



# PSR The Paper Stock Report

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## BIR: Halfway through a roller coaster year

The year started well for recovered paper markets, but primarily due to the reaction to the Covid-19 pandemic, demand and prices began to weaken, Jean-Luc Petithuguenin, Paper Division president for the Bureau of International Recycling (BIR) reported in the trade association's quarter European paper report.

Here are the reports from European countries:

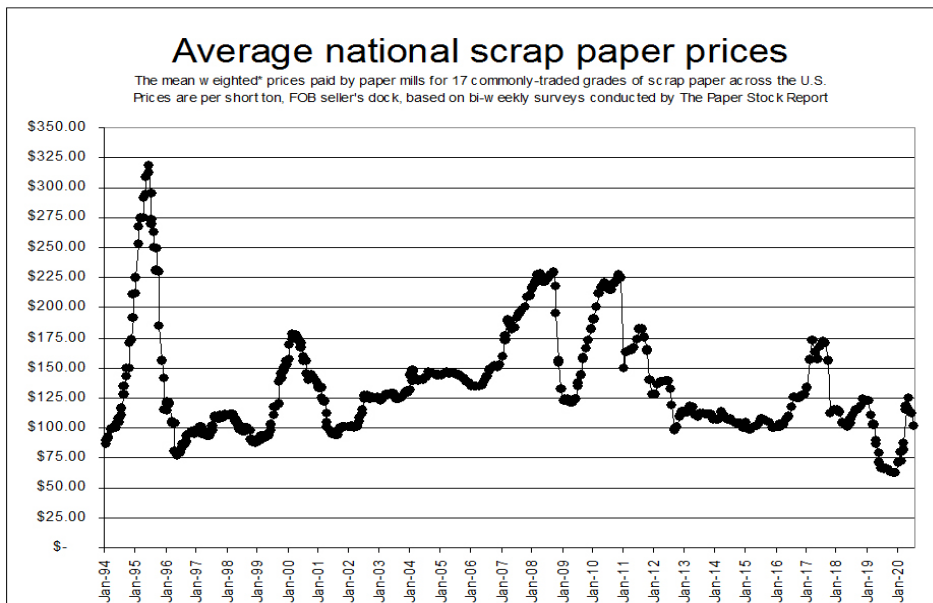
### Jean-Luc Petithuguenin BIR Paper Division President Paprec, France

The year 2020 is and will be remembered as an extraordinary year - from a health as well as from a market point of view.

Following two tough years for recovered paper and board characterized by high stocks and hectic pricing, 2020 seemed at first sight to suggest a change was about to take place. Early in the year, demand improved slightly and stocks fell a little. At that point, we could have reasonably hoped for prices to increase from the spring and/or summer.

However, everything started to happen much faster with the onset of the Covid-19-crisis and the resulting lockdown. With most industries shutting down in France, our domestic collection rate fell by 50 per-

(See Roller Coaster, page 3)



## European recycling rate reportedly increased to 72 percent in 2019

The European paper recycling rate has increased from 71.7 percent in 2018 to 72 percent in 2019 due to a stable utilization of paper for recycling in the European paper industry, according to the European Paper Recycling Council (EPRC).

A great signal towards more sustainability is the fact that the collection of paper for recycling was maintained at high levels in Europe despite a decrease in paper and board consumption in Europe. The sharp and continued decline in Chinese demand for European paper for recycling was balanced by increased demand from other countries such as Turkey and India, EPRC said.

"The increase to 72 percent shows that

paper recycling is not only a promise, but is already today a model for circularity and a strong contributor to the European Green Deal," said Angelika Christ, EPRC chairwoman.

