



PSR The Paper Stock Report

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The Market: Bottom hit for OCC, SOP?

By Ken McEntee

Prices of old corrugated containers (OCC) and Sorted Office Paper (SOP) are taking further hits this month, but some traders think OCC, at least, may have reached the bottom.

Although buyers and sellers weighed in on domestic spot pricing for OCC, the consensus is that pricing is generally moot in today's market.

"It's just about movement (of material) today," said a Southwest mill buyer. "Price doesn't even matter. It's all over the board."

Asked what he would pay me for a load of OCC, he said, "You would get zero, because our mills are so full that we're not buying spot tons, just like every other domestic buyer."

One broker said the lowest price he got for OCC in April was \$7 per ton. Several others said they - or other brokers they know - moved OCC to mills at \$25 per ton, although those prices were considered the exception rather than the rule. However, most sources across the U.S. gave prices between \$40 and \$60 per ton FOB, seller's dock. Some noted that mills that are honoring contracts based on the OMB index were still paying as much as \$80 per ton for contract tonnage.

However, some said, not all mills were

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Old Corrugated Prices

U.S. National Mill Buying Price, FOB Seller's Dock, \$/ton based on surveys of buyers and sellers by The Paper Stock Report



Plummeting prices were unexpected, Waste management says

By Ken McEntee

The enormity of this year's drop in the prices of recyclable commodities surprised Waste Management, said John Morris, executive vice president and COO.

Still, company executives reported, Waste Management's recycling business during the first quarter showed an \$11 million profit in contrast to breaking even during the first quarter in 2018. The improvement was due to the company's increased recycling processing fees.

Asked about the company making \$11 million on recycling despite the reduced commodity prices during Waste Management's conference call to discuss

first quarter earnings, Morris said, "In February we talked about the fact that (recycling) would be a tailwind for us this year. We still think it's going to be a slight tailwind for us, but we didn't contemplate this significant drop-off in commodity prices."

Morris said Waste Management's

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Highlights

- Current recovered paper prices
- Higher wood prices to exceed OCC savings, GPI says
- Verso to close coated paper mill

Recovered Scrap Paper Prices: Dealer/Processor Prices

These prices reflect the estimated value of recovered scrap paper accepted by or sold to paper stock dealers and/or recycling centers unless otherwise indicated. Prices are listed in dollars per short ton for loose (not baled) material in small quantities, unless otherwise noted. Negative values indicate a charge to accept the materials. Estimated prices are based on surveys of buyers and sellers and are not binding. Prices for grades marked "at generator's dock" indicate the estimated value for material picked up by a dealer from the place where material is generated. Prices for grades marked "at dealer's scale" indicate the estimated value of material brought to the dealer's plant or recycling center.

Grade	N.Y.	NewEng BOS	SEast ATL	PITTS/ CLEV	MWest CHIC	SWest Tex	L.A.	NWest SEAT
Mixed paper, at generator's dock:	-60/0	-60/0	-50/0	-55/0	-55/0	-50/0	-60/0	-60/0
Mixed office paper, generator's dock:	35/75	35/75	55/75	55/80	55/80	55/75	45/80	40/80
White ledger, at generator's dock:	120/160	120/160	120/150	120/150	120/150	120/150	110/155	110/170
Old newspaper, delivered to dealer:	-25/20	-25/20	-15/20	-15/20	-15/20	-15/20	-5/20	-10/20
Old corrugated containers, delivered to dealer:	-15/5	-15/5	-15/5	-15/10	-15/10	-15/5	-5/20	-10/20
Old corrugated containers, supermarket-sized bales	20/40	20/40	20/50	15/40	15/40	20/50	25/55	10/50
Old magazines, delivered to dealer:	0/40	0/40	0/40	0/40	0/40	0/50	0/50	0/50

Recovered Scrap Paper Prices: Mill Buying Prices

These figures are average prices paid by paper and board mills for the grades listed. Prices are listed in dollars per short ton, baled, FOB seller's dock (exclusive of freight), packed to PS-2017 specifications. Numbers in parenthesis are PS-2018 grade definition numbers.

