

# China's high appetite for kraft paper shakes up Indian corrugated box industry

**MAHESH KULKARNI**  
BENGALURU, DHNS

**T**he Indian corrugated box manufacturers, which are predominantly in the MSME sector, are facing imminent closure owing to short supply of kraft paper rolls, a key raw material.

The shortage has arisen mainly due to a sharp rise in export of kraft paper rolls to China, which has banned the import of waste paper, which in itself is a raw material for manufacturing kraft paper rolls, on environmental concerns.

Kraft Paper Mills are forced to pay heavy prices on imported and domestic waste paper post-Covid-19 pandemic

lockdowns. The prices in the domestic market have gone up by 70% in the recent days.

On the demand side, they are taking advantage of the lucrative opportunity to export Kraft Paper rolls after China banned the import of all solid waste including waste paper with effect from January 1, 2021 onwards.

"The demand gap and attractive pricing in China is diverting the output of Indian Kraft paper from the domestic market and driving up the prices of finished paper and recycled fibre," Sandeep Wadhwa, President, Indian Corrugated Case Manufacturers' Association (ICCMA) told *DH*.

Exports of recycled kraft paper pulp rolls by Indian



kraft paper mills would touch about 2 million tonnes this year, roughly 26% of total domestic kraft paper production in India. The domestic capacity is estimated at 7.5 million tonnes per annum of recycled Kraft paper and the industry produces 100% recyclable corrugated boxes worth Rs

27,000 crore annually. Incidentally, India was not an exporting country till 2018, Harish Madan, Vice President of ICCMA said.

In 2019, India exported 4.96 lakh tonnes and in 2020 the exports more than doubled to 10.61 lakh tonnes. In 2021, the exports are estimated to cross the 2 million tonnes-mark, he said.

In addition to the increase in the costs of kraft paper, all other inputs namely manpower costs, starch, freight & other overheads have also witnessed a huge increase in the range of 60%-70% over the last few years, Wadhwa explained.

Over 6 lakh people are employed by about 350 automatic corrugated box manufactur-

ers and more than 10,000 semi-automatic units in the country, of which around 1,000 are in Karnataka. Of this, an estimated 30% are facing acute shortage of raw material and are on the verge of closure, he said.

This situation is likely to lead to a cascading effect and make the user industries such as FMCG, pharma, auto components, electronics, e-commerce and white goods makers pay higher cost to source corrugated boxes.

The ICCMA has appealed to the Commerce Minister Piyush Goyal to take immediate steps and ban exports of kraft paper rolls in order to save the Indian industry from imminent closure.