EPRC said it is monitoring the development of the European paper recycling rate and its progress in 2019 towards the

(See Europe, page 6)

### Highlights

- Current recovered paper prices
- DS Smith appoints new managing director for recycling
- Whiskey in recyclable paper bottle

## 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:	30/80	30/80	50/105	60/105	60/105	70/110	20/60	20/75
White ledger, at generator's dock:	90/130	90/130	90/120	110/140	110/140	105/140	90/130	80/140
Old newspaper, delivered to dealer:	-25/0	-25/0	-15/0	-15/0	-15/0	-15/0	-25/0	-25/0
Old corrugated containers, delivered to dealer:	5/30	5/30	5/35	5/40	5/40	10/35	10/45	10/45
Old corrugated containers, supermarket-sized bales	20/60	20/60	20/65	20/65	20/65	25/65	25/65	15/65
Old magazines, delivered to dealer:	0/40	0/40	0/40	0/40	0/40	0/50	0/50	0/45

## 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 Month	Last Year
Mixed paper (54)	0/40	0/50	0/50	0/50	N/A	0/20	17.50	17.50	17.50	5.00
Sorted residential papers & news (56)	50/65	60/70	60/80	70/80	50/60	50/70	63.75	63.75	63.75	25.00
Sorted clean news (58)	95/115	100/115	90/110	100/115	75/90	65/100	97.50	97.50	97.50	75.83
Old corrugated containers (OCC) (11)	75/90	85/100	70/90	85/100	80/120	70/120	90.42	90.42	101.67	37.92
Sorted office paper (37)	160/180	160/180	160/180	160/180	150/210	150/190	171.67	171.67	187.50	123.33
White ledger, post-consumer (40)	220/260	230/260	220/250	230/260	200/220	200/230	231.67	231.67	251.67	254.17
Old magazines (10)	60/80	60/90	50/80	60/90	70/90	70/90	74.17	74.17	74.17	77.50
Industrial / Commercial grades	Northeast	Southeast	Midwest	Southwest	LA	Northwest	Natl Avg	Last Issue	Last Month	Last Year
Boxboard cuttings (4)	40/70	50/80	50/75	50/80	50/70	50/70	61.25	61.25	61.25	35.83
New double lined Kraft cuts (DLK) (13)	110/140	120/150	120/150	120/150	120/130	120/150	131.67	131.67	154.17	72.08
White news blanks (24)	200/250	220/250	210/250	220/260	200/220	200/220	225.00	225.00	225.00	200.00
Coated soft white shavings (28)	300/325	300/325	300/325	300/325	300/325	300/325	312.50	327.00	327.00	313.33
Hard white shavings (30)	360/400	360/400	360/400	360/400	360/400	360/400	380.00	400.00	400.00	430.00
White ledger, pre-consumer (41)	220/260	230/260	220/250	230/260	200/220	200/230	231.67	231.67	251.67	254.17
Coated Book Stock (43)	160/175	160/180	160/180	160/180	150/180	140/170	166.25	166.25	190.83	125.00
Coated groundwood sections (44)	70/100	70/100	60/90	70/100	90/100	70/95	84.58	84.58	84.58	79.58
Unprinted bleached sulfate (SBS) (47)	340/375	340/375	340/375	340/375	340/375	340/375	357.50	370.00	370.00	390.00
<b>Weighted average national price</b>							<b>101.61</b>	<b>101.92</b>	<b>111.99</b>	<b>65.96</b>

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### Join the survey...

The Paper Stock Report surveys scrap paper traders twice a month to obtain current, unbiased market prices.

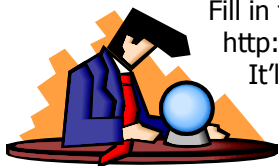
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Use the survey form to submit your observations about current scrap paper markets.



## DS Smith appoints new managing director for recycling

**R**ogier Gerritsen has been named managing director of DS Smith's Recycling Division. Gerritsen will be responsible for managing about 6 million tons of paper for recycling annually at company plants and those of its partners in the U.S.

DS Smith, based in the U.K., recently expanded its recycling operations with the opening of its first U.S. recycling facility in Reading, Pa. The plant can recycle more than 36,000 tons of old corrugated cardboard each year and is unique as it is alongside the company's paper mill and within a mile from its packaging plant, creating a closed loop manufacturing model. The process allows for corrugated packaging to be made, used, collected and recycled into corrugated boxes again within just 14 days.

