp and Paper Products Council days-of-supply, Pulp & Paper Week raw tonnage estimate.

**Pulp inventories of consumers and ports – November 2023**

(000 tonnes)

	November 2023	October 2023	September 2023	% chg 2023/22
European consumers*	743	729r	719	10.2%
European ports	1,216	1,245	1,386	-8.6%

Source: UTIPULP (European consumer inventories for 11 countries), Europulp (inventories at ports for eight countries). \* Includes softwood and hardwood inventories, effective April 2020. European consumers' hardwood data was previously unavailable since August 2015, leaving only softwood. Figures are rounded. na = not available.



Iran-backed Houthi militants in Yemen began firing missiles at cargo vessels in the Red Sea in mid-December, resulting in many firms including Israel-owned Zim Integrated Shipping, Maersk and other major shippers to divert their ships south from the Red Sea. In addition to impacting MENA pulp markets, it could stifle European NBSK shipments to China and other Asian markets because it's a gateway to the Suez Canal – the fastest route from Europe to Asia. So far, the impact has been sharply higher freight rates and delayed shipments as vessels circle south of Africa.

**5<sup>th</sup> straight BEK hike.** In BHK markets, US BEK December final effective list prices increased \$40/tonne to 1,135/tonne, while North American-produced BHK increased to \$1,125, also up \$40. While posting a fourth straight increase, the rise was less than announced and US buyers widely say none of the hikes went up on a scale that reflected \$80/tonne rises.

Brazilian producers Suzano and Eldorado separately announced third consecutive \$80/tonne increases to North American and European customers, and a \$10/tonne net price increase to China. Producers of BEK say that US markets are relatively tight, with little drop-off in China to pare down North American momentum.

"I don't see any reason why the hike is not implemented. I don't see desperation for suppliers to get volume since China remains strong," said a contact at a global BEK producer. "Some say there are too many price increases (but) this is just the traction. Volumes are going, stocks are not up,

and stocks in Europe are down. I don't see anything different to yearend for this to change."

**Poll: Global stocks down 30,000 tonnes.** Global pulp producer inventories are slightly down, after worldwide chemical market stocks posted a one day-of-supply decrease in November to close the month at 40 days-of-supply, the Pulp and Paper Products Council (PPPC) reported. Global shipments increased 8.3% in November vs the same time last year, totaling 4.722 million tonnes.

Global market pulp producer stocks decreased one day-of-supply to close November at 40 days-of-supply. The decline came after the PPPC revised October stocks up from its originally reported 40 days to 41 days-of-supply.

According to a *P&PW* poll of industry analysts, November's one-day decrease in producer stocks corresponded to a 30,000 tonne drop that saw inventories close at an estimated 6.375 million tonnes.

Worldwide inventories at bleached softwood kraft (BSK) market pulp producers decreased one day-of-supply to close November at 37 days of stock. Bleached hardwood kraft (BHK) stockpiles were little changed, closing November at the same 43-day level as its revised October figure. Originally, the PPPC reported BHK stocks had closed October at 42 days.

As November global market pulp shipments increased the 8.3% vs year-ago results to 4.722 million tonnes, it was also a 5.4% rise vs the prior month's 4.481 million tonnes, according to PPPC figures. Global BSK pulp shipments

totalled 1.984 million tonnes in November, up 4.6% vs year-ago shipments of 1.896 million tonnes and a similar rise vs the prior month's 1.897 million tonnes.

Worldwide BHK shipments totaled 2.583 million tonnes in November, up 11.8% vs year-ago shipments of 2.311 million tonnes and a 6.7% gain vs October shipments of 2.421 million tonnes. The shipment-to-capacity ratio, which some watch as a key indicator of demand, jumped seven points in November to close at 92%. That was also four points above the 88% shipment-to-capacity ratio of November 2022.

- Chilean producer **Arauco** revised down its list price for January orders of bleached radiata pine (BKP) by \$20/tonne to \$760/tonne, while those for unbleached softwood kraft (UKP) pulp were also adjusted down by \$20 to \$720, Fastmarkets *PPI Asia* reported on Jan. 2. Arauco, which initially announced flat BKP and UKP prices on Dec. 14, also left its January BEK price flat at \$650, while BEK competitors Suzano and Eldorado are seeking \$10 hikes on January business in China.

