

# PPI Europe

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

## Mondi to buy Burgo's Duino mill, convert it to RCCM

Mondi has agreed to acquire Burgo Group's Duino, Italy, mill, which produces lightweight coated (LWC) paper, for Euro 40 million (\$40.8 million). Mondi plans to spend an additional Euro 200 million to convert the mill's sole paper machine to produce recycled containerboard (RCCM) and estimates that the annual capacity will be 420,000 tonnes/yr.

The deal is subject to regulatory approval and is expected to close by the end of the year.

Mondi noted that the Duino mill is situated near two important harbors and said that it is "ideally located to supply the group's corrugated solutions plants in central Europe and Turkey as well as serve the growing local Italian market."

Under the terms of the deal, the mill will continue to produce LWC paper through the end of 2023. Burgo will continue to manage sales until then.

The Duino mill currently has a capacity of some 200,000 tonnes/yr and employs 369 people, according to Fastmarkets RISI's Asset Database.

"We are excited by this opportunity to invest in the growth of our packaging business, build on our integrated platform and broaden our geographic reach," said Mondi Group CEO Andrew King.

## Russian PfR prices volatile as RCCM market slows

Following Russia's invasion of Ukraine, the burden of international sanctions on the country's economy has continued to increase, with more and more industrial sectors experiencing negative effects each month. Uncertain about the future, Russian citizens have cut down on shopping, and the slowing consumer market together with limited export possibilities have driven down demand and prices for containerboard and packaging products. Russian recycled containerboard (RCCM) prices tumbled by some 30% month on month in July and are expected to continue to fall further in August on lower demand. These developments are subsequently leading to high volatility in the Russian paper for recycling (PfR) sector.

PfR prices have fluctuated significantly for several months, particularly in July and August, with levels for old corrugated containers (OCC), or MS 5B as it is referred to in Russia, plummeting from April's Rouble 18,000/tonne (\$296/tonne) to as low as Rouble 5,000/tonne at the

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Amid unprecedented market volatility, Fastmarkets is holding a special one-day pulp and paper outlook seminar and field trip in Lisbon on Sept. 28.

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## PRICE WATCH: Italy

Euro/tonne (unless otherwise noted). Graphic paper and packaging paper prices as well as prices for paper for recycling are free delivered, buyer's facility.

	Most recent prices			Year-to-year	
	Aug. 2022	Jul. 2022	Jun. 2022	Aug. 2021	% chg.
<b>GRAPHIC PAPER</b>					
<b>Newsprint</b>					
45-g	795 - 940	785 - 835	775 - 925	450 - 500	82.6
42-g	805 - 970	800 - 850	790 - 940	465 - 515	81.1
<b>Uncoated mechanical</b>					
SC rotogravure reels, 56-g	870 - 1,045	860 - 925	800 - 1,000	500 - 530	85.9
SC rotogravure reels, 52-g	905 - 1,065	895 - 960	835 - 1,035	535 - 565	79.1
SC offset reels, 56-g	860 - 1,045	860 - 925	800 - 1,000	500 - 530	85.0
SC offset reels, 52-g	895 - 1,065	895 - 960	835 - 1,035	535 - 565	78.2
<b>Coated mechanical</b>					
MWC rotogravure reels, 80-g	1,035 - 1,170	1,035 - 1,170	1,035 - 1,230	650 - 720	60.9
MWC offset reels, 70-g	1,015 - 1,170	1,015 - 1,170	985 - 1,250	630 - 700	64.3
LWC rotogravure reels, 60-g	1,005 - 1,200	1,005 - 1,200	975 - 1,350	630 - 680	68.3
LWC offset reels, 60-g	985 - 1,200	985 - 1,200	955 - 1,320	600 - 660	73.4
<b>Uncoated woodfree</b>					
A4 copy (B grade), 80-g	1,180 - 1,230	1,180 - 1,230	1,140 - 1,210	830 - 860	42.6
A4 copy (C grade), 80-g	1,130 - 1,200	1,130 - 1,200	1,090 - 1,180	780 - 830	44.7
Offset reels, 80-g	1,130 - 1,190	1,130 - 1,190	1,090 - 1,170	780 - 820	45.0
Offset sheets, 70-g+	1,180 - 1,220	1,180 - 1,220	1,140 - 1,200	830 - 850	42.9
<b>Coated woodfree</b>					
Reels, 100-g	1,100 - 1,130	1,100 - 1,130	1,060 - 1,110	660 - 690	65.2
Sheets, 100-g	1,180 - 1,210	1,180 - 1,210	1,140 - 1,190	740 - 770	58.3
<b>PACKAGING P&amp;B</b>					
<b>Virgin fiber containerboard <sup>1</sup></b>					
Unbleached kraftliner, 175-g+	890 - 965	890 - 985	890 - 985	700 - 755	27.5
Unbleached kraftliner, 150-g	900 - 975	900 - 995	900 - 995	710 - 765	27.1
Unbleached kraftliner, 125-g	910 - 985	910 - 1,005	910 - 1,005	720 - 775	26.8
White-top kraftliner, 140-g+	910 - 1,005	910 - 1,005	910 - 1,005	770 - 820	20.4
Semi-chemical fluting, 127-g	830 - 865	830 - 865	830 - 865	700 - 720	19.4
<b>Recycled containerboard</b>					
Testliner 2, 140-g	770 - 800	770 - 800	800 - 820	540 - 570	41.4
Testliner 3, 140-g	755 - 790	755 - 790	785 - 810	525 - 560	42.4
Fluting, 105-g <sup>2</sup>	675 - 770	675 - 770	700 - 785	460 - 530	46.0
White-top testliner, 140-g <sup>3</sup>	810 - 850	810 - 850	810 - 850	560 - 605	42.5
<b>Cartonboard</b>					
Coated duplex (GC2), 270-280-g	1,110 - 1,440	1,110 - 1,440	1,110 - 1,440	950 - 1,070	26.2
White-lined chipboard (GD2), 300-g	900 - 1,000	900 - 1,000	900 - 1,000	550 - 640	59.7
<b>PAPER FOR RECYCLING <sup>4</sup></b>					
1.02 - mixed P&B (sorted)	135 - 145	185 - 195	185 - 195	150 - 160	-9.7
1.05 - old corrugated containers	140 - 150	190 - 200	190 - 200	165 - 175	-14.7
1.11 - sorted graphic paper for deinking	220 - 230	220 - 230	200 - 210	130 - 140	66.7
2.01 - newspapers	230 - 250	230 - 250	210 - 230	140 - 160	60.0
3.05 - white woodfree letters	300 - 350	290 - 340	270 - 320	190 - 250	47.7

