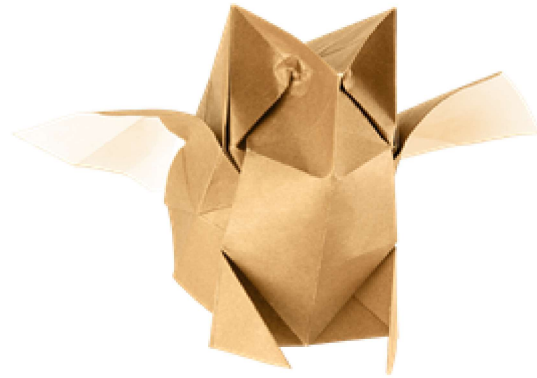


NEWS & KNOWLEDGE

Interesting things about the packaging industry, retailing dynamics, consumer trends and NOA's insight.



PAPER PRICES PREDICTED TO RISE EVEN FURTHER IN FACE OF SHORTAGE, NOA-PRISM EXPERTS WARN

FEB 25, 2018 | CARTON PACKAGING, CORRUGATED PACKAGING, PACKAGING, PACKAGING RESEARCH AND ANALYSIS, PAPER MILLS

Packaging industry researchers here at NOA-PRISM are warning of a global shortage of paper and increased prices in the face of rising demand.

The NOA-PRISM team, who work alongside the paper packaging industry and users of packaging, have investigated global trends and predict more price increases.

Neil Osment, Managing Director of NOA-PRISM, says the industry has hit a perfect storm of increased demand – fuelled by the growth of ecommerce, even more formats of shelf ready packaging, and the public's backlash against plastic – and a shortage of supply.

“UK buyers have had three price rises in corrugated over the last 12 months and it looks like a fourth increase is likely during this first quarter of 2018,” says Neil. “This trend may continue until UK prices are in line with those in Europe and until Europe’s prices are in line with those of other global markets.”

Paper price increases: supply and demand

Demand for paper began outstripping supply last year in the US, where the need for corrugated packaging has grown by 2 per cent year on year for the last three years, with no comparable increase in supply for kraft paper liners, and few plans for investing in more kraft paper production.

Global demand for corrugated has also seen a huge upsurge, growing on average at 3.3 per cent per year from 200 billion square meters (bsm) in 2011 to almost 236 bsm in 2016. NOA-PRISM’s packaging industry analysis forecasts future growth at an average of 3 per cent for the next five years, resulting in a global market of 273 bsm by 2021. That projected growth of 37 bsm is nearly equivalent to the size of the US corrugated market today.

Neil adds: “There is some capacity left in the US market by bringing mothballed fine and graphic paper mills back into production, but not enough of the right type of production capacity in North American mills to meet today’s demands, let alone the next few years.

“The situation has also been aggravated by a shortage of good quality old corrugated cardboard waste, but this shortage at least is beginning to ease.

“Our packaging industry research shows that brand owners are now beginning to look at alternatives to corrugated packaging, and this might end up being the way forward over the next few years; it’s a challenge to predict.”

NOA-PRISM specialises in packaging market research across a range of industries, with the aim of predicting packaging market trends, and produces a regular corrugated packaging industry report. For more information visit please [get in touch](#) with the team.

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NOA Limited, 1 The Old Barn, Wicklesham Lodge,
Faringdon, Oxfordshire, SN7 7PN

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