- **AV Terrace Bay** on Jan. 2 announced the temporary closure of its pulp operations with immediate effect due to "prevailing market conditions." The announcement affects about 400 employees. Industry contacts cited an upcoming closure at the 320,000 tonnes/yr of NBSK market pulp mill, located on the north shore of Lake Superior, throughout December (Dec. 15, p. 1). "The mill will be put into a state of warm idle to facilitate a

possible future restart," AV Terrace Bay said in a release.

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## Graphic sets a Feb. 1 hike

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>>> continued from page 1

minimum of 6% for shipments in the US and Canada. Before the converting price increase, Sonoco announced a price increase of its URB paperboard.

"This (converting) price increase is necessary due to continued increases in costs for uncoated recycled paperboard, our primary raw material," said Sonoco North America VP of sales and marketing for its converted paper products div Mike Thompson.

The URB \$50/ton increase for Sonoco will also be effective Feb. 1.

In December, contacts reported flat prices. Some had reported supply/demand conditions as "steady" or "better than expected" when considering the lag in demand experienced through 2023.

A contact last month said, "I haven't seen much change in CRB. Seems pretty stable," noting that he didn't see the same "aggressiveness" to secure business that he saw for solid bleached sulfate board (SBS) folding carton paperboard.

A different source said demand for CUK was still the busiest of the substrates but that orders had slowed a little.

Another converter this week claimed that CUK may be increasing.

Last month, there were still a lot of reports of foreign mills inquiring for business in the US but that the trend hadn't "moved the needle on any domestic prices."

The increase comes after prices decreased last year, according to *P&PW's* pricing survey of boxboard grades in North America. From Dec. 2022 to Dec. 2023, the URB price in North America fell by \$80/ton while CRB and CUK were both down by \$20/ton. These declines occurred after prices across boxboard grades increased by \$300/ton to \$500/ton during the COVID-influenced demand uptick into 2022.

As of the latest *P&PW* survey, CRB is sitting at \$1,450-1,490/ton while CUK is at \$1,450-1,490/ton, and URB at \$1,010-1,030/ton.

Current numbers are significantly higher than in 2019, which is frequently referred to as the last "normal" year in the market.

In December 2019, CRB was at \$870-890, CUK at \$1,120-1,160, and URB at \$720-740, according to *P&PW*.

● **Graphic Packaging** named Mark Connelly Sr VP, investor strategy and development. Connelly has more than 20 years of experience as a securities analyst and strategy consultant.

● **Menasha Packaging** purchased two Highcon Beam 2 Digital Die Cutting systems for folding carton production, Highcon reported in mid-December. The two digital die cutting systems will be installed at one of Menasha's converting

plants. Menasha operates 100 facilities across North America and Europe. Menasha makes carton and corrugated packaging and operates a North American network of fulfillment centers for customer to use for distributing their products both to stores and online.

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## Kraft paper

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### UBL paper shipments up 5.3% YOY in Nov., and YTD volume up by 0.9%

November unbleached packaging paper shipments increased again year-over-year, with shipments up 5.3% in November on a year-over-year basis.

The American Forest & Paper Association (AF&PA) reported that November unbleached packaging paper and specialty packaging shipments totaled 156,900 tons. Year-to-date unbleached shipments were up 0.9% and totaled 1.781 million tons (compared with year-to-date shipments in 2022 through November).

Market contacts reported to Fastmarkets' *PPI Pulp & Paper Week* the last two months that paper bag shipments were up at least slightly from holiday demand at grocers and retailers.

The comparison this year is easier year-over-year as overall packaging board and paper demand was weak in fourth-quarter 2022 from destocking along the supply chain by end-users.

November unbleached bag and sack shipments were up 4.8% and totaled 1.014 million tons through November this year, and unbleached converting and other shipments, such as envelope mailers, were up 9.3% at 402,700 tons, according to AF&PA statistics.

Multiwall sack shipments were down 16.8% at 305,600 tons through November this year, compared with shipments last year through November.

One large packaging paper producer reported good bag demand from grocers and retailers for the holidays, and “orders into February” yet still with some machine time available.

