

The market in a singular moment

Carlos Muriel, Sales & Marketing Director, Pasaban, S.A.

INTRODUCTION:

Since the emergence of COVID-19 at the end of 2019 and its strong presence in early 2020, the footprint of this pandemic has been unforgettable. Undoubtedly, our industry has changed significantly since then, driven by transformations that deeply altered consumer habits. In the years that followed, and continuing to the present day, major events have continued to unfold.



Figure 1: Overlapping section.

The world as a whole has experienced profound changes across all sectors, including the economy, healthcare, and the way we consume products. The paper and board industry has been no exception and has had to adapt swiftly to these new times. To detail everything that has occurred would require many pages, but here we highlight some of the most significant milestones and examine how they have influenced the evolution of our sector.

1. Strain on Supply Chains

The onset of the pandemic in 2020 brought about severe disruptions in supply chains. The global outbreak led to factory closures—both within our sector and beyond—mobility restrictions, and interruptions in international supply flows. The demand for certain paper products, such as toilet paper and packaging, rose sharply, while other segments like printing and writing papers suffered a decline due to reduced commercial and educational activities.

2. Rise of E-commerce

We can all remember the period between 2020 and 2021 when many physical stores shut down, leading to a surge in online shopping. These were boom times for companies like Amazon, during which demand for cardboard packaging grew exponentially. This compelled the industry to expand production and innovate more sustainable and durable packaging solutions to meet new market demands.

Consequently, the corrugated sector—including box manufacturers, machinery suppliers, and logistics—experienced intense times, having to adapt quickly to take advantage of the vast business opportunity.

3. Pharmaceutical Products

In the second half of 2020, the rollout of vaccines and related medicines also triggered growth in demand for packaging board for medicinal products, as well as paper for leaflets and instructions.

Many converters experienced production peaks, giving rise to cautious optimism that the pandemic might soon be over.

4. Environmental Awareness and Sustainability

The pandemic also accelerated awareness around sustainability. Consumers and businesses began demanding greener products, prompting the paper and board industry to invest in more sustainable processes, recycling, and the development of lower-impact products.

This is, of course, an ongoing issue that continues to evolve and be addressed.

5. Product and Process Innovation

In 2022–2023, the need to adapt quickly led to innovation in manufacturing, such as the adoption of more efficient technologies and the diversification of products, including lighter and more durable packaging solutions, and paper products for medical and hygiene applications.

6. Resilience and the Pursuit of Economic Recovery

From 2023 onwards, despite ongoing challenges, the industry has demonstrated a high level of resilience. Global economic recovery has driven greater demand for paper and board products, particularly in sectors such as e-commerce, food, and personal hygiene.

Looking at how these changes have affected the paper and board industry, we can affirm that the pandemic has acted, in many ways, as a catalyst for its transformation. The rise in packaging demand has spurred innovation and expansion, while growing environmental consciousness has led to greater investment in sustainability. However, challenges also remain, including the need to swiftly adapt to shifts in demand and supply chains.

In short, the paper and board industry has proven flexible and capable of innovation during difficult times, preparing for a more sustainable and digital future. Nevertheless, further developments present additional difficulties.



7. International Conflicts and Geopolitical Tensions

In the 2022–2023 period, various regions experienced conflicts and tensions, notably the war between Russia and Ukraine, which have had global repercussions across economic, security, and international policy spheres.

The Russia-Ukraine war has impacted the global paper and board industry. Conflicts of this magnitude have disrupted supply chains, driven up raw material costs, and affected resource availability.

Russia is one of the world's leading producers of wood pulp, so disruptions in production or exports led to shortages and cost increases. Additionally, economic sanctions and trade restrictions made importing and exporting these materials more difficult, affecting businesses and consumers across many countries.

Some Eurozone nations experienced inflation peaks of over 10% at their worst moments—Finland, a key player in the paper and board industry, being a prime example. This situation caused a sharp rise in energy prices, reducing the viability of raw material production. As a result, many factories were forced into temporary shutdowns and layoffs due to falling demand and the market's inability to absorb rising costs.

In summary, the war in Ukraine has added to price volatility and created further challenges for the paper and board supply chain, generating uncertainty and necessitating the search for alternatives or diversification in raw material sourcing.

8. Policies of the New US Administration

While the US's policies on the European paper and board industry have been indirect, they have nonetheless had a notable impact. Though Trump-era policies were largely domestic in focus, actions such as trade tariffs, sanctions, and international tensions have had global effects.

Trade tariffs and disputes between the US and China directly influenced raw material costs and global logistics, thereby affecting production costs and the paper and board supply chain in Europe. Furthermore, global trade tensions created an atmosphere of uncertainty in international markets, influencing investment decisions and trade stability. In this context, capital goods manufacturers like Pasaban have been particularly affected by economic volatility and a lack of predictability.

To summarise