Gerritsen joined DS Smith in 2012, holding senior roles in both the Packaging and Paper divisions and gaining valuable experience across the full spectrum of sustainable paper and packaging production, DS Smith said. Gerritsen is a cluster director for the Paper Division, overseeing the operational and commercial activities of some of DS Smith's largest mills in Europe.

"The prospect of working in the sector as it responds to the recycling challenge that comes from huge changes in consumer shopping habits drew me to the position," Gerritsen said. "As we see more packaging entering household recycling streams we must focus on making sure that the right collection infrastructure is in place to facilitate the best quality paper possible for recycling."

He succeeds Jochen Behr, who is leaving DS Smith at the end of July after more than three years at the helm of the Recycling Division to take up an opportunity in Australia.

"Rogier brings extensive knowledge of paper and packaging production and this will be key in our next phase of growth,"

said Colin McIntyre, divisional CEO for paper and recycling at DS Smith. "Recyclability is at the very heart of our sustainable packaging solutions and making sure we are at the forefront of hard to recycle materials is critical to maintaining and growing paper-based packaging recycling rates across the world."

DS Smith is a provider of corrugated packaging worldwide, supported by recycling and papermaking operations. North American operations are headquartered in Atlanta, with 16 manufacturing, paper and recycling facilities, totaling more than 2,000 employees.

### The Market

## Roller Coaster

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cent; all our recycling facilities remained open and so we managed at first to meet the demand, but at a slower pace of activity. Paper mills' demand remained high and soon it became almost impossible to satisfy it.

Within two months, prices surged and our stocks returned to reasonable levels, but conditions changed quickly once again with the mid-May lockdown easing measures. Between March and May, our paper mill customers had generated a lot of product and, eventually, a significant proportion failed to find sales outlets and ended up in stock.

There is still intense pressure on the market for reels: prices have been falling and mills have started to announce a demand drop of 10 to 30 percent for the summer. With the easing of restrictions, collection has returned to normal but we now face a lack of demand. June was complicated by low demand from the mills and by prices going down - and July will be complicated too. Our recovered fiber stock levels are becoming high once again.

Regarding the lower grades, Europe has witnessed reduced demand in June and July. However, the decrease in prices has opened up the possibility of exports once again: we'll have to call for containers this summer and see what happens after the holidays.

For the middle grades, volumes have also decreased but our customers are seeing a shortage of demand for newspapers and magazines as well as for tissue products. As expected, the UPM Chapelle d'Arblay facility in France stopped operations in June; no one has taken it over to date but, though closed, the plant will be maintained by UPM for a year to improve the chances of an eventual resumption. The office papers market is satisfactory but volumes have decreased owing to more home-working. Good levels have been maintained among the high grades but, despite some pressure, there is not much more available to offer.

So this year so far has brought a roller-coaster market: we started with high stocks and low prices, the reverse applied in April/May, and now the markets have been turned upside down once again. What can we expect in the second half of the year? All will depend on how the Covid-19 crisis develops.

Activity levels appear to remain acceptable, with some industries and sectors suffering more than others. If this trend continues, then demand could return in Europe as well as in Asia.

New cardboard capacities in Germany, Italy and Turkey should help sustain demand for recovered fiber.

To end on a positive note from France, Norske has just announced a major investment at its Golbey site where, by 2023, more than 1 million metric tonnes of testliner and newsprint is to be produced annually from recovered fibers.

### United Kingdom

**Keith Trower**

**Viridor Resource Management Ltd.**

The first quarter of the 2020/21 financial year saw the recycling industry in the midst of the global Coronavirus pandemic. The UK industry remains modestly optimistic despite the fact that government restrictions continue to impact demand, collection volumes and recycling rates.

