

Strikes in Finland extended by another week

Industrial action in Finland is set to continue. The Finnish Transport Workers' Union AKT has announced that the strike will be continued until the morning of 8 April.

According to AKT, the industrial action concerns stevedoring activities in all Finnish export ports, Viking Line's cargo handling operations in the ports of Helsinki and Turku, and Neste Oy's warehouse operations in the tanker and oil products sector.

AKT is protesting against the government's labour market reforms which are said to be promoting cheap labour market and weakening the position of employees in Finland.

The ongoing industrial action has already affected operations at the Finnish pulp and paper industry. Over the past two weeks, several pulp, board and paper mills decided to suspend production due to increasing stocks of finished goods or limited raw material supply.

However, at the end of March or start of April several companies announced plans to restart

production at certain facilities again, with the goal to supply domestic customers, according to Finland's public service media company Yle. UPM reportedly announced that pulp production at the Kymi and Kaukas sites are being ramped up again. In addition, publication paper production at the UPM Jämsänkoski mill was already started up at the end of March. Metsä Group informed that it restarted pulp production in Joutseno, Yle wrote.

Metsäteollisuus: "Strike damages national economy"

Finnish forestry industry association Metsäteollisuus called the extended strikes "irresponsible" and "costly for every Finn". The continuation of the strikes will affect thousands of jobs and all export ports, causing very serious and irreversible damage to the export industry, the association warns, adding that the strikes have already damaged Finland's reputation as an investment destination.

"The situation is tragic. The chances of picking

up Finland's depressed economy are getting thinner day by day as a result of political strikes," says Reima Lehtonen, Labour Market Manager at the Finnish Forest Industries Federation.

"Export companies will not be able to make up for the losses caused this year, and the traces of political strikes will have to be cleaned up for years," says Minna Etu-Seppälä, Labour Market Director at the Chemical Industry Federation of Finland.

As many as half of the chemical industry companies already consider their current situation to be poor. As many as 40 per cent of the companies that responded to the Technology Industries of Finland member survey said they would reduce investments in Finland due to political strikes. In the forestry and paper industry, strikes have led to extensive shutdowns of production in several companies.

Before the strikes, the Finnish export industry directly and indirectly employed approximately 1.2 million people. The industries generated over €100bn in value added and €35bn in tax revenue in the national economy annually. □

Caustic soda business stable, availability high

Price negotiations for Q2 have commenced on the caustic soda market

Availability of caustic soda (NaOH) on the market in Europe is high but subject to regional variations. Several producers tabled demands for price hikes at the start of negotiations for second-quarter deliveries. However, industry experts report that the market has hardly changed, so buyers can draw on a wide range of supply.

Market players reported slight recovery in the chlorine derivatives and caustic soda business at the start of the year which improved operating loads at production plants. In February or March at the latest, operating loads at electrolysis plants fell back to an average of just over 60 per cent again.

Forecasts for chlorine derivatives indicate no prospects for sustained improvement in business given sluggish development in the automobile and construction industries. Under the circumstances, supply of chlorine by-product NaOH is expected to remain unchanged. Here too, overall demand has not increased, reports add.

Experts believe that demand from the pulp and paper industry will be stable in April. Negotiations are therefore likely to culminate in stability and a rollover in prices, say several EUWID respondents

in an assessment of the current situation. However, regional differences cannot be entirely ruled out.

Sellers as well as buyers are struggling to defend business margins and operating loads on production plants. It is doubtful whether NaOH demand from the paper industry has reached the low point. For now, producers of graphic paper, packaging paper and board may continue to undertake production cuts. The situation is compounded by developments in the Finnish pulp and paper industry as a result of the transport workers' strikes.

Experts strongly believe that demand for pulp from the packaging industry will rebound at some point. In contrast, serious doubts prevail on medium-term demand from the graphic paper segment. The recent improvement in demand from the two segments does not stem from sustainable

recovery in the industry but rather from other effects such as higher export volumes and inventory building, say market experts. Chemical industry representatives also doubt that the overall economy will improve significantly in the foreseeable future.

Under the circumstances, observers fear that the business situation for companies will remain tense. Companies may try to pass on pressure to their business partners by bargaining hard on prices. Even in earlier negotiations, NaOH suppliers undertook efforts which yielded marginal price increases in some segments. Depending on prices paid by buyers, suppliers will address hikes also in the current round of negotiations. Buyers for their part are trying to reduce costs, for which they turned to imported goods in previous months. Although prospects for deliveries from deep sea suppliers have diminished, cheap goods from eastern Europe continue to flow into some Central European regions.

Experts expect that first quarter prices will be carried forward into the second quarter of 2024. In large contracts prices for 50 per cent caustic soda based on 100 per cent concentration ranged from €650-700/t at the beginning of the year. For medium-sized consignments, quoted prices amount to between €710 and €740/t. □

EUWID Price Watch Western Europe Caustic Soda

First quarter 2024

Prices in € per tonne free delivered

| | First quarter 2024 | Fourth quarter 2023 | First quarter 2023 |
|-------|--------------------|---------------------|--------------------|
| NaOH* | 650 - 740 | 650 - 750 | 1,600 - 1,900 |

* 50% solution, calculated on a 100% concentration basis

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