US unbleached and bleached kraft paper prices were unchanged in December, even after North American linerboard and corrugating medium prices declined by \$20/ton in November.

Levels for kraft paper held at \$870-900/ton for 30-lb unbleached converting bag, \$830-860/ton for 50-/70-lb unbleached grocery bag, \$1,010-1,020/ton for 50-lb unbleached natural multiwall sack, \$1,160-1,190/ton for 50-lb unbleached extensible high-strength multiwall sack, and \$1,120-1,150/ton for bleached grocery paper, according to Fastmarkets' *PPI Pulp & Paper Week* pricing survey.

• **US food service** and drinking place sales combined were up 11.5% this year through November, compared with sales in 2022 through November, the US government reported. Also, US retail sales increased in November, from October, by 0.3%, reflecting holiday buying.

• **Heinzel Group** acquired the former **UPM** newsprint Steyermühl mill in Austria and plans to convert the mill into a producer of up to 150,000 tonnes/yr of brown and white low-grammage kraft papers, reports said on Jan. 1-2. The conversion is to be completed in second-quarter this year and the kraft paper made at the mill will be marketed as Heinzel Group Starkraft paper.

• **MM Kwidzyn** is closing its kraft paper machine No. 3, with the machine's last production run in early 2024, the company said. MM Kwidzyn in Poland will stop making its IPACK ESSENTIAL, IPACK BROWN, and IPACK ULTRA grades.

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## Boxes

### **Hood acquires Sumter firm in South Carolina; York and Atlantic start up Elgin, IL, plant**

Hood Container Corporation said it acquired the corrugated packaging business of Sumter, SC- based Sumter Packaging, in a deal that is to help Hood's business in the “growing Carolinas/Georgia region” and with the “national market for high graphics packaging.”

Hood is the 11<sup>th</sup> largest containerboard producer by capacity in North America, according to Fastmarkets capacity figures.

The acquisition for Hood “includes all of Sumter's design, manufacturing, assembly and fulfillment operations in Sumter,

SC, as well as the business manufactured and serviced from the Statesville, NC, facility,” the company reported on Jan. 5.

Hood Container Corporation pres/COO Charlie Hodges said in a company release that “Sumter's location and asset capabilities allow Hood to continue its reach into both a new market geography and continued expansion into exciting new product markets as we continue to integrate Hood's industrial corrugated operations with our mill system.”

“Our roots in packaging go back over 100 years. Sumter Packaging was founded by Ed Fienning with traditions of family values, delighting our customers and being a strong community partner,” said Sumter Packaging Corporation CEO Benjamin DeSollar, in the release.

“We are excited to be joining a family-owned company in Hood with strong values, vision, and the capability to further improve on the strengths we already have with its national network and the ability to offer vertical supply chain integration,” he said.

• **York Container** reported the December startup of a 400,000 ft<sup>2</sup> corrugated converting plant in Elgin, IL. York Container reported that it's part of **Atlantic Packaging**, which started up a new recycled containerboard machine in about the spring of 2023 in Whitby, ON. York Container said the Elgin plant focuses on “performance, innovation, and use of cutting-edge technology” as well as multi-color flexo printed boxes and with a “customizable” facility for making and designing

boxes. "The full-line box plant offers corrugated sheets, brown printed shippers, and high graphic specialty packaging solutions beyond the standard box plant," the company said in its release in early December. The plant runs Atlantic Packaging recycled containerboard.

• **DS Smith** installed new steam recycling technology that is to reduce energy consumption by 20% at its Columbia, SC, corrugated packaging plant, the company said in a Dec. 18 release. The multi-million-dollar Baviera Steam Systems equipment recovers condensate "typically lost in the corrugation process," DS Smith said. DS Smith makes water-resistant Greencoat coated boxes for poultry and produce, the company said. DS Smith said that its proprietary Greencoat material is a replacement for wax on boxes. "With this investment, we are decreasing the amount of natural gas consumed at the facility by 20%, substantially reducing CO2 emissions while also enabling faster throughput," said DS Smith North America Packaging managing dir for packaging Steven Rose. DS Smith also said that the company makes GreenTote boxes at the Columbia plant. GreenTote is an alternative to plastic grocery bags.

