

German printing industry reports continued paper market turbulence

Energy prices that contributed decisively to the increase in graphic paper prices over the past few months are unlikely to fall to pre-crisis levels once again. This was one unanimous conclusion drawn by representatives of the Die Papierindustrie association and of the federal association of German paper wholesalers (BvDdP) at a digital information event organised by the German printing and media industries federation (bvdm) on 23 March.

Against this background the bvdm pointed to the significance of the traditional supply relationship between paper suppliers and printing companies. The federation demanded to make loyalty to contracts, commitment to delivery deadlines and volumes as well as price-related planning reliability the basis of a renewed relationship of trust. The representatives of the paper suppliers were self-critical and open enough to admit that mistakes had been made over the past few months and that they had not always been true to the agreements concluded. They argued, however, that market turbulence forced them to slam on the brakes so as not to jeopardise the continued existence of the companies concerned.

The participants in the event all agreed that their goal was to by all means protect the existence of print as a medium.

Both supplier organisations were of the opinion that the direct impact the war in Ukraine has on paper markets is less dangerous than potential consequences of sanctions that have relevance to energy policy. This is why Die Papierindustrie plans to turn to the Federal Minister of Economics in order to underline the significance that the paper industry has for Germany's infrastructure as an indispensable part of the value chain. Support for this project was demanded from both paper merchants and the printing industry, essential parts of which are also recognised as a critical infrastructure, and both signalled their general willingness.

Like the European umbrella association, the bvdm already launched an appeal to the European paper industry not to apply for the continued validity of anti-dumping tariffs on certain paper imports from China. According to the bvdm, it is especially in times of scarcity that the freedom of the trade must not be restricted. □

Austria's paper industry sounds warning bell over repercussions of halting gas imports

The Austrian paper industry is facing tremendous impacts from exorbitant energy prices. Electricity and gas cost up to 10 times more than last year. And even though paper mills already use 60 per cent renewable fuels, they are dependent on gas to cover 35 per cent of their needs. Therefore, a complete stop to gas imports from Russia would be of major concern to the industry. Austrian pulp and paper production could not be maintained, as there was no technical way to replace gas with other energy sources at short notice, officials from the Association of the Austrian Paper Industry, Austropapier, said at a press conference. Halting imports would have an existential impact on companies and their employees and on district heating extraction and paper and packaging supply.

Pulp mills are not as hard hit by hefty gas prices. "Companies with integrated pulp production find it easier here. They can use the resulting residual materials for energy. For paper mills that produce on the basis of waste paper or have to buy in pulp, gas-fired power plants that produce electricity and heat are the best available technology because they are highly efficient and produce low CO₂ emissions," commented Austropapier's President, Kurt Maier. However, pulp producers could not do without gas, either, as it was used,

for instance, for ramp-up purposes and recovery chemicals.

Halting gas deliveries would also have repercussions for district heating. The decoupled energy Austrian paper mills produce corresponds to the heat and power need of 100,000 households in Austria, Austropapier said.

The association added that the paper industry could not really prepare for a worst-case scenario of this kind. Storing gas was not a customary industry practice, and even if this switch could be made at short notice, there was no guarantee that the government would not redirect gas stocks to places where energy was more urgently needed.

The first companies in Austria have already had to temporarily idle production because of the exorbitant rise in energy prices. For instance, Norske Skog had taken downtime at its Bruck paper mill on 9 March. One of the two publication paper machines resumed operations on 21 March after gas prices stabilised at a high level, allowing for somewhat reliable planning. The second machine also restarted manufacturing in late March, the mill's managing director, Enzo Zadra, revealed.

Austropapier said that other companies had registered for short-time work. According to the

► continued on page 16

NEWS IN BRIEF

Germany's producers of **sanitary paper** warn of the consequences of exploding natural gas and electricity prices and a possible cut in gas supply from Russia. The German paper manufacturer's association Die Papierindustrie is of the opinion that a suspension of gas deliveries would lead to immediate production stoppage and cause a supply crisis in this product area. The current situation had already caused temporary downtime taken by some producers because their production was no longer commercially viable, it said. According to the association, the massive increase in energy prices is already threatening the existence of some producers.

Bleached hardwood pulp prices are to rise once again in April. **Suzano**, the world's leading eucalyptus pulp producer, has informed its global customers of another price increase. The company confirmed towards EUWID that it would charge its European converting companies \$50/t more for deliveries from April. The new BEK pulp list price would therefore rise to \$1,250/t in Europe.

Swedish **SCA** has increased its northern bleached softwood kraft pulp (NBSK) price to \$1,400/t with effect from 23 March until further notice. The most recent list price was \$1,350/t; hence the increase comes to \$50/t. SCA justifies this measure by referring to continuously high demand for pulp throughout the world combined with limited supply, which leads to price increases on many markets including Europe.

In view of the extraordinary current situation, **Felix Schoeller Group** will impose a temporary cost surcharge on its products. The company reports that the general surcharge will be segment-oriented and take effect on 1 April 2022. It will be valid until further notice. The temporary cost surcharge will concern all production of the specialty paper producer's German facilities. Felix Schoeller Group will show the surcharge separately on its customer invoices.

Specialty chemicals group **Lanxess** is imposing surcharges globally on its inorganic pigments with immediate effect. Prices will rise by €400/t for iron oxide pigments produced by the German Krefeld-Uerdingen production facility and by €200/t for iron oxide pigments manufactured by the Brazilian Porto Feliz plant – or by the equivalent amount in national currency. Moreover, the Inorganic Pigments business unit is also adjusting the quotations for chromium oxides. According to the company, the reasons for the adjustments include, in particular, exploding energy prices as well as enormous shortages and cost increases for raw materials and freight capacities.