Post-consumer grades:	Northeast	Southeast	Midwest	Southwest	LA	Northwest	Natl Avg	Last Issue	Last Year
Mixed paper (54)	0/5	0/15	0/10	0/25	N/A	0/5	5.00	4.17	2.50
Sorted residential papers & news (56)	10/35	20/40	20/40	20/40	10/20	10/35	25.00	24.58	5.42
Sorted clean news (58)	100/120	100/120	100/120	100/120	110/120	90/120	109.17	109.17	98.33
Old corrugated containers (OCC) (11)	40/60	40/60	40/50	40/60	40/60	40/60	49.17	58.75	69.58
Sorted office paper (37)	150/170	170/180	160/180	160/180	160/180	160/180	169.17	190.00	180.83
White ledger, post-consumer (40)	280/290	280/290	290/310	300/320	260/290	260/290	288.33	285.00	258.33
Old magazines (10)	70/80	80/110	80/90	80/110	100/110	90/110	92.50	103.33	127.50
Industrial / Commercial grades	Northeast	Southeast	Midwest	Southwest	LA	Northwest	Natl Avg	Natl Avg	Last Year
Boxboard cuttings (4)	45/55	40/50	40/50	45/55	50/60	40/50	48.33	48.33	93.75
New double-lined kraft cuts (DLK) (13)	60/85	70/90	60/80	70/90	60/100	60/90	76.25	91.67	110.83
White news blanks (24)	260/290	260/290	260/290	260/290	260/290	260/290	275.00	275.00	270.00
Coated soft white shavings (28)	350/370	350/370	350/370	350/370	360/380	350/380	363.33	363.33	263.33
Hard white shavings (30)	470/500	470/500	470/500	470/500	470/500	470/500	485.00	485.00	422.50
White ledger, post-consumer (40)	280/290	280/290	290/310	300/320	260/290	260/290	288.33	285.00	258.33
Coated book stock (43)	175/185	180/190	180/200	180/190	180/190	180/190	165.00	185.00	180.83
Coated groundwood sections (44)	70/90	80/100	80/100	80/110	100/110	80/110	92.50	118.33	137.50
Unprinted bleached sulfate (SBS) (47)	400/410	400/410	400/410	400/410	400/410	400/410	405.00	405.00	422.50
Weighted average national price							78.99	86.39	100.96

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Use the survey form to submit your observations about current scrap paper markets.



The Market

Higher wood prices to exceed OCC savings, Graphic Packaging says

By Ken McEntee

Lower prices of old corrugated containers (OCC) are expected to save Graphic Packaging \$10 million during the year, but higher costs of hardwood and softwood fiber are expected to cost the company \$35 million more than last year, according to Steve Scherger, senior vice president and CFO.

Scherger, speaking during Graphic Packaging's first quarter earnings call this week, said that including higher transportation, labor, chemical and energy costs, the company anticipates cost inflation of as much as \$85 million during 2019.

"At the latest rates secondary fiber would actually be a tailwind of about \$10 million, but wood overall - hard and softwood - are at a rate that would be \$35 million plus for the year," Scherger said. "So combined that would end up in the \$20 to \$25 million range for the year."

However, said CEO Mike Doss, product prices remain strong and is expected to remain so during 2019.

A main theme during the call was the expectation that paper products will increasingly displace plastics as a more environmentally friendly alternative.

"Encouragingly, we are starting to see the benefits from the shift away from plastics into our customized paperboard solutions," Doss said. "The growth is being driven by a continued penetration of multipack beverage in Europe, targeted conversions from corrugated into CUK (coated unbleached Kraft) paperboard and the continued traction and shifting CPET plastic trays into our paperboard pressed bowl solutions. We have also begun to migrate our customers from plastic and shrink wrap packaging into paperboard solutions."

Particularly noted as Graphic

Packaging's new KeelClip, which Doss called a "new proprietary highly efficient solution to replace plastic rings and shrink wrap for beverage cans."

The KeelClip is a paperboard wrap that securely connect four, six or eight cans, while also covering the top of the cans.

"KeelClip offers excellent merchandising capabilities lining the cans up in a way that allows for maximum visibility of the brand on the retail shelving," Doss said. "We have seen significant interest in this solution from several multi-national beverage customers."

Overall, Graphic Packaging reported a strong first quarter.

"Pricing improved by \$32 million during the quarter, reflecting the benefits of pricing initiatives executed throughout 2018," Doss said. "Importantly, our pricing to commodity input cost relationship was a positive \$16 million. The business operated well in the quarter generating \$31 million of performance improvements."