The reporting period was a game of two halves: demand for recyclables increased initially owing to supply shortages in Eu-

(See Roller Coaster, page 4)

## The Market

# Roller Coaster

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rope but, once supply and demand came more into balance, there was a decline in interest from buyers. The absence of commercial arisings has helped to slow and then stabilize recent OCC price falls.

European mills are sitting on high inventories of OCC and finished product; some are looking at taking downtime later in July.

Mixed paper pricing has remained relatively stable. A high price delta at the peak of OCC prices helped to maintain demand for mixed paper, particularly from mainland Europe.

The tissue sector has also experienced declining demand following the peak of activity in April and May. Some UK tissue mills took market-related downtime in June.

High-grade material into mainland Europe remains problematic; mills are sufficiently stocked and are not consuming as much as previously. There is also little distinction now between pricing of white grades.

The pandemic is causing European haulage issues, with port checks and border restrictions likely to impact sales flows severely and to delay overall logistics.

Quality will keep material moving and must remain the area of focus for all UK waste management companies and recyclers alike.

The wider export market was already vulnerable and now finds itself in the middle of the Covid crisis. The impact of the virus has been felt across Asia's recovered paper market, with the supply chain disrupted by a severe shortage of available containers; prices for recovered paper imports are increasing. The pandemic has significantly impacted general imports and exports; vessel omissions and container shortages are forecast to continue in July, with upward pressure on freight rates.

There are minimal opportunities to supply China directly owing to low import quotas and lower CIF prices from mainland Europe. At the same time, demand

from South East Asia for the UK's OCC has been stabilizing or growing as these markets slowly open up to supply China with finished paper and recycled pulp.

Political unrest in China/Hong Kong, port congestion in parts of Asia and regulatory uncertainty in South East Asia make market demand over the next two to three months difficult to forecast.

### Germany

#### Reinhold Schmidt

#### Recycling Karla Schmidt

In April, the recovered paper market continued to be affected by the Covid-19 crisis. Given their very good order situation, packaging board manufacturers produced at full capacity as their products were considered essential to maintaining the supply of food, hygiene products, etc. In addition, mills kept high stocks while their customers also built inventory. As a result, there was a significant increase in demand for the lower grades of recovered fiber.

Fiber suppliers met the needs of the paper industry despite some challenges, including a massive decline in industrial/commercial collections owing to the lockdown as well as a temporary closure of municipal recycling centers. Another hurdle was partially disrupted supply chains owing to temporary difficulties at the border with importing recovered paper into Germany and to the lack of logistics personnel.

In addition to sales, graphic and hygiene paper manufacturers also sought to maintain high stocks.

There was a slight increase in recovered fiber demand from Southeast Asia, but only for exceptionally clean goods such as corrugated cardboard II, 90/10, new corrugated cardboard waste, etc. Recovered paper collection companies kept almost no stocks in April. The increase in demand led to an improvement in sales of the lower paper grades but this was not sufficient to lift prices out of the negative cost area. Medium grades recorded a moderate increase in sales while the higher grades maintained constant prices.

In May, recovered paper market conditions were quite volatile and varied according to grade. The Covid-19 lockdown re-

sulted in a sharp reduction in domestic collection volumes, with mixed paper, supermarket grades and used corrugated cardboard (OCC) entering sorting systems in greatly reduced quantities.

The sortable proportion of deinking goods from household collections dropped to a maximum of 40 percent, mainly because of drastically reduced advertising activity and newspaper inserts as well as the accelerated changeover of many people from print to new media owing to more home-working as a result of Covid-19. The drop in paper industry demand for these recovered fiber grades created a certain balance. As a national average, the volumes of recovered paper recorded in commercial enterprises were down 40 to 50 percent.

At the beginning of May, paper mills continued their somewhat panicked purchases of brown grades. Demand remained high from the corrugated cardboard industry, fuelled primarily by healthy orders from the food sector. At the same time, there was a perceptible shortage of recovered paper at these mills as volumes collected in neighboring countries had also dropped by 40 to 50 percent. With Germany an importing country, there were fears of a raw material shortage.