### NOTES

1. Unbleached kraftliner assessments reflect free delivered prices for European paper.
2. Prices reflect Italian qualities at the lower end of the range and other European qualities toward the top end.
3. Prices are for uncoated board with a brightness of ISO $\geq$ 70.5.
4. Paper for recycling nomenclature comes from the list of standard European qualities developed by CEPI and BIR.

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## PfR prices in Russia rebound somewhat in August after collapsing in July

>>> *continued from page 1*

beginning of July. At such low prices, collection started to become unprofitable, especially for smaller players.

About half of the PfR in Russia is collected from smaller shops, markets and waste management sites, while the rest is sold by large supermarket chains.

"It will cost approximately Rouble 2,000-2,500/tonne to pack the PfR, and at least Rouble 1,500/tonne to transport it. Some smaller shops will not bother with this to earn just Rouble 1,000/tonne, when before they were making over Rouble 14,000/tonne in profit," a packaging industry contact said when prices were at a nadir.

### After dip, PfR prices move up:

Towards the end of July, OCC prices started to rise again, rebounding to Rouble 7,500/tonne in the last week of the month and then climbed to some Rouble 11,000/tonne in the second week of August, market players said. Integrated RCCM producers may still have slightly lower prices, but they are expected to reach market levels in the near term.

Meanwhile, some sources suggested that the sudden short-term PfR shortages that occurred briefly in July were somewhat artificial, as during times of rapid price movements there is often a large amount of speculation. "Some PfR sellers would claim they had no volumes available because collection had stopped completely, causing prices to rise, and some paper producers would

panic buy," another corrugated packaging producer said.

**Russia limits PfR exports:** To combat potential PfR shortages, the Russian government has introduced temporary quotas for PfR exports from September 3 to December 3, 2022, according to the government's official Telegram channel (see *story on p. 10*). The export level is set at 30,000/tonnes, with the volumes to be distributed by the government among exporters before August 31.

### Expectations for autumn:

Several market sources said they expect RCCM prices to rise in September, but there was less clarity on whether the virgin grades would immediately follow. Should the price gap between the two grades narrow, Russian packaging producers may be tempted to switch to virgin grades, which, together with limited export possibilities due to sanctions and complicated logistics, may have a negative impact on RCCM and PfR price levels again.

The rouble rate will be a key influence on containerboard export opportunities, market players said. Currently, the rouble remains some 30% stronger against the euro than it was before the Russian invasion of Ukraine, and, with the sanctions, this confines the large part of containerboard sales to Russia.

It is possible that the situation will change in the fall, some sources suggested, and with an improvement in exports, the volumes on the containerboard market, including RCCM, will expand, further driving demand for PfR and pushing price levels up.

## General news

### Workers at UK's port of Felixstowe strike over pay; union warns of "severe disruption"

Over 1,900 workers at the port of Felixstowe and members of UK's Unite the Union (Unite) have initiated an eight-day strike, from August 21 to August 29, over a pay dispute with the Felixstowe Dock and Railway Company.

In early August, Unite called on its members to strike, following talks via the conciliation service Acas "failed to produce a reasonable offer," the union said, adding: "The employer, the Felixstowe Dock and Railway Company, failed to improve on its offer of a 7% pay increase, which is significantly below the real inflation rate of 11.8%." Talks are now in a stalemate.

Felixstowe is the UK's largest container port, handling around 48% of the country's container trade. "The strike action will have a huge effect on the UK's supply chain and will also cause severe disruption to international maritime trade, including the logistics and haulage sectors," Unite warned.