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## GP big spend set for tissue

>>> *continued from page 2*

International Paper (IP)); the No. 2 or No. 3 largest in US consumer store sales for consumer tissue products alongside Procter & Gamble and Kimberly-Clark, and

the largest producer in North America based on tissue paper mill capacity; the fourth largest in containerboard capacity in North America behind IP, WestRock, and Packaging Corp of America; and the second or third largest in capacity for unbleached kraft paper in North America (behind WestRock), according to Fastmarkets capacity figures and estimates.

The company in a Dec. 20 release said that "these capital improvement projects include launching and completing new facilities and enhancing existing operations. Each investment helps Georgia-Pacific better serve customers, and increase productivity and efficiency, while also creating greater economic opportunities for each facility's local economy."

GP's announcement of the \$2 billion in capital spending came as the North American pulp and paper market production declined year-over-year and prices retreated from highs during the COVID surge. Two other majors are expected to report 2023 capital spending of \$1.1 to \$1.2 million (based on guidance) for IP and \$1.1 million for WestRock, a Wall Street analyst and one company official told Fastmarkets' *PPI Pulp & Paper Week*.

In tissue, GP reported that the "last structural beam" was erected for a \$550 million project to add a through-air-dried (TAD) tissue paper machine at its Broadway mill in Green Bay, WI. The TAD will make paper for Brawny paper towels. GP also said it would add production capacity in the West at its Halsey, OR, tissue paper complex.

**New TAD in Green Bay.** The construction on the Green Bay Broadway TAD was to be completed this year. Fastmarkets' *US Tissue Monthly* report in December said that the 80,000 tons/yr TAD was to run in second quarter this year.

"The new TAD machine will produce thousands of tons of paper that will be converted into millions of cases of Brawny paper towels and other premium private-label brands," GP said in a release.

"This investment will significantly enhance the company's retail consumer towel business and expand the facility by adding" about 600,000 ft<sup>2</sup>, GP said.

**Halsey capacity add.** In Halsey, GP in December announced a \$150 million spend to "increase production capacity for high quality bath tissue, including Quilted Northern Ultra Plush and private label tissue," the company announced. Halsey is about 25 miles from the University of Oregon in Eugene and about 85 miles from Portland.

The project is a "clear indication of Georgia-Pacific's focus on growing our premium tissue business and creating products that consumers value," said GP pres of its retail tissue, towel, and napkin business Vivek Joshi.

GP did not publicly reveal if the project calls for a new machine or rebuild. *US Tissue Monthly* last month reported that the work for adding paper capacity at Halsey was to be completed in third-quarter 2025. *US Tissue Monthly* listed the capacity addition as 22,000 tons/yr.

**New corrugators.** In about a \$175 million combined spend, GP is replacing and starting new corrugators in three locations, and upgrading the woodyard at its large Monticello, MS, unbleached kraft linerboard mill.

GP also expects this year to complete a \$160 million pulping project at its 600,000 tons/yr Brewton, AL, white top linerboard, and cupstock and folding carton paperboard mill, the company said last September. Lime kilns are being replaced, and a new green liquor clarifier and white liquor clarifier, a stabilization tank, and truck unloading area are being added. The project helps “stabilize our liquor processing systems, and reduce chemical and energy usage and maintenance expenses,” said Brewton mill VP and general mgr Jerry Clark in a release.

At least one of the three corrugators started up, in Owosso, MI, which is near East Lansing, MI. Two other corrugators were announced for GP converting plants in Bradford, PA, and Lebanon, TN.

In Bradford, the company said it would spend \$34 million on a “significant upgrade” including a new corrugator, two new converting lines, and upgrades to the shipping department. GP had said it would spend more than \$20 million at its sheet feeder plant in Lebanon, replacing the plant’s corrugator with a new one. The planned startup of the new Lebanon corrugator was to be in first-half 2024. The Owosso spend was for \$30 million.

**Log/chip project at big Monticello KLB mill.** In containerboard, GP plans to invest \$91 million at the 1.11 million tons/

yr unbleached two-machine kraft linerboard mill in Monticello. Work began in 2023 for scales, cranes, a re-chipper, unbinding racks, and other equipment “needed to safely unload trucks, and prepare logs and chips for processing into pulp,” the company said.