Brown grades initially became more expensive but conditions changed as May progressed. Firstly, the government's initial easing of Covid-19 restrictions led to a slow restart of commercial activities and thus to a slight increase in fiber collections, although no stocks were formed. Paper mills switched to using their abundant raw material stocks and, in some cases, cut agreed recovered paper order volumes. There was no longer any sign of panic in the procurement of raw materials, leading to a drop from the price peaks and an end to orders at spot prices.

The medium and higher grades remained in good demand amid very low availability. The hygiene paper market calmed down and there was an end to the boom in purchases for further stocking. Grades required for production - such as files - were stable in price.

German recovered paper exports outside of Europe came to a standstill in May.

Export prices were significantly below the domestic level and major buyer India was paralyzed by the world's most extensive lockdown. Hundreds of containers filled with recovered paper were waiting to be processed through Indian ports.

In June, many sectors of the economy gradually resumed production, the catering trade opened its doors and overall consumption increased. Recovered paper collections climbed accordingly, but never returned to pre-Covid levels. There was a drop in customers' fiber demands as numerous mill warehouses were stacked with new paper but their order books were no longer full. In some cases, mills unilaterally reduced the quantities of recovered paper on order, and remedial measures and early maintenance did the rest. This was primarily the situation for producers of brown products, and increasingly for deinkers; the tissue industry offered no exception to this decline in orders.

Exports of recovered paper remained at a very low level in June.

With the drop in recovered paper orders, there was greater pressure on prices and the increases seen for lower grades in April and May were reversed. Medium grades remained unchanged while, among the higher grades, only wood-free white prices showed an occasional upward trend.

## Italy

### Giampiero Magnaghi

The second quarter of 2020 was a period of stormy confusion. At the end of March, the almost complete virus-related halt to industrial activity led to a severe reduction in paper waste arisings (two-thirds of which comes from the conversion sectors) and thus to an immediate shortage of supply. Those mills to have continued in production encouraged speculation by declaring that they would accept recovered paper only for free or for negative prices, but they suddenly discovered that they were unable to remain in production owing to a lack of raw materials.

The ensuing furious hunt for supplies triggered an immediate explosion in prices, with OCC rising as high as Euro 170 per tonne and mixed paper to around Euro 50.

The restarting of converter industries in

May completely reversed the situation. In the interim, mills had taken advantage of low recovered paper prices in the second half of 2019 and early 2020 to ensure that their customers were fully stocked. Today, these mills are suffering from low demand for their finished products and have been forced to take maintenance downtime in respect of machines that have been worked very hard in recent quarters.

As a consequence, OCC prices have slumped at the time of writing to around Euro 50-55 per tonne ex works, with mixed paper at Euro 45-50. White ledger has remained stable while the white grades, which are very scarce, are around Euro 285-290 per tonne (FOB). Recently-announced official prices for July put mixed paper at Euro 0-10 per tonne and OCC at Euro 20-45 (FOB) for good-quality, well-sorted material; the scale of the price range confirms the uncertainty within the market. All other grades are at stable prices, with some tendency towards small increases among the higher grades owing to their scarcity.

The mill at Mantova is in full production after having finally resolved its problems by paying a fine of Euro 1 million for building irregularities.

In contrast, serious problems have been caused by a government-issued decree with the force of law which unifies the existing classification of paper waste (70-75 percent of which comes from industrial sources and 20-25 percent from selective municipal collections). The apparent purpose is to submit everything to centralized control and thus jeopardize operators' independence. The association of branch professionals within UNIRIMA has appealed against what it regards as a dangerous and unjustifiable initiative.