Doss noted that the company implemented an open market \$50 per ton coated unbleached Kraft (CUK) paperboard increase in February, but that open market solid bleached sulfate (SBS) folding carton grade prices declined \$20 per ton in February.

"We expect the impact of the February 2019 paperboard price changes will be neutral to our 2019 pricing outlook at a modest positive on an annualized basis," Doss said. "We continue to expect positive 2019 pricing of approximately \$110 million."

Highlights from the conference call included:

- The American Forest and Paper Association (AF&PA) reported operating rates of 95 percent plus for all three paperboard grades in the first quarter, Doss said. "Backlogs remain at a healthy five-plus weeks for CRB (coated recycled board) and CUK. Our CRB and CUK mill operations are highly integrated with our converting platform consuming approximately 87 percent of the paperboard we produce for these grades. Our SBS backlogs are currently approximately four weeks."

- Graphic Packaging plans an extended maintenance outage at its Texarkana, Tex. SBS mill during the third quarter. Doss

Effective this month,

The Paper Stock Report will now publish recovered paper prices on the 1st and 15th days of the month.

Previously we published on the 10th and 25th. Learn more and try a free **online trial subscription** at:

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suggested that the inventory buildup in anticipation of that closure may be a big reason why AF&PA reported an operating rate of 100 percent for SBS mills. Two other SBS producers have announced downtime for the second quarter.

- The company will continue to track a competitor that has converted a coated freesheet machine to alternatively produce SBS.

- Doss said the company may be able to pick up 25,000 to 30,000 tons of additional SBS demand from the paper coffee cup business.

- Doss said the company is actively working to develop a beverage cup that doesn't have a polyethylene moisture barrier that makes cups difficult to recycle and compost. "Over the next 12 months to 24 months we feel very confident we can continue to make progress to find coatings that are more compostable and recyclable than our current offerings," Doss said.

- Paper solutions like the KeelClip cost more than plastic or shrink wrap, but they are more environmentally friendly, Doss said. "What's happening in the retail space, they are coming out with some pretty significant goals around sustainability and recyclability of their products. That's really being driven by the end-use consumer who's kind of pushing and prodding them to make sure that the stuff that they are purchasing fits what their beliefs are relative to sustainability. Paper has got a great story to tell in that regard. It doesn't work for everything but it works for a lot of things. Paperboard is always going to be more expensive than the shrink wrap or plastic rings. But the sustainability story is better."

- Over time, the KeelClip could result in an increase of 25,000 to 50,000 tons of

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The Market

Graphic

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paperboard production.

Graphic Packaging overview:

The company consumes most of its coated board output in its converting operations. In 2018, about 87 percent of mill sales of CUK and CRB and 37 percent of SBS, or 71 percent of combined mill sales of CUK, CRB and SBS, was consumed internally.

The company is the largest of four worldwide producers of CUK and is the largest North American producer of CRB. The company also is one of the largest North American producers of SBS. It also manufactures corrugated medium for internal use and sale in the open market.

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honoring contracts.

"Our recycling plants are getting cut back on contract tonnage and we have to absorb a lot of tons into our internal system," said a source at one mill group. "That's one reason why OCC is piling up everywhere."

According to a buyer for a mill in the Midwest, "A Graphic Packaging (International) mill is going down for 10 days starting next week and there is OCC everywhere. I have people coming out of the woodwork offering me all kinds of tons."

A broker in Chicago said retail and other commercial OCC was also backing up last month at yards of consumers like International Paper mills. Meanwhile, sources said major Chinese firms were staying away from material generated by recycling plants as much as possible in favor of commercial tonnage.

"China movement was starting to pick up a little bit last week, but it is still slow," one broker said.

"China and other Asian markets are the only release valve for the tonnage that's piling up," a Southeast broker said. "The East Coast is not active (on exports) and year to date orders from China are down

significantly. When you're not moving domestic and there are no orders from Asia, when you add in the mill downtime we're seeing, the Southeast is more impacted than other regions because of the high concentration of mills down here."

A buyer in the Midwest said that in an effort to control OCC inventory he is accepting contract tonnage without the usual premiums, and often below the high price in the OBM index.