“The new equipment will reduce truck unloading times, improve truck traffic flow, allow for longer logs and improve wood yield. It will also improve the facility’s competitive position in the industry and will strengthen the mill’s relationships with wood suppliers,” GP said.

Fastmarkets Mill Benchmarking data called the GP Monticello mill one of the “most productive linerboard mills in the world. It has two machines that make 26-90 lb linerboard. Both machines are wide and fast.”

**Recyclable paper-padded e-com mailers.** Also, for packaging, GP has been at the forefront, starting up three converting plants the last three years for making recyclable paper-padded packaging mailers, which Amazon Prime uses for e-commerce goods deliveries.

The GP plants are in Tolleson, AR, near Phoenix, where it operates a line, and in McDonough, GA, and Jonestown, PA.

In 2022, GP said it had “more than tripled capacity to help meet growing demand for more sustainable e-commerce packaging options.”

By June last year, GP said it had made its billionth EarthKraft recyclable padded mailer. GP earlier said that it also

was making an unpadded version for e-com deliveries.

**Two Dixie business projects.** GP announced projects in the US Southeast costing \$600 million for its Dixie business.

A new 900,000 ft<sup>2</sup> manufacturing plant is to open this summer as part of a \$425 million project in Jackson, TN. It is GP’s first new Dixie plant since 1991.

A company official said that the plant will make “high-quality, durable paper plates and bowls.”

For the Dixie business, another GP official said that “depending on the specific product (except for our cutlery products), our Dixie product substrate is between 80-90% fiber.”

“The state-of-the-art facility will significantly increase the supply of disposable tableware products - namely, plates and bowls - in the marketplace, while supporting the Livingware and GP PRO business segments,” the company said.

Also, GP completed a \$175 million project at its Dixie tableware plant in Darlington, SC, for the production of plates and bowls.

“The facility now has additional printing capability, state-of-the-art plate-forming presses, and a new finished goods warehouse,” GP said.

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## News briefs

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The **US’s Manufacturing PMI** registered 47.4% in December, up 0.7 percentage point from 46.7% in November, according to the



latest Supply Management (ISM) Manufacturing Business Survey report. "The overall economy continued in contraction for a third month after one month of weak expansion preceded by nine months of contraction and a 30-month period of expansion before that," according to the survey report from supply chain officials. The **New Orders Index** remained in contraction territory at 47.1%, 1.2 percentage points lower than 48.3% in November. The **Backlog of Orders Index** was 45.3%, 6 percentage points higher than November's 39.3%. "The US manufacturing sector continued to contract, but at a slightly slower rate in December as compared to November," said ISM chmn Timothy Fiore. "Companies are still managing outputs appropriately as order softness continues. ... Panelists' companies maintained production levels month-over-month and continued actions to reduce head counts in December, primarily through layoffs. ... **The Prices Index** dropped further into "decreasing" territory, signifying soft energy markets, offset by increases in the steel and aluminum markets." "None of the six biggest manufacturing industries registered growth in December, according to the report... **US real gross domestic product** (GDP) increased at an annual rate of 4.9% in the third quarter of 2023, according to the "third" estimate reported by the US Bureau of Economic Analysis (BEA). Second-quarter real GDP increased 2.1%. "The increase in the third quarter primarily reflected increases in consumer spending and inventory investment. Imports, which are a subtraction in the calculation of GDP, increased," the BEA reported. Profits increased 3.4% at a quarterly rate in the third