In June, furthermore, Italy's environment minister - always a strong supporter of the end-of-waste concept and totally against thermal recovery - issued a decree about processing recovered paper to a point where it ceases to be "waste" and instead becomes a "secondary raw material." Unfortunately, the decree makes reference to several previous precedents and risks creating confusion. For instance, the producer is required to stock sufficient samples of materials supplied to the con-

sumer for a period of up to six months. Once again, there is a big difference between theory and practicality. Also, severe fines are proposed for those failing to comply with these rather complicated bureaucratic controls.

July will be a somewhat complex month for domestic trade whereas better prospects surround responsible exports. However, problems are continuing with shipments by container.

August traditionally sees a reduction in paper and board production. Owing to the impact of the virus and to the drop in the overall production index, recovered paper collections are also expected to fall.

## Czech Republic

### Martin Šoth

#### Sberné suroviny UH, s.r.o.

Within the Eastern European market, recovered fiber prices and demand both began to improve towards the end of this year's first quarter. However, the second quarter was not so positive, and neither is the near-term outlook. Compared to the first quarter, prices have dropped by 50 to 60 percent so that the situation has returned to what it was at the beginning of the year.

The biggest impact has been the slowdown within the automotive industry, which has put a stop to demand. Market indications suggest no further orders for the mills to date. The largest order volumes have been coming from the food industry for paper packaging that demands high qualities.

## Scandinavia

### Martin Leander

#### Stena Recycling

The Northern European market for OCC improved in April for the first time since the summer of 2017. But after strong upward movements in the middle of the second quarter, OCC prices have now started to fall as the Covid-19 virus is affecting demand as well as collections. Mixed paper has been following the OCC market during this period.

Elsewhere, there was increased demand from tissue mills in April whereas order

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## The Market

# Roller Coaster

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volumes were reduced for newsprint producers. Prices increased for both deinking and wood-free grades at the beginning of the second quarter and then stabilized. There has been weaker demand from insulation producers owing to the low season in the summer.

These unstable OCC market conditions appear set to continue and prices might decrease in the coming months. Graphic material is also under pressure but prices will most likely remain stable.

### Spain

**Francisco J. Donoso**

**ALBA Servicios Verdes S.L.**

The lack of collections over several weeks owing to commercial closures as well as some industrial shutdowns was more than sufficient to stress the market deeply. Paper mills were fearful of a lack of supply and there emerged an auction-style process of paying the most in order to obtain the largest volume.

Volumes were small because collections were low; recyclers were able to empty their yards, selling at much better prices than a few months earlier. However, new paper demand was actually lower during the second quarter and so, as soon as collections resumed even in part, demand was insufficient and prices fell again.

The current global scenario is similar to that prior to March: lower collection volumes are exceeding an overall mill consumption which has declined even more, not least because China has reduced its overseas purchases. The market outlook is even worse because China will totally close its borders from September. Several paper mills are reducing machine speeds in response to a lack of orders. Overall, therefore, there is a smaller volume in a less balanced market.

White grades have remained in good demand thanks to healthy tissue production but buyers could not afford the top prices during the second quarter. Increased working from home could bring

about a general reduction in the volume of office papers available for collection from the offices themselves where high volumes have traditionally been concentrated. Instead, increased quantities will be produced across many homes and could become mixed with other grades, thus leading to an overall reduction in white paper collection volumes.

### Turkey

**Ekrem Demircioglu**

The severity of the pandemic became clear in Turkey around March when the first cases began to emerge, affecting the markets throughout the second quarter. Free trade with restrictions/controls will restart from July but we must accept that the pandemic will have a prolonged effect on all aspects of business and life in general. Therefore, it is hard to make any forecasts.

The first quarter of 2020 saw a demand below the 2019 average and thus a reduced capacity utilization. Despite the market impact of the pandemic, the start of the second quarter brought some improvement as high demand from the food sector boosted orders for corrugated cardboard.

Exports were not strong but continued during this period. Unlike for many other sectors, April and May were relatively good months for both corrugated cardboard and paper mills, with numbers at least matching 2019 averages. In these two months, the price of recovered paper surged by an average of 30 percent when compared to the first quarter of 2020 in response to finished paper price gains. For a short period, domestic recovered paper prices increased from Euro 70-80 per tonne to Euro 150-170; one of the main reasons for this was the negative impact of pandemic-related restrictions on exports.