On the East Coast, one recycling plant operator said he was able to sell two loads of spot OCC at \$20 over the OBM price - the same price he said he is getting for his contract tons. He said he expected to see OCC prices drop by \$5 in May due to extensive downtime at Northeast mills.

One broker said he offered \$35 to a supplier in Texas for OCC that would be shipped to the West Coast for export.

"I didn't think it was going to work at that price," he said. "But she said, 'How much can you move? I might be interested.' That's an indication of how sick this market it. You can sell mixed paper in Texas for \$30, and people will move OCC for \$35?"

Most sources generally said they expect further declines in May relative to April, but expect prices to flatten out in June, with some possible improvement over the summer.

"Indonesia is back in the market after being down all of April for their holiday, so that is going to help with the move-

ment," said a broker in the Southwest. "But U.S. containerboard mills ran at 86 percent in March and April is probably going to be in the high 80s again. So being down 10 percent compared to this time last year, that's 150,000 to 200,000 tons of OCC that was once destined for domestic paper mills that has to be dumped into Asia at prices that keep going down.

Suppliers are looking to the traditional period of increased containerboard production in June and July for some relief.

Mixed paper

Some sources said there is an increased interest for clean mixed paper, particularly in the Texas area.

"There are three different players pulling from that market and paying \$25 to \$30," one broker said. "If you're reasonably close to a mill you can get a decent price if your material is clean."

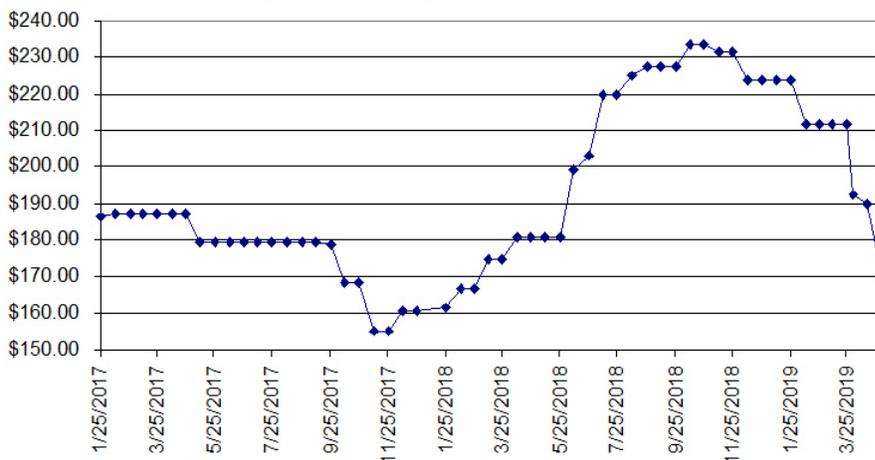
He said Pratt Industries is pulling tonnage out of the Dallas area at that price for its Shreveport, La. mill, but the company is paying zero to pull tonnage as far west as Phoenix and Denver.

In the Northeast U.S., one broker said, "mixed paper is moving well with very good demand. But the price can't go up because mills can buy OCC for \$25 if they want to."

With the exception of the Texas area, mixed paper prices were generally reported around zero to around \$10 per ton - but often on a delivered basis, which put

Sorted Office Paper Prices

U.S. National Mill Buying Price, FOB Seller's Dock, \$/ton based on surveys of buyers and sellers by The Paper Stock Report



a supplier's net price well below zero.

Sources reported good movement for No. 9 Overissue News, but prices weren't seeing any improvement. One trader in the Midwest said low generation and good movement of No. 56 Sorted Residential Papers & News pushed prices for the grade to around \$70 per ton. Other sources generally quoted the grade between \$20 and \$40 in the Midwest and Southern areas of the U.S.

Office paper

Many sources described Sorted Office Paper as the sloppiest grade during April. The main reasons cited were increased generation due to file purging season and the lack of demand from Mexican tissue mills.

"Mexico stopped buying and the outlook for SOP is grimmer than usual," said a broker in Chicago. Usually when Mexico is slow there is an outlet in South America, but South America also is not buying right now."

According to a broker in Ohio, "The Midwest is very sloppy for office paper, and the Southeast is abysmal. Mills aren't turning tonnage away, but they are holding off loads. In other words, for a mill that normally picks up in 48 hours, if I got an order today it wouldn't be picked up until next week."

He said SOP prices were destined for a drop in May, while mills also will be suspending premiums on contracted tonnage.