quarter after increasing 0.2% in the second quarter, according to the BEA. The BEA also reported that the value added of private goods-producing industries in the third quarter increased 10.2%, private services-producing industries increased 4.1%, and government increased 2.0%. Overall, 14 of 22 industry groups contributed to the third-quarter increase in real GDP, according to the BEA report... **American Trucking Associations'** (ATA) advanced seasonally adjusted For-Hire Truck Tonnage Index decreased 1% in November after increasing 0.8% in October, the ATA reported in late December. "We continued to see a choppy 2023 for truck tonnage into November," said ATA Chief Economist Bob Costello. "It seems like every time freight improves, it takes a step back the following month. While year-over-year comparisons are improving, unfortunately, the freight market remains in a recession. Looking ahead, with retail inventories falling, we should see less of a headwind for retail freight, but I'm also not expecting a surge in freight levels in the coming months." Compared with November 2022, the index fell 1.2%, which was the ninth straight year-over-year decrease... **US diesel fuel's** national average price was down by four cents in the last week, to \$3.972 per gallon on Jan. 5, AAA reported. The \$3.972 per gallon national average is 15.2% less than the average of \$4.685 per gallon on Jan. 5, 2023, according to AAA... **Costco Wholesale** grocery/retail stores reported a 9.9% increase in net sales for December 2023, compared with December 2022 store sales. The December 2023 month total was \$26.15 billion for the retail month

of December, up from \$23.80 billion in the December 2022 months. For the 17 weeks ended Dec. 31, 2023, Costco reported net sales of \$82.86 billion, which were up 5.9% on a year-over-year basis... Foodservice packaging and janitorial supply distributor **Imperial Dade** said it completed its 77<sup>th</sup> acquisition by recently purchasing Insight Distributing. Based in Spokane, WA. Financial terms of the transaction were not disclosed. Insight operates two facilities for customers in Washington and Idaho. "The Insight partnership provides great value in the large and growing Western market which is key as Imperial Dade expands geographically and grows nationally with our customers," said Imperial Dade's Robert Tillis... **Klabin** is purchasing 150,000 hectares of forestland along with wood from Arauco in Paraná state near two of Klabin's largest industrial units: Puma and Monte Alegre. The cost for the land and wood was listed at \$1.16 billion, Fastmarkets reported on Dec. 21. The deal covers 150,000 hectares, including 85,000 hectares of pine and bleached eucalyptus kraft (BEK) plantations and 31.5 million tonnes of standing wood. Of the \$1.16 billion spend, 3 billion Reais (\$614.54 million) is for the acquired wood, based on prices from the Afry consultancy (formerly Pöyry), and 2.8 billion Reais is for the purchase of the land. Disbursement is expected in the second quarter of 2024 after approval from shareholders and the Administrative Council for Economic Defense... **Sheridan** installed its first Komori Lithrone GLX844RP in the US at its Sheridan, MN, plant, the company said. The 8-unit, 44" perfecting



press is to be operating this month. “The GLX844RP’s 44” width revolutionizes printing capabilities, allowing Sheridan to produce sizes up to 7 ½” x 10 ½” as 32-page signatures—a significant advancement over traditional 40” presses limited 16-page capability,” the company said... **Democrat Printing and Lithographing** of Little Rock, AR, (DP&L) reported joining in a strategic partnership with **EP Graphics** of Berne, IN. DP&L, founded in 1871, said it has been in the print business through five generations of family ownership focused on printing magazines, catalogs, and other publications. “EP Graphics shares our core values and vision, as well as our history as a family-owned business, and we are confident that this transition will result in continued success and growth,” said DP&L co-owner and board chmn Frank Park III, in a release... **Minimum pay wages** increased in 22 states as of Jan. 1, media reports said. This year’s federal minimum increase is the first one since 2009 and the Great Recession. The federal rate was set at \$7.25 per hour in 2009. The minimum wage in seven states (California, Connecticut, Maryland, Massachusetts, New Jersey, New York, and Washington) along with Washington, DC, and 41 cities and counties now receive baseline pay of \$15.00 or more an hour. Twenty states mainly in the South and parts of the Midwest kept their minimum wages unchanged this year at \$7.25 per hour... **Ennis’** fourth-quarter revenue dropped by 5.1% to \$104.6 million, the company reported. Gross profits totaled \$30.5 million for a 29.2% margin, the company said. “Our results for the quarter were within our expectations

given this challenging economic environment, weakened demand and customer destocking,” said company chmn and pres/CEO Keith Walters, in a release. “Our gross profit margin showed a 180-basis point decline from the sequential quarter, decreasing from 31.0% to 29.2% and a 120-basis point decline compared to 30.4% in the same prior year quarter ...” Ennis in fourth quarter completed acquisitions of commercial printer **Eagle Graphics** and direct mail printer **Diamond Graphics**. “We will continue to explore acquisitions that make sense and hunt for new sales in new markets and new channels,” Walters said. “As part of our regular course of business we continue to monitor incoming order volumes so that we can proactively adjust our costs accordingly and maintain our profitability.”

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## People news

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**International Paper (IP)** announced that Santiago

Arbelaez, the IP VP of Strategy for the company’s industrial packaging business, was selected as the chmn of the **Paper and Packaging Board (P+PB)** Board of Directors. “As the Chairman, Arbelaez will collaborate closely with the P+PB leadership team and the eight-member Board of Directors responsible for funding the Paper & Packaging – How Life Unfolds campaign,” the release said. The How Life Unfolds campaign focuses on sustainability in the paper and packaging sectors.

**Billerud** appointed Andrei Krés as the company’s new CFO. Krés has been the acting CFO since August 2023 for Ivar Vatne and assumes the permanent role immediately, the company said recently. Vatne is now the CEO of Billerud, replacing Christoph Michalski who left the company in late July. Krés joined Billerud in 2011 and has since then held several different positions within the company including Head of Group Treasury, VP of Group Finance and since August 2023 as acting CFO.

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## PPI Pulp & Paper Week

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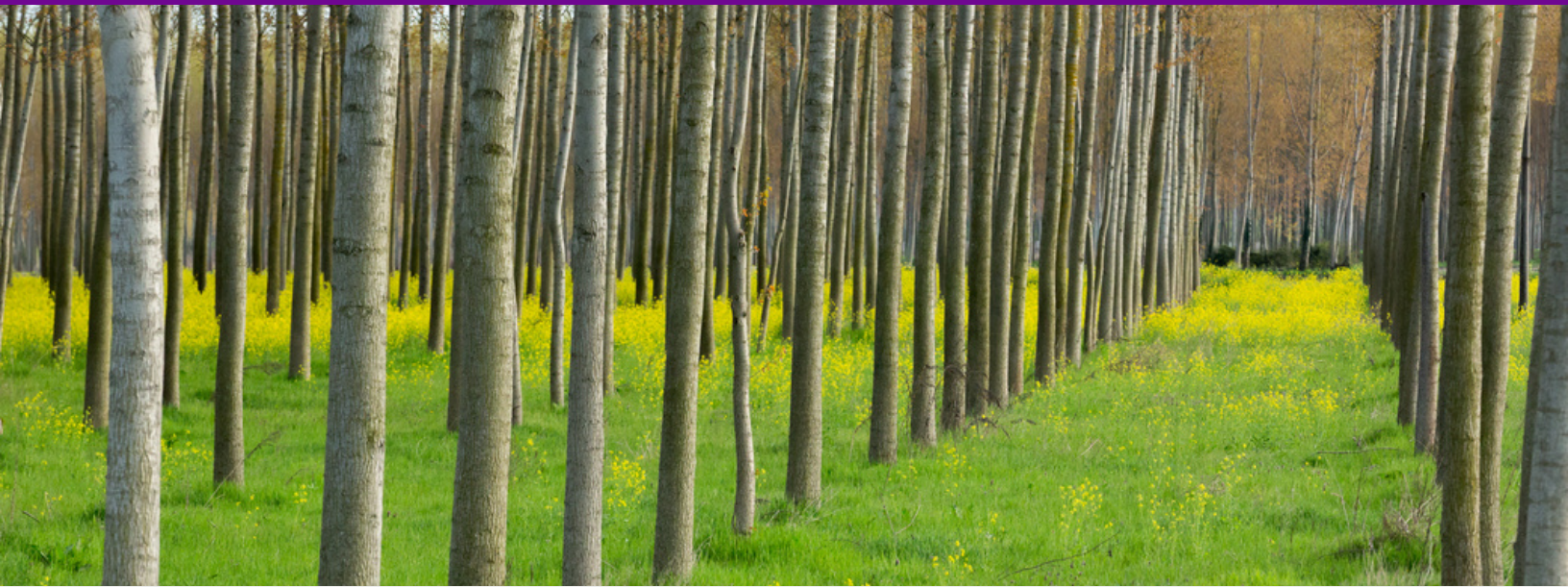
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