Market conditions changed completely during June. A decline in demand and capacity utilization instantly affected recovered and finished paper prices, both of which dropped by 30-40 percent. This had a major impact on the recovered paper market and sent collection rates even lower; domestic collection volumes have always been a problem in Turkey where they account for only 60-65 percent of

mills' demand when working at full capacity.

In June, the average OCC price was Euro 80 per tonne and no-one in the paper sector was happy. In short, market conditions were positive in the first half of the second quarter and then the complete opposite in the second half.

Entering the third quarter, paper mills are asking for a slight drop in fiber prices whereas the recovered paper sector is seeking an increase. As there are so many uncertainties, it is very difficult to be optimistic about the future. Domestic collection rates are not adequate for Turkey's needs and so imports remain a must, such that the cost of imported recovered paper will affect domestic prices and bring about a balance. All investments have slowed but are proceeding as the pandemic allows.

## Europe

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set target of 74 percent recycling rate by 2020. The full monitoring report including action by the EPRC signatories and supporters in the fields of collection, recycling, research and education will be published in September.

According to the Confederation of European Paper Industries (CEPI), Europe's paper recycling rate has increased as follows:

1991: 40.3 percent  
2000: 51.8 percent  
2010: 68.5 percent  
2015: 71.9 percent  
2019: 72 percent

The amount of paper collected for recycling was:

1991: 25,452,000 metric tonnes  
2000: 43,658,000 tonnes  
2010: 55,917,000 tonnes  
2015: 55,829,000 tonnes  
2019: 56,900,000 tonnes

"CEPI" countries are Austria, Belgium, Czech Republic, Finland, France, Germany, Hungary, Italy, The Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and United Kingdom.

CEPI said Europe's paper industry reached its "highest level ever" in 2019.

In 2019, CEPI members produced close

to 90 million tonnes of paper and board, of which 54.6 percent were based on recycled fibers - compared to 53.1 percent in 2018. The performance, CEPI said, goes hand in hand with a 72 percent paper recycling rate after 71.7 percent in 2018.

"More than ever, paper for recycling is a major source of fibers while the share of domestic wood used by the pulp and paper industry reached 84.2 percent in 2019 (84.1 percent in 2018), demonstrating that we are truly made in Europe from European raw materials," CEPI said. "Of wood consumed, a large share (24 percent) is also circular as it is residues from saw mills and wood working industries. Our industry is also a net exporter with 22 percent of our production exported outside Europe."

According to CEPI:

Speciality paper and board production was stable in 2019, showing robust positioning on end-markets. Also, market pulp production grew (+6.1 percent) as a result of recent significant investments in new capacities. Market pulp exports grew by 48 percent in 2019.

Over the first 5 months of 2020, due to the Covid-19 impact, paper and board production declined but to more favorable rate (-4.5 percent,) than what most other manufacturing industries experienced (on average -20.4 percent), showing that the Covid-19 impact on pulp & paper industry was less pronounced than in other manufacturing sectors due to intrinsic resilience of our sector.

Paper and board consumption declined in 2019 following the slowing down of the EU's economy. However domestic demand for hygiene papers (tissue, toilet paper, etc.) remained relatively high in the first months of 2020, and packaging has been benefiting from e-commerce growth.

The Covid-19 crisis has also accelerated an underlying change in consumption patterns related to the increase in teleworking and digitalization which could have a long-lasting impact in the retail structures and production patterns. It could also open new opportunities for packaging. Similarly, production patterns are likely to change after the crisis exposed the lack of resilience of the EU economy; repatriation of industry, such as pharmaceuticals, in

Europe is positive also for pulp and paper industry.

During the lockdown situation, our industry has been recognized as an essential sector in various Member States such as Belgium, Czech Republic, Finland, Hungary, Italy and Spain. In line with this recognition, the priority for our industry has been to ensure that EU citizens were able to access the products they needed for hygiene, health and food purposes.

In that spirit, we have been working with other industries in the value-chain to operate as much in a "business as usual" mode as possible and guarantee security of supply and transport despite the lockdowns.

In 2020, paper and board markets will likely be impacted by the anticipated decline of the European GDP in 2020 both in the EU and the euro area by -8.3 percent and -8.7 percent respectively as a result of the Covid-19 crisis (source: EU Commission – Summer economic forecast 2020). However, in 2021, the EU economy is expected to grow by 5.8 percent and the euro area economy will grow by 6.1 percent bringing a positive outlook for paper and board markets as well, knowing that they will rebound.

## Production

### Containerboard production up 1 percent in June

U.S. containerboard production in June increased one percent compared to June 2019, the American Forest & Paper Association (AF&PA) reported. Production was up five percent when compared to the same six months of 2019, AF&PA said.

According to AF&PA's June 2020 Containerboard Monthly report:

June 2020 production of containerboard for export increased 5 percent compared to the same month last year; it was up 34 percent year-to-date.

The containerboard operating rate was 90.1 percent, up 1.8 points from June 2019 and up 3.9 points year-to-date.

Mill inventories of containerboard at the end of June decreased 4,000 short tons from the previous month and were up 48,000 short tons compared to June 2019.

The complete report with detailed tables, charts and historical data can be purchased by contacting Kory Bockman: [Statistics\\_Publications@afandpa.org](mailto:Statistics_Publications@afandpa.org) or 202-463-4716.

## Products

### Johnnie Walker soon available in recyclable paper bottle

The world's top selling brand of Scotch whiskey will be available in a recyclable paper bottle beginning next year, announced Diageo PLC, makers of Johnnie Walker. Diageo, which also owns the Smirnoff and Guinness brands, said the world's first ever 100 percent plastic free, paper-based spirits bottle, made entirely from sustainably sourced wood, will debut in early 2021.

The company also announced a new partnership with Pilot Lite, a venture management company, to launch Pulpex Limited, a new sustainable packaging technology company. To ensure that the technology can be used in every area of life, Pulpex Limited has established a partner consortium of companies in non-competing categories including Unilever and PepsiCo, with further partners expected to be announced later in the year.

The consortium partners are each expecting to launch their own branded paper bottles, based on Pulpex' design and technology, in 2021.

The Pulpex bottle is made from sustainably sourced pulp to meet food-safe standards and is expected to be fully recyclable in standard waste streams, Diageo said. The technology will allow brands to rethink their packaging designs, or move existing designs into paper, while not compromising on the existing quality of the

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## Products

# Whiskey

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product, the company said.

"We're proud to have created this world first," said Ewan Andrew, chief sustainability officer for Diageo. "We are constantly striving to push the boundaries within sustainable packaging, and this bottle has the potential to be truly ground-breaking. It feels fitting that we should launch it with Johnnie Walker, a brand that has often led the way in innovation throughout its 200 years' existence."

Pulpex' technology allows it to produce a variety of plastic-free, single mould bottles that can be used across a range of consumer goods. The packaging has been designed to contain a variety of liquid products.

"We believe in tackling plastic



waste through innovation and collaboration," said Richard Slater, chief research and development officer for Unilever. "We are going to halve our use of virgin plastic at Unilever, reducing our use of plastic packaging by more than 100,000 (metric) tonnes in the next five years. Joining forces to develop and test paper bottles is an incredibly exciting step forward, and we're delighted to be working together to tackle one of the biggest environmental challenges of our time."

Diageo sells its alcoholic beverages in more than 180 countries around the world. Its brands include Johnnie Walker, Crown Royal, J&B, Buchanan's and Windsor whiskies, Smirnoff, Ciroc and Ketel One vodkas, Captain Morgan, Baileys, Don Julio, Tanqueray and Guinness.



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