According to a broker in the Northeast, SOP was selling at \$150 to \$160 per ton in the region.

"This will drop even further in May as Cascades just stopped buying all but contracted tons. The market will be flooded."

Sources throughout the eastern U.S. said SOP was selling as low as \$140 per ton at the end of April, but the more common price was about \$20 to \$30 higher than that.

"Office paper is moving okay, but prices are dropping fast," said a broker in the Southeast. "It isn't piling up like corrugated is."

Sorted White Ledger

Reports on white ledger grades were mixed.

Some traders said white ledger is weak, though not as weak as SOP. Meanwhile, others reported pockets of considerable demand.

"Republic (Paperboard) in Lawton, Okla. is desperate for clean Manifold White Ledger and is paying \$335," one trader reported at the end of April. "That will be up \$5 to \$10 in May."

A broker in Chicago reported that some mills are in need of white ledger and there is not enough to go around.

"That's why the price is holding better than some other grades," he said.

Meanwhile, another broker said two mills turned down extra loads of Sorted White Ledger in April, but indicated that they would take it in May.

"They know the market is going down in May, so that's why they are waiting to pay less for it," he said.

Overall decline

Overall, May 1, 2019 pricing for OCC and SOP pushed The Paper Stock Report's average national mill buying price for 16 tracked grades down 9 percent compared to the April 15 average, from \$86.39 per ton, to \$78.99 per ton. That marked a 22 percent drop relative to a year ago.

The average national OCC price dropped 16 percent from two weeks earlier, from \$58.75 per ton to \$49.17 per ton. That represented a 29 percent decline compared to a year ago.

The average national SOP price on May 1 was \$169.17 per ton, down 11 percent from \$190 per ton on April 15, and down 6.4 percent compared to a year ago.

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blended average recycling commodity price during the first quarter fell 28 percent compared to a year earlier. However, he said, "We performed well in the first quarter as a direct result of our ongoing fees for contamination, improving operating costs and restructuring municipal contracts. We have taken these intentional steps to improve our recycling business by passing through the increasing cost of processing and the cost of higher contamination rates to our customers, and our re-

sults demonstrate that. We are still well below a typical operating EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) level and a normalized recycling commodity price environment, and as such, we remain focused on changing the business model for recycling with improved MRF technology and relationships with our customers that recoup processing cost and protect us from commodity price downside."

Morris said the company expects pricing to remain soft for the remainder of 2019, with some additional domestic mill capacity coming online later in the year.

"Despite these factors, we expect our overall business to continue to overcome any issues from recycling, putting us solidly on target to achieve our full year guidance," Morris said.

Devina Rankin, senior vice President and CFO, added, "We've also done a good job of managing the cost side of the equation and we'll remain focused on ensuring that we're working through the contamination headwinds that we see on the inbound material to manage those more efficiently in our processes. The focus on technology and the MRF line of business will be important to us, and we're continuing to advance those efforts."

Jim Fish, Waste Management CEO, said the company is emphasizing the "recycling plant of the future" - such as the facility now being built in Chicago - to address the downturn in the recycling markets. The Chicago MRF will begin to accept materials in the third or fourth quarter, Fish said.

"We believe we'll significantly reduce operating costs at that plant because of the technology that we're putting in - a lot of optical technology - in that plant," Fish said. "So we think it will be a very different plant in terms of operating costs. And that's part of our answer to try to address this downturn in the business that we don't have much control over and don't have much view of when it will resolve itself. So we're going to try and fix something that we control on our own."

Fish noted that there is currently a "really extreme supply and demand imbalance" in the recycling markets, mostly re-

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sulting from China's restrictions on imports that began last year.

"So for us, we feel strategically it doesn't make sense for us to sit back and rely on the rest of the world literally to try and figure this out," Fish said.

Two years ago, he said, China took 27 percent of all of Waste Management's recyclables and 63 percent stayed in the domestic market. Today, China takes 3 percent, and 77 percent stays home. Other markets in Southwest Asia's share has increased from 1 percent two years ago to 7 percent.

