

Corrugate Box Industry Faces Closure

Chennai: 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 & the increase is unrelenting. The Industry is bleeding on account of unprecedented hikes in the cost of its main raw material – Kraft Paper. 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 1st January 2021 onwards. Mr. Sandeep Wadhwa – President, Indian Corrugated Case Manufacturers' Association (ICCMA), a pan India body - 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. In addition to the increase in the costs of Kraft Paper, all other inputs namely Man-power costs, Starch, Freight & other Overheads have also witnessed a huge increase in the range of 60%-70% over last few years. The Corrugated Box Industry in the country with 350+ Automatic Corrugators & more than 10,000 Semi-automatic Units, mostly in MSME sector, is facing immense stress on account of these unprecedented cost increases. The Industry employs a workforce over 6 Lakhs and plays a pivotal role in the Indian Economy by enabling the smooth functioning of supply chains for Essential Goods which is particularly critical in these trying times. ICCMA therefore appeals to all the Box Users including large brand owners & other corporates to recognize 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.