

Corrugated Box Industry faces closure

HT Bureau

GUWAHATI, March 5: The Corrugated Box Industry is reeling under the twin blows of sharp cost increases in a short span of few months' time and raw material supply disruptions.

The total cost increase for Box Makers has already crossed 70% cumulatively on account of paper alone. Kraft Paper Mills cite the rising prices of imported and domestic waste paper on the supply side Post Covid-19 pandemic lockdowns and international logistics disruptions for the reduced availability.

On the demand side, they are taking advantage of the lucrative opportunity to export Kraft Paper in the form of Recycled Kraft Paper Pulp Rolls to China to fill the supply gap as mills in China face the impact of an import ban of all solid waste including waste paper with effect from January 1 last onwards.

Sandeep Wadhwa, president, Indian Corrugated Case Manufacturers' Association (ICCMA), stated that 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.

"Exports of Recycled Kraft Paper Pulp Rolls by Indian Kraft paper mills would touch about 2 million tons this year, roughly 20% of total domestic Kraft paper production in India. This development, on the base of zero export prior to 2018, is a game-changer in supply-side dynamics going forward," he added.

Harish Madan, vice president of ICCMA informed that this is an eco-friendly industry that consumes about 7.5 million MT per year of Recycled Kraft Paper and produces 100% Recyclable Corrugated boxes to constitute a market of ₹ 27,000 crores.

ICCMA further appealed to all the Box Users including large brand owners and other corporates to recognise and acknowledge the ground realities by granting fair price revisions to cover the increase in raw material and conversion costs and ensure the industry avoids imminent closure.