"We've done a good job of finding other homes, but there is going to be this big supply and then demand imbalance," Fish said. "Part of the issue is demand related and that means that the companies will have to use a higher percentage of recycled material in their products. Today that has not been the case. So the need for finding other uses for low value recyclables is on the demand side. We're optimistic that over time this really balances out. But as I said earlier, we're not willing to just sit back and let it balance itself out. That's why we're investing at things like this recycled plant of the future that takes a considerable amount of cost out and operates at as much as 30 or 40 percent lower unit cost than our current single streams."

Overall, Waste Management reported a strong first quarter, while discussing its recent agreement to acquire Advanced Disposal Services.

"The out-performance of solid waste in the quarter far exceeded the impacts of the negative commodity price drag in the recycling line of business," Rankin said. "We're optimistic that pattern will continue over the remainder of the year."

Fish said the year is off to a great start with organic revenue growth of more than 6 percent in the company's collection and disposal business, translating into about a 7 percent increase in operating EBITDA in that business.

"That puts us on track for another ban-

ner year," he said.

Some of the highlights of the conference call were:

Fish expects recycling to have an overall positive impact on Waste Management's financial performance during the year. "But it's also hard to tell because these commodity prices have become pretty difficult to predict. And with that 30 percent headwind on the commodity prices, we are exclusively reliant on our ability to reduce cost and pass this through in the form of fees."

In February, the company said it expected to make \$20 to \$30 million on recycling during 2019.

Morris: "We're looking at these contamination and other fees through three phases. We've done a nice job in Phase 1 and Phase 2. Phase 3 is still developing, which is really where about 60 percent of our volume comes from. That's a single stream volume that we're still continuing to address through Phase 3 through the municipal recycling contracts."

Asked whether it has been difficult to shift to a fee-for-services model, Morris said, "The fact that this been a sustained situation, I think customers are understanding that there are real pressures that the service providers are facing in order to continue to provide them not only recycling but sustainability services that they're looking for. I don't think it's ever easy to go back to a customer but this was a good example to tell them that they're going to have to share more of the risk and pay more for the services."

We're finding that with good messaging and communication with our customers, in giving them real feedback, real time feedback.

Morris: "We're very happy with what our recycling team has done. So not only our recycling team, but our entire operating team has done a really nice job of taking what is a headwind - and increasingly a headwind as evidenced by the recent price decline - and turn that into a positive. Going from break-even to \$11 million - while we consider that a victory, it is clearly not where we're satisfied."

Rankin: "At normalized commodity prices, we were accustomed to being able to say that the recycling line of business

was our second highest return on invested capital business. And so everything we are working on today is about returning this business to that model, because it can be a very successful business and sustainable over the long-term from an economic perspective. It's about making sure that we're achieving that in spite of this volatility in commodity prices that we're seeing."

Morris: "What we're doing is to try and lower operating costs through some of the investments we're making in technology, trying to reduce the labor component, which by the way is a very hard position to staff anyway."

Capacity

Palm orders world's largest containerboard machine

Papierfabrik Palm's (Palm) has ordered a new 825,000 ton per year recycled containerboard line for its Aalen-Neukochen mill in Germany. The new high-capacity board machine, which was called the largest in the world, will replace three existing smaller machines and will be designed to produce lightweight and high-quality recycled fluting and testliner grades. The start-up is scheduled for 2021.

Valmet Oyj will supply the new machine (PM 5).

The value of the order will not be disclosed, but the value of an order of this type and scope is typically around EUR 150 to 200 million.

"Palm PM 5 will be the largest containerboard machine in the world, said Jari Vähäpesola, paper business line president of Valmet. "We offered Palm an outstanding combination of high-end technology, comprehensive selection of service, automation and industrial internet."

I'm pleased to say that Palm and Valmet have been cooperating for decades and hopefully this good relationship will continue over the coming decades,"

Wolfgang Palm, Palm's CEO, said, "We

wanted to make a competitive investment for the next 50 years and aimed for a very wide and high-capacity containerboard machine to be ready for the future changes. Valmet was selected because of their high-level and differentiating technology for lightweight grades. The concept was verified at the pilot trials."

The Palm Group is divided into the paper division with its five paper mills for the manufacture of paper and the packaging division with 26 plants for the manufacture of corrugated board.

The third pillar of Palm's operations, which encompasses the purchasing of raw materials for all its papers and corrugated boards made from 100 percent recycled paper are joined under the umbrella of Palm Recycling, consisting of two recycling companies.

