

packaging – will continue to develop positively. Gross sales in the e-commerce business grew by 19 per cent in 2021 in Germany and will probably continue to grow in 2022 – at the cost of the brick

and mortar retailers. What is more, the substitution trend away from plastic towards fibre-based packaging is expected to fundamentally strengthen the market for packaging paper and board.

For producers of graphic paper, it will be decisive whether the post-lockdown effect towards more printed advertising in 2021 will arrest several years of decline and even reverse the trend. □

Germany: pulp imports and exports in 2021

tonnes (air dry 90:100)	Imports		% 2021/2020	Exports		% 2021/2020
	2021	2020		2021	2020	
Sulphite, softwood/hardwood	49,312	44,802	+ 10.1	-	-	-
Sulphate, softwood/hardwood	3,100,647	2,914,175	+ 6.4	-	-	-
Total paper pulp	3,149,959	2,958,977	+ 6.5	509,353*	573,483*	- 11.2
Other pulp	45,000	45,306	- 0.7	29,000	29,461	- 1.6

* Sulphite and Sulphate

Source: Statistisches Bundesamt (Federal Statistics Office)/Die Papierindustrie

Rising raw material and energy costs lead to price surge for native starches

Valid concerns about long-term availability of starches

Suppliers report good demand for cereal starches. There has been a seasonal slowdown in ordering from many paper mills in recent weeks, with a few players reporting a summer lull. Nevertheless, there is a tightening trend on the market for native starches. In addition, the dramatic increases in raw material and energy costs are leading to unprecedented increase in starch prices.

At the beginning of 2022, players on the market for starch products often signed half-year contracts. Now, the price round for deliveries as of 1 July has resulted in significant mark-ups. Paper mills are being confronted with hikes of 30 per cent and more for cereal starches. With demand growing sharply overall and exploding raw material costs, producers of native wheat starch are looking to charge at least €900/t. Prices for the third quarter or second half-year 2022 could reach or even exceed €1,000, all respondents agree.

Native corn starch is scarcer and more expensive than wheat starch, say representatives of the starch industry. Depending on the contract volumes and logistics costs, prices here can be €20-50/t above those in the neighbouring segment, EUWID was told.

The mark-ups for cereal starches as of July were not as massive for the buyers who had already

agreed to new delivery conditions starting in the second quarter. At that time, the price level was set at €800/t, or rarely €700 or €900/t. In all cases, new price increases were introduced at the start of the third quarter, which resulted in the price ranges stated above.

Investments in paper production capacity to further increase starch demand

Starch plants are currently struggling with the soaring energy costs. In light of this, a number of respondents expect that the situation could remain complicated and starch prices could remain high for a long time.

Given this outlook, there is speculation about future starch demand and supply, say market experts. The paper industry has announced significant investments in additional capacities for packaging paper and especially for corrugated

case material. This increase in paper production capacity also represents a challenge for starch manufacturers, industry representatives stress.

One player sums it up by asking: Where is the starch supposed to come from for so many paper machines? If all of the additional paper machine projects are realised, even an additional starch plant would barely suffice to cover the demand, respondents say.

And with a view to the coming year, it is necessary to secure production and availability of corn and wheat starch, representatives of the starch industry warn. As previously reported, additional starch production capacity is not expected on the market until 2023 when Cargill will finish its rebuild project in Krefeld, Germany and Jäckerling complete the capacity expansion in Hamm, Germany.

High prices and tight supply of cereal starches drives interest in potato starch

In light of the supply issues and problems on the market for cereal starches, substitutes are gaining favour. Potato starch, in particular, offers advantages for the paper industry in some niches. This opens up new opportunities for producers of this starch grade. Paper industry players have definitely been inquiring more about deliveries in recent months, suppliers confirm.

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EUWID Price Watch Western Europe Native Starch

Second quarter 2022

Prices in € per tonne	Second quarter 2022		First quarter 2022		Second quarter 2021	
Potato starch	650	- 800	590	- 700	480	- 550
Corn starch	720	- 950	620	- 710	350	- 420
Wheat starch	700	- 950	600	- 700	350	- 410

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Due to increasing demand and production costs, prices of potato starch have also risen. As of the third quarter of 2022, many players say prices are up by around 10 per cent. Quotes start at around €800/t for native potato starch and stretch to €900. In a few cases, €1,000/t was mentioned.

The uptick in paper mills' purchases of potato starch will be just a temporary phenomenon, mar-

ket experts contend. They are certain that the cereal starches are driving the current boom in potato starch, but as potato starch becomes more expensive, it becomes less attractive (in terms of pricing).

Experts say that producers of potato starch are not currently prepared for paper industry players to return on a large scale, unless the paper industry is prepared to make a strategic decision to use more potato starch in the long term. At the moment, and

looking ahead to the coming year, there are limited possibilities to supply paper mills, say potato starch suppliers. In the medium term, it will not get any easier: Forecasts for the 2022 harvest suggest potato volumes will be rather low. The availability of potato starch in Europe is unclear, EUWID was told. The supply in Central Europe is additionally influenced by export opportunities and the focus on the food industry, market experts explain. □

Delayed decor paper call-offs prompt another increase in inventories

Manufacturers want to implement price increases in July as planned

Decor paper markets have returned to normal since the beginning of April 2022 in a trend that has continued in May and June, as well. Decor printers and treater operators have scaled back their orders, especially in April and May. June was somewhat better again, according to industry sources. Demand from the wood-based panel industry has so far only decreased slightly. In most cases, reservations are still being placed the same as usual. All in all, the minor downturn in order intake seen in April and May has continued across all sales segments.

On the other side, decor paper manufacturers have found that their shipments have declined more strongly in recent weeks. A variety of customers have called off their orders more slowly than agreed in the wake of weaker business and deteriorating capacity utilisation. Public holidays in April and May contributed to delays in outgoing deliveries. In addition, the upcoming summer holidays season has likely also been leaving a mark since mid-June.

Decor paper manufacturers' inventories have continued to climb as a result. Together with somewhat weaker demand, this culminated in shorter lead times and much more flexibility when processing orders.

Decor paper manufacturers are now trying to counteract this effect by producing new orders only once customers have taken delivery of the amounts on stock. A few companies have already responded by cutting production in recent weeks; manufacturers idled operations at several paper machines for three to four days over Whitsun, in particular. Long-scheduled stoppages for maintenance and rebuilding work took place at the same time, which also removed decor paper from the market. Decor paper manufacturers plan to suspend production in July and August, as well, if they cannot get inventories back to normal levels. Holiday-related shutdowns are planned at various mills anyway and may be extended, if necessary, it is said.

The supply of upstream products and auxiliary materials remains tight, at least in some instances, even though capacity utilisation at decor paper mills has taken a turn for the worse. In turn, this is ushering in additional cost increases. Pulp producers have announced another round of US\$50/t hikes for June deliveries. Titanium dioxide manufacturers are seeking to tack on €150-200/t as of July, even though first corrections to TiO₂ prices were reported from Asia. Decor paper manufacturers claim that they first have to factor in the second quarter's cost hikes. As a result, they have unveiled in May their plans to charge €15-20/100 kg more for deliveries from July onwards. These higher prices are being enforced relatively consistently in negotiations, some of which are still ongoing.

In the past few months a few producers had also introduced premiums and special surcharges to cover the increase in costs. These surcharges were supposed to be lowered slightly once natural gas prices subsided, but they seem to be off the table again for the time being, after a renewed spike in natural gas prices was registered from June onwards. New decor paper prices will only apply until further notice, as was true with the last round of contracts, industry sources say. □

European paper industry aims to recycle 76 per cent of recovered paper by 2030

The European paper industry has pledged to increase the recycling rate for recovered paper to 76 per cent by 2030. This goal is set out in the new "European Declaration on Paper Recycling 2021-2030", backed by the Confederation of European Paper Industries (CEPI) and other industry associations.

"This is an ambitious target and every piece of paper and board bringing us closer to it counts," commented Annick Carpentier, chair of the European Paper Recycling Council (EPRC).

Last year, a recycling rate of 71.4 per cent, calculated by dividing the recycling of used paper by total paper and board consumption, was achieved in a region encompassing the EU-27 countries plus Switzerland and Norway, according to CEPI. In 2020, the recovered paper recycling rate was 2.5 percentage points higher. With that, the industry had come close to achieving the 2020 target of 74

per cent contained in the previous Declaration on Paper Recycling.

"The recycling rates we have already reached put paper and board as industry frontrunners. Both ongoing initiatives and planned steps will allow us to close the circular economy loop even further," said EPRC Secretary Ulrich Leberle.

Even though the industry has already increased recycling rates to high levels, different patterns in consumption, new technologies, and diversified applications of paper-based solutions make it challenging to maintain recycling rates, stresses EPRC. To reach the 2030 target, the new Declaration sets out measures to optimise the management of paper at every step of a continuous recycling loop. These include a variety of operations, from paper and board manufacturing and conversion into products and prints through to its collection,

sorting, and recycling, CEPI said. "Each step in the process is a distinct industrial sector with only some degree of horizontal integration, making co-operation a must to reach the ambitious recycling target," it added.

Expand separate collection of recovered paper

However, the industry associations that co-signed the document stressed that "several enabling conditions from EU and local authorities need to be met" to support the recycling of recovered paper, including limiting the use of paper waste for energy recovery and ensuring that paper is separately collected to preserve the quality of the material.

Separate paper collection is "a prerequisite for higher levels of recycling and needs to be further promoted," CEPI says. However, the paper value chain is also "pushing boundaries for what additional products could be recycled, and how to access paper waste which is not finding its way to separate collection." □

