

As prices soar, box manufacturers face shortage, closure

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Kolkata, Mar 31: With the market abuzz that old corrugated boxes (OCC) will be sold through the international auction route, which in turn will increase prices further, corrugated box manufacturers in India are finding it difficult to make ends meet.

According to estimates with Eastern India Corrugated Box Manufacturers' Association, the price of imported waste paper has risen from \$210 CIF Haldia in September '09 to \$362 till March 8. India uses 4.5 mn tonne of OCC per year, of which 25% is imported.

Achyut Chandra of EICBMA said, "OCC is likely to be sold through international auction and the expected price will exceed \$400. It will be really difficult for us then."

In fact, the price of kraft paper, from which corrugated boxes are made, started rising from last December. Although the prices increased, corrugated box manufacturers in India had to hold back their prices as clients refused to accept enhanced rates.

Meanwhile, OCC prices in the international market also started to climb and reached \$362 by March this year.

The problems worsened with the cold wave in the northern hemisphere which affected the forest areas of the major timber or pulp supplying zone in US and northern Europe. On top of that the US government had withdrawn subsidy for treatment of black liquor which is a byproduct.

This forced US paper mills to procure OCC from the local markets which again ate into supplies to India and China. "Then came the massive earthquake in Chile which wiped away two of the biggest pulp manufacturing mills, which accounted for 8% of the world's supplies," said Chandra.