Verso to close coated paper mill

Verso Corp. said it will permanently close its paper mill in Luke, Md., in response to the continuing decline in customer demand for the grades of coated freesheet paper produced at the mill, along with rising input costs, a significant influx of imports and rising compliance costs and infrastructure challenges associated with recent environmental regulation changes.

The closure, which is expected to be complete by June 30, will reduce Verso's coated freesheet production capacity by about 450,000 tons, reducing total annual paper production capacity to about 2.7 million tons.

"It is unfortunate that we had to make the decision to close the Luke Mill, but the continuing decline in demand for the grades of paper manufactured there left us no choice but to close this facility that has struggled with profitability for a number of years," said Verso Interim Chief Executive Officer Leslie T. Lederer. "The company explored the possibility of producing alternate grades of paper products but the conclusion remained the same – we could not achieve profitability at the mill in today's market environment. Consistently

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matching the supply of our graphic paper products with customer demand for these products, reducing our costs and rapidly diversifying our product portfolio into growing markets remain essential drivers for Verso's long-term success, and we continue to vigorously pursue these objectives."

Most of the Luke mill's paper grades are already qualified to be produced on other Verso paper machines, and the company is working to assure all customer needs are met, according to Verso President of Graphic and Specialty Papers Michael A. Weinhold. "Because Verso is continually evaluating the best use of our highly flexible manufacturing system to assure we deliver the quality, reliability and value our customers depend on, our Luke Mill customers can remain confident in Verso's ability to meet their needs now and in the future," he said. "We will be working closely with our customers to assure they continue to receive the high quality products and exceptional service they have come to expect from Verso."

About 675 employees will be impacted by the closure of the Luke Mill.

"The decision to close this mill that has been in operation for more than 130 years was an extremely difficult one, and is in no way a reflection on the dedicated men and women who work there," Lederer said. "We know that this will be an extraordi-

narily emotional and challenging time for our Luke Mill team, and Verso is committed to treating them with fairness, respect and dignity during this difficult time. We will also do our utmost to ensure employee safety during the transition. I want to thank each and every member of the Luke team for their hard work and dedicated service to the mill, to Verso and to our customers."

Verso is a leading North American producer of specialty and graphic papers, packaging and pulp.

Packaging

Cascades Sonoco adds repulpable packaging production

Cascades Sonoco, a joint venture of Cascades Inc. and Sonoco Products Co., has inaugurated the expansion of its facility in Birmingham, Ala. and its new production line of innovative, eco-friendly packaging.

The investment of US\$17 million enables the facility to now produce a water-based functional coating solution to create recyclable, repulpable and compostable containers.

Cascades Sonoco said the new world-class equipment allows for the production of 55,000 tons per year of coated paper and paperboard using the company's FlexSHIELD, FluteSHIELD and SurfSHIELD water-based coating technology. These water-based functional and barrier coatings are designed to replace the non-compostable applications traditionally used in the design of folding carton take-out containers. The coatings can also replace the wax used in the corrugated industry.

The new production line adds to the diversity of the products offered by the Cascades Sonoco facility in Birmingham, which has a core business of manufacturing roll headers and roll wraps for the pulp

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Packaging

Cascades

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and paper industry. The plant employs about 75 workers and the new machine will create 20 long-term jobs. The expansion of the Birmingham facility and the installation of the new production line took place in 2018.

“Located in a strategically important region of the United States with the highest demographic growth and close to box-board and containerboard manufacturing plants, this Cascades Sonoco investment in water-based coating solutions allows us to offer a greener alternative to our customers so that they, in turn, can meet the needs of the most discerning consumers when it comes to the environment,” said Mario Plourde, president and CEO of Cascades. “Because they are recyclable, repulpable and compostable, this packaging can help the food service industry to significantly reduce its ecological footprint.”

Rob Tiede, president and CEO of Sonoco, said the technology is the result of listening to customers, consumers and the marketplace, then working to create something that solves a problem and fills a need.

“It also fits extremely well with our focus on finding sustainable packaging solutions which are in such great demand today, and it perfectly aligns with our purpose as a company – better packaging, better life,” Tiede said.

Founded in 1964, Cascades offers sustainable, innovative and value-added solutions for packaging, hygiene and recovery needs.

Founded in 1899, Sonoco is a global provider of a variety of consumer packaging, industrial products, protective packaging and displays and packaging supply chain services.

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