### European P&B firms enjoy robust earnings in H1 amid turmoil

Appearing to shrug off inflation, logistics woes and the Russian war in Ukraine, European paper and board (P&B) companies reported strong financial results during H1 2022, with nearly all companies surveyed reporting positive growth in sales, operating profit and EBITDA compared to H1 2021 (see *table on p. 4*).

Some companies recorded triple-digit percentage increases in operating profit and EBITDA, with Stora Enso reporting a 131% increase, Mondi a 164% increase and MM Group a 209% increase in H1 2022 operating profit compared to the same period in 2021.

MM Group saw a 142% jump in EBITDA in H1 2022 compared to H1 2021 and Norske Skog saw a 1,085% increase from H1 2021 to H1 2022 after an EBITDA of just Euro 13 million in H1 2021.

In their earnings reports, Mondi and Stora Enso cited strong demand for sustainable packaging in helping to deliver the results, though Stora Enso cautioned that demand for containerboard is expected to moderate in Q3.

Of all the companies surveyed, MM Group reported the largest gains in percentage terms compared to the same

period the year prior. The group's sales increased 72% as it continued its aggressive expansion, most recently with the pending acquisition of Essentra Packaging. In its earnings report, MM cited strong growth for sustainable fiber-based packaging, which rose by 5%, according to the company. It added that the growth was constrained only by capacity curtailment.

The only company to record a decline in sales, operating profit or EBITDA was UPM, which saw its operating profit slip 11% in H1 2022 compared to H1 2021, though its sales and EBITDA growth were still positive. UPM reported strong performances by its graphic paper and fiber offerings, noting that production at its pulp mills in Finland went according to plan after collective labor agreements were signed in April, ending a strike by the Finnish Paperworker's Union.

Despite the positive results of H1, a number of companies warned in their earnings reports that their performance during the second half of this year was difficult to predict given supply chain instability.

### UK P&B production and consumption show slight improvement in 2021

Paper and board (P&B) production in the UK edged up year on year in 2021, primarily on the back of improved output in the graphic and specialty paper segments, according to the UK Confederation of Paper Industries' (CPI) annual report for 2021. At the same time, tissue and containerboard production levels slipped.

On the demand side, P&B consumption in the UK registered a modest year-on-year increase. While limited, it was the first such growth in a decade, the CPI said.

### Selected European paper industry financial results: H1 2022 <sup>1,2</sup>

(Euro millions)

Company	H1 Sales	% change 2022/2021	H1 Operating Profit	% change 2022/2021	H1 EBITDA	% change 2022/2021
UPM <sup>3</sup>	5,069	10	518	-11	883	8
Stora Enso <sup>4</sup>	5,852	20	793	131	1,325	31
Smurfit Kappa Group <sup>6</sup>	6,385	36	839	76	1,174	50
Mondi <sup>7</sup>	4,505	37	933	164	942	66
SCA <sup>8</sup>	1,037	22	471	69	544	58
Metsä Group <sup>9</sup>	3,416	16	589	55	776	36
MM Group	2,219	72	285	209	376	142
Norske Skog <sup>5</sup>	764	64	181	n.m.	154	1,085

1. All sales figures are rounded to nearest million. All percentages are rounded to the nearest digit.

2. Figures reported in currencies besides euro were converted using oanda.com on August 17, 2022.

3. Reported EBITDA as "comparable EBITDA."

4. Reported EBITDA as "operational EBITDA."

5. Reported in NOK. Sales are reported as "total operating income." Operating profit is reported as "operating earnings."

6. Sales reported as "revenue," operating profit reported "before exceptional items."

7. Sales are reported as "group revenue," EBITDA and operating profit reported as "underlying EBITDA" and "profit before tax."

8. Reported in SEK.

9. Operating profit is reported as "operating result."

n.m. = not meaningful.

Regarding raw materials, domestic consumption of paper for recycling (PfR) slipped, while consumption of pulp remained relatively steady year on year.

### P&B production inches up:

Total production of P&B in the UK reached 3.64 million tonnes last year, an increase of 0.2% over 2020. The graphic and specialty paper segments were the stars in this regard, with combined production rising by 5.0% year on year to 1.43 million tonnes. The increase came despite the closure of UPM's Shotton newsprint mill in September, CPI noted.

Corrugated case material (CCM) production, however, edged down to 1.52 million tonnes, a 0.3% decline from 2020, while tissue production tumbled by 7.0% to 690,000 tonnes.

Domestic deliveries of P&B slid by 1.0% year on year to 2.9 million tonnes, led down by tissue deliveries, which slumped by some 7.5% to 679,000 tonnes, compared to 734,000 tonnes in 2020.

Export deliveries were largely stable overall, but there were significant changes within sectors, according to the CPI. CCM exports plummeted by 32% or some 40,000 tonnes, but the decline was largely compensated for by an equivalent increase in the recovering graphic paper segment.

### Consumption rebounds:

Apparent consumption of P&B rose for the first time in a decade as the UK economy continued to recover from the pandemic-related recession, the CPI said. Total demand was up 2.0%, reaching 7.48 million tonnes. The packaging segment led the way, with an increase in apparent consumption of nearly 6%. Demand for CCM was up by over 9% year on year to 2.73 million

tonnes. Printing and writing paper consumption grew by 1.0% on the year, reaching 1.69 million tonnes, while demand for tissue parent reels declined by 4.0%, a development the CPI attributed to the continuing disruption in the hospitality sector and stockpiling of tissue products.

### PfR collection rebounds:

Collection of paper for recycling (PfR) jumped by 7.0% to 7.1 million tonnes in 2021, just under the 2019 level. Domestic PfR consumption slipped by nearly 1.0% to 2.93 million tonnes, in part due to the closure of the Shotton mill and the slight dip in CCM production.

PfR exports surged by 12.0% to 4.3 million tonnes, with continuing good demand from the Far East and improving demand from the EU, notably from new paper production capacity in Germany. The export rate of PfR increased from 57.8% in 2020 to 60.5% last year, according to the CPI.

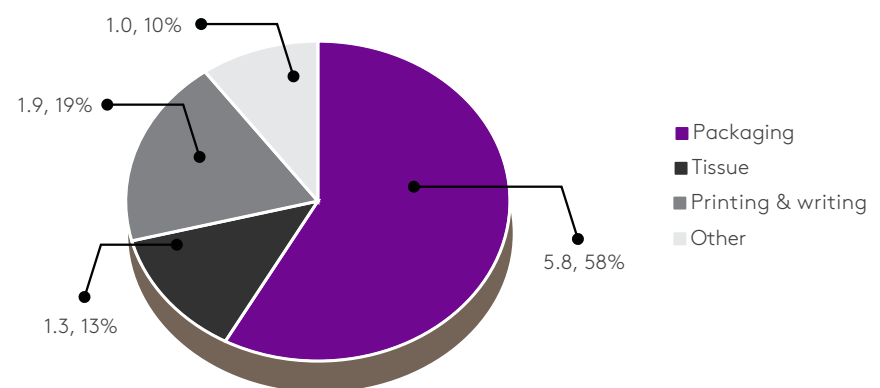
Pulp consumption held steady year on year at some 960,000 tonnes in 2021.

### Corrugated board grows:

Production of corrugated board grew by 4.1% year on year in 2021 to 4.75 million m<sup>2</sup>. The sheet-fed segment did even

## UK consumption of paper and board 2021

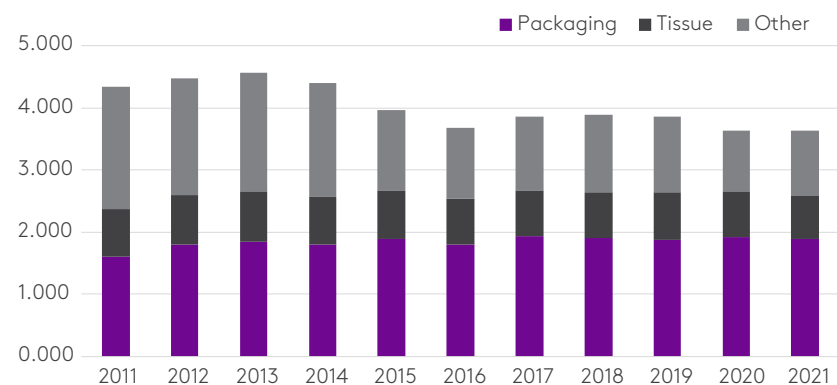
Total consumption = 10.0 million tonnes



Sources: CPI, HM Revenue & Customs, NPWD.

## UK production of paper and board

Million tonnes



Source: CPI.

better, posting growth of over 7.0% to 1.39 million m<sup>2</sup>. Taking into account non-members and the small trade flows in new corrugated products, the CPI estimated the total UK corrugated box market at 5.7 million m<sup>2</sup> in 2021, a 4.7% increase from the previous year.

### **Mondi reaches deal to sell Syktyvkar mill in Russia to Augment Investments**

Mondi has reached an agreement to sell its largest asset in Russia, the Syktyvkar mill, along with two affiliated entities, to Augment Investments, a financial vehicle owned by the Russian billionaire Viktor Kharitonin, for Rouble 95 billion (\$1.5 billion).

The transaction must still be approved by Russia's Government Sub-Commission for the Control of Foreign Investments and customary antitrust authorities. The deal is also subject to approval by Mondi shareholders. The sale is expected to be completed in H2 this year, Mondi said in a statement.

In March, Mondi started to review options for its Russian assets following Russia's invasion of Ukraine and said in May that it had decided to divest all its assets in the country. Mondi also operates three converting plants in Russia that are not part of the Syktyvkar deal. The firm said it would provide an update on the disposal of these plants "in due course."

In 2021, according to Mondi, its operations in Russia represented some 20% of the group's underlying EBITDA. Mondi has operated in Russia for over 22 years.

The Syktyvkar complex is a wholly integrated pulp, packaging

paper and uncoated fine paper mill and is one of the largest paper producers in Russia, with a capacity of about 1.3 million tonnes/yr of finished products.

### **Brenntag acquires UK-based distribution specialist for personal care market Prime Surfactants**

Chemicals and ingredients distributor Brenntag has acquired Prime Surfactants, headquartered in Leeds in the UK. The price tag of the deal was not disclosed.

Prime Surfactants distributes specialty surfactants for the personal care and household, industrial and institutional cleaning ingredients industries in the UK. The firm expects to record sales of approximately £22 million (\$26 million) in FY 2022.

"This acquisition enhances our product and service offering to customers in the UK and underlines our ambition to further strengthen the specialties business of our focus industries," Brenntag group management board member and specialties COO Henri Nejade said.

## **Packaging**

### **PBA to raise prices for all products by at least Euro 100/tonne from September 1**

Paper Board Alliance (PBA), which represents the Italian packaging paper specialists Cartiera dell'Adda and Industria Cartaria Pieretti, has announced plans to lift prices by at least Euro 100/tonne (\$99.5/tonne) as of September 1.

The hike will apply across the firm's portfolio, including to coreboard, cartonboard and containerboard.

"Unfortunately, the current economic scenario looks worse than the one feared in July. Today we are facing a constant rise in gas prices which goes well beyond Euro 240/MWh and unfortunately, we cannot predict its trend," the firm said. It noted that the situation is complicated by the the lack of operators with whom it can close contracts for the new gas year, leading to a situation in which it must revise prices until a more viable solution is found.

### **Sonoco-Alcore sets price increase of Euro 70/tonne in EMEA for recycled paperboard from September**

Sonoco-Alcore has revealed plans to hike prices in the EMEA region for all its recycled paperboard products by Euro 70/tonne (\$69.9/tonne) effective for deliveries beginning September 1.

The company cited significant increases seen in the energy markets and foreseen uncertainty in Q4 as the reason behind the announcement. Sonoco-Alcore did not rule out additional increases in the future.

### **Mondi to take maintenance downtime at Ružomberok mill in Slovakia in September**

Mondi is set to take two weeks of planned maintenance downtime at its Ružomberok mill in Slovakia. The maintenance shut will take place during the first half of September, *PPI Europe* has learned.

The mill is currently "operating with production optimized, in line with tight wood supply," the company said, adding that the team there was "working hard to prepare the mill" for the planned shut.

According to Fastmarkets RISI's Asset Database, the Ružomberok mill can produce some 580,000 tonnes/yr of uncoated woodfree paper, 300,000 tonnes/yr of recycled containerboard and 56,000 tonnes/yr of specialty kraft paper.

## **MM Group restarts converting facility in Ukraine, plans for energy disruption in H2**

MM Group has restarted production at a reduced scale at its converting site in Cherkassy, Ukraine, and plans to increase output during the second half of the year. Production had been stopped at the beginning of the war.

The company declined to say whether production would reach full capacity or 100% of its pre-war workforce. The facility specializes in cigarette boxes.

In response to upcoming potential energy disruptions as a fallout of the war, the group has also instituted a number of contingency plans across its production sites in Europe, including investing in oil firing in Finland, renting gas storage in Austria and building safety stocks of recycled cartonboard. MM Group is also investigating the partial use of fuel oil at all of its production sites except for Kwidzyn, Poland, which is powered by coal.

## **German paper sack deliveries up 3.3% in 2021 amid challenges for industry**

The German paper sack industry delivered 3.3% more sacks in 2021 than it did the year prior, though the war in Ukraine, the lingering pandemic and the tight supply situation is weighing on the industry, according to a report from the German association of paper sack manufacturers GemPSI.

The report cited the EU import ban on Russian kraft paper and a lack of freight availability as the main factors causing the tense market. The report also noted that unpredictably long lead times and rising prices are having an impact on the market. However, the industry showed resiliency in the beginning of this year and was still able to deliver 4.8% more sacks in Q1 2022 than it was in Q1 2021.

Broken down by segment, deliveries of sacks used for building materials (excluding cement) grew by 2% in 2021, deliveries of sacks used for animal feed grew by 3.3%, deliveries of sacks used for food (excluding milk powder) grew by 2.1% and deliveries of sacks used for chemicals grew by 11.8%.

While over the long term, association members believe that sales will increase, over the rest of the year, the industry anticipates COVID-related shift cancellations which could shrink deliveries. "Our goal continues to be acting flexibly and developing pragmatic solutions together with all stakeholders to ensure a supply of paper sacks that meets demand and deadlines," GemPSI chairman Alfred Rockenfeller noted.

## **KMK Paper taps AFT to rebuild RCCM PM 1 approach flow system at Kahramanmaraş mill in Turkey**

Kahramanmaraş Kağıt Sanayi ve Ticaret (KMK Paper) has tapped AFT to rebuild the approach flow system on recycled containerboard (RCCM) PM 1 at its Kahramanmaraş mill in Turkey.

The two-ply PM 1's wet end rebuild includes a complete POM approach flow system for both

plies, including MaxFlow HB headbox screens, POMix stock processors to feed the paper machine, POMp degassers for air removal, and POMlock drop legs, KMK said in a statement, adding that system engineering and mill site services are also included in the order. "Compared to traditional systems with silos and tanks, the compact POM system runs efficiently with less water, energy and few web breaks. This will enhance the environmental performance of PM 1 while providing fast grade changes, process stability and sheet cleanliness," the firm said.

The new system is expected to start up in Q1 2023.

According to Fastmarkets RISI's Asset Database, KMK Paper's Kahramanmaraş mill can produce some 110,000 tonnes/yr of RCCM on PM 1, as well as some 90,000 tonnes/yr of RCCM and uncoated recycled board on the plant's other machine, PM 2.

## **Gascogne to invest Euro 300 million over next five years, new Mimizan PM set to be purchased by year's end**

Gascogne has signed a loan contract worth Euro 126.8 million (\$126.6 million) with a group of eight banks and a Euro 50 million loan with the European Investment Bank as part of a Euro 300 million investment program over the next five years which will focus on a new paper machine (PM) at its Mimizan mill.

The cost of the paper machine, which is expected to be purchased from an unnamed European supplier by the end of the year, is estimated at Euro 220 million. The new PM is expected to replace three of the four existing PMs at the site. According to the company, the new PM will

improve quality, capacity and energy efficiency while reducing costs, although precise figures were not made public. As a result, Gascogne expects its EBITDA to improve significantly. The loans are set to be paid back between seven and ten years, and some of the project will be self-financed.

Gascogne has already invested some Euro 200 million in its facilities since 2014, which the company says has resulted in its EBITDA increasing threefold from 2014 to 2021.

According to Fastmarkets RISI's Asset Database, the Mimizan mill can currently produce some 160,000 tonnes/yr of kraft and specialty papers.

### **Rengo's Tri-Wall set to acquire UK corrugated packaging producer CCC**

The UK arm of packaging specialist Tri-Wall, a subsidiary of Japan's Rengo, has reached a deal to acquire The Corrugated Case Company (CCC), a Derbyshire, UK-based producer of corrugated packaging.

Established in 1996, CCC is one of the UK's leading specialists in the design and manufacture of corrugated packaging products running the gamut from, among others, shelf-ready, self-assembly, e-commerce and bespoke boxes. The price of the deal was not made public, but Tri-Wall said in a statement that it is making the acquisition with a "clear intention to expand operations, invest in equipment and grow jobs."

"This is a great opportunity for both CCC and Tri-Wall to expand and grow into a stronger position. With CCC on board, we enlarge our footprint, both geographically and in product range, positioning us

as the go-to supplier for all things packaging," said Tri-Wall UK CEO Gavin Peters.

Tri-Wall UK currently operates six sites across the country and boasts an annual turnover of more than £60 million (\$81 million).

### **China's Greatview Aseptic Packaging to acquire Italy's Alternapak Production**

China's Greatview Aseptic Packaging has agreed to acquire the assets of the liquid carton packaging producer Alternapak Production in San Pietro, Italy. Production at the Italian site, which ceased earlier this year amid a labor crisis, according to local media reports, is expected to restart in Q4. The price tag of the deal was not made public.

"This acquisition manifests our commitment to expand our international business and to enhance our penetration to new and existing customers. It also enables us to be even closer to our customers in the region. This will help us to further improve supply chain security and to increase our service levels. Thus, the acquisition will enable us to further strengthen our position as a trusted and reliable partner to our customers in the liquid dairy and non-carbonated beverage industry. I look forward to welcoming the team in Italy to the wider Greatview family," said Greatview international business director Victor Lee.

The Italian site will become Greatview's fifth liquid carton production facility globally and second in Europe, alongside its plant in Halle, Germany. While preparing to restart production in the coming months, Greatview will also be working on integrating the site into its international production network, it said.

## **Specialty paper**

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### **Koehler Paper restarts PMs at Oberkirch mill after maintenance work**

Koehler Paper has restarted the three paper machines at its Oberkirch, Germany, mill which were stopped in week 31 for maintenance work, a company representative confirmed to *PPI Europe*. The PMs were restarted in phases from August 11-18, according to the firm.

The Oberkirch mill houses PM 3, which can produce 20,000 tonnes/yr of decor base paper, PM 4, which can produce some 50,000 tonnes/yr of fine paper and PM 5, which can produce some 80,000 tonnes/yr of carbonless and fine paper.

"It is not possible to carry out major works on these complex machines during production. As these machines normally run in continuous operation, these types of stoppages are necessary to ensure that our technology is always up to date," the director of the Oberkirch mill Hartmut Felsch said in a statement. In addition to the three PMs, maintenance work was also carried out on the mill's general infrastructure and its 20 MW combined heat and power plant.

In late June, Koehler got the go-ahead for an expansion plan at the Oberkirch mill which will see the total capacity of the three PMs increase to 200,000 tonnes/yr.

### **Japan's MPM to exit business at 35,000 tonne/yr paper mill in Flensburg Germany**

Japanese company Mitsubishi Paper Mills (MPM) is going to withdraw from business at its 35,000 tonne/yr specialty paper mill in Flensburg, Germany.

The decision is part of an ongoing reform of its profit-making structure to cope with a dramatically changing cost situation and to streamline its production system in Europe, the company said in a press release.

The withdrawal is expected to be complete by the end of December. MPM declined to comment on what will become of the employees and assets of the mill after MPM's pull-out.

The Flensburg mill, operated by MPM's wholly-owned, indirect subsidiary Mitsubishi HiTec Paper Europe GmbH (MPE), currently has a workforce of 195. It operates a 2.3-m-wide fourdrinier paper machine and two coating machines. Its output includes thermal paper, coated inkjet paper, and barrier paper, with a total capacity of 35,000 tonnes/yr.

"At the present time, it is not certain in what form the withdrawal from the business in Flensburg will take place," an MPE spokesperson told *PPI Europe's* sister publication *PPI Asia*. "The management of MPE will examine all possible options [for the Flensburg staff] and will hold trusting discussions with the Works Council to this end."

## Tissue

### Tissue producer Jack-Pol denies responsibility for Oder River pollution

Since the end of July, tonnes of dead fish have been floating in the Oder River bordering Germany and Poland. According to WWF Germany, some 200 tonnes of carcasses were sighted, removed and mostly burned as hazardous waste by Monday this week.

While the cause of the disaster is not yet clear, different theories are currently being investigated and discussed. At first, it was assumed that the summer heat wave and the associated lack of oxygen in the water could have been the cause. Later, mercury deposits and high salinity levels came under suspicion. In the meantime, however, it is assumed that toxic algae, the spread of which may have been accelerated by saline wastewater and high temperatures, or a toxic substance, i.e. illegally disposed sewage, poisoned the fish.

Last week, two company names began to appear in media reports as the possible culprit. One of them was the mining company KGHM, the other one a "paper mill based in Olawa." However, both KGHM and the paper mill in question, the tissue specialist Jack-Pol, have denied responsibility for the disaster.

"In connection with the unfounded accusations in both traditional and social media against our company that we are wholly or partially responsible for the poisoning of the Oder River and the fact that we were suspected of causing chronic harm to the environment, we would like to answer the most frequently repeated questions, dispel doubts and deny the lies about our company and products," Jack-Pol said in a statement on Monday.

According to the company, which can produce some 18,000 tonnes/yr of tissue from recovered fiber, it launched a PLN 70 million (\$14.7 million) environmental project in 2020. "Thanks to the investment, we are already operating a laboratory, a biological wastewater treatment plant and largely closed-cycle production

processes," Jack-Pol noted. "Thanks to the project, the water cycle in our production process will be completely closed in 2023. In fact, we will be pioneers in clean, ecological, closed-loop production, not only in Poland, but also in Europe," the firm added.

Jack-Pol emphasized that it uses coagulants, flocculants and resins in its production process, which, according to the firm, rules it out as the party behind the damage to the river. "No bleaching agents are used, neither mercury or its derivatives, nor mesitylene, chlorine or other poisons, and, contrary to information appearing in the media, Jack-Pol is not a pulp producer," the firm said.

Jack-Pol also said that it discharges some 200 m<sup>3</sup> per day of process water, rainwater and drainage from the construction site of its new installations into the Oder canal. "The current share of purified water discharged by Jack-Pol in the total amount of water in the Oder canal is 0.006%. This indicator clearly proves [...] that we have not poisoned the water in the Oder River," the company said.

Moreover, Jack-Pol pointed out that it has all necessary environmental permits for its production process, that environmental protection services have carried out inspections regularly and that the company has never been found guilty of causing water contamination or other environmental damage throughout its 27 years of existence.

Last but not least, Jack-Pol said that it is ready to take legal action against continuing

claims that it is responsible for the situation in the river. "Our lawyers are already working on the preparation of appropriate letters in relation to several people who consciously misled the public and journalists by falsely claiming that our company had something to do with the ecological disaster in the Oder River or environmental pollution in general," the firm noted. "The most shocking thing is that some activists resort to manipulating data and facts and even produce evidence, such as photos or videos, and pass them on to the media and publish them on social media. We cannot tolerate this, as it does not only affect the good reputation of the company, but also our employees," it added.

"I would like to emphasize once again that Jack-Pol has nothing to do with the poisoning of the Oder River, where both management and employees live and relax. It is in our own interest that this river remains clean and uncontaminated so that it serves both us and our children and grandchildren," Jacek Woźniak, chairman of the board of Jack-Pol, noted.

## Fiber

### Koehler to hike prices for thermal paper by up to 10% from October 1

Koehler Paper has announced plans to increase prices for its thermal paper product range by up to 10% for all grades, effective for all deliveries as of October 1.

The firm attributed the increase to the need to offset "significant cost increases for raw materials, chemicals, pulp and logistics."

### Russia to impose quotas for PfR exports

The Russian government has decided to implement temporary quotas for paper for recycling (PfR) exports. According to a decree signed by the country's prime minister Mikhail Mishustin, the export quotas will initially be effective from September 3 to December 3 this year.

The export quota will be set at 30,000 tonnes, with the Ministry of Industry and Trade tasked with distributing the volumes among exporters by August 31, according to a statement from the government press service.

"The decision is aimed at supporting manufacturers of cardboard packaging who use paper for recycling as the main raw material for their products. In addition, it will prevent a shortage of such raw materials on the domestic market," the government said.

The measure does not apply to the movement of PfR within the borders of the Eurasian Economic Union (EAEU). The Russian government has, however, proposed the introduction of a similar temporary measure for the export of such goods from the EAEU as a whole, according to press reports.

### Rottneros to shutter groundwood pulp production, invest in expansion of CTMP line

After an in-depth analysis, Rottneros' board of directors has decided to halt groundwood pulp production at the firm's Rottneros mill in Sweden due to poor prospects for profitability over the long term.

The firm plans to phase out groundwood pulp production by

the end of this year, following negotiations with unions, which are now underway. Approximately 40 people will be made redundant as a result.

Rottneros said in a statement that a strategic analysis showed that long term, prospects

## At a Glance

**Proctor & Gamble** has launched a fully recyclable cardboard box for its Ariel and Lenor laundry pods product line in Germany, Austria and Switzerland, which will save some 900 tonnes of plastic annually. The cardboard will contain at least 70% recycled fibers and the packaging will continue to include 5% plastic to protect the pods. The new cardboard boxes will continue to feature a child-safe lock function.

• • •

Denmark's **Carlsberg Group** has announced a trial of its new **Fibre Bottle**. The pilot will see 8,000 paper-based and fully recyclable beer bottles placed in the hands of local consumers, customers and other stakeholders in Denmark, Sweden, Norway, Finland, the UK, Poland, Germany and France this summer through select festivals and flagship events, as well as targeted product samplings. The trial precedes the launch of Carlsberg's Together Towards Zero and Beyond ESG program.

• • •

Spain's **Papelera Guipuzcoana de Zicuñaga** has tapped **Andritz** to supply a new LimeFlash-H lime kiln for its pulp mill in Hernani. Andritz will supply, install and commission an electrostatic precipitator for the plant. Start-up is scheduled for the second half of 2023.

for sustainable profitability of groundwood pulp were insufficient, due in part to the “dramatically changed situation on the electricity market,” resulting in high and highly volatile prices, and in part due to a structural decline in demand for end products in which groundwood pulp is used, notably printing and writing paper. The closure will cost an estimated SEK 60 million (\$5.8 million), most of which will go towards redundancy-related expenses.

Rottneros produced 64,000 tonnes of groundwood pulp in 2021, equivalent to 16% of its total pulp production of 395,300 tonnes. Groundwood pulp accounted for just over 10% of the firm’s net sales last year, while its contribution to net profit was “marginal,” the firm said.

**Investment in CTMP:** While shuttering groundwood pulp production, the firm intends to invest SEK 160-200 million to boost production of chemi-thermomechanical pulp (CTMP) at the Rottneros mill. The firm is conducting a pre-study on further development of the mill’s CTMP line with the aim of lifting capacity from the current 120,000 tonnes/yr to 150,000 tonnes/yr. The pre-study is expected to be completed in Q4 this year.

## Printing & publishing

### BPIF: Printing industry beats expectations in Q2 but energy costs threaten continued recovery

The UK printing and printed packaging industry posted stronger growth in the second quarter of this year than forecast but global cost inflation, especially for energy,

will weigh on the sector in Q3, according to the latest Outlook Survey from the British Printing Industries Federation (BPIF).

Around 50% of printers managed to increase their output levels from Q1 to Q2, while 36% were able to hold them steady, according to the BPIF survey. The remaining 13%, however, suffered a decline in output in Q2. The resulting balance – the difference between the ups and downs – was +37, the BPIF noted, well above the +20 registered in Q1 and also ahead of the +29 forecast for Q2. The improvement in Q2 marked the fifth consecutive quarter of output growth, the longest positive run for this indicator since Q2 2018.

The third quarter is expected to be positive for the segment as well, but less robust than Q2. Output growth is forecast to rise for 36% of companies, with 47% saying they expect to hold their output steady and 17% expecting output levels to decline. The balance forecast for Q3 stands at +19.

Energy costs remain the top business concern for

printing companies (68% of those surveyed), just ahead of substrate costs (65% of those surveyed).

The survey also examined potential constraints on capacity in the sector, with a shortage of skilled employees topping the list. Some 40% of firms said that this factor was the leading constraint they faced, limiting their capacity by 5-15%. Other top capacity constraint-related issues included supply chain problems that were limiting the timely delivery of material inputs, a shortage of unskilled employees and machine downtime due to failure, extra maintenance or delays delivering parts or service.

“[The third quarter] is expected to be a tougher climate in which to operate. Confidence has dipped for the quarter ahead, in the midst of extended cost inflation and constraints to capacity – in particular difficulties around securing adequate labor – a situation that is unlikely to improve during the summer holiday period,” said BPIF economist Kyle Jardine.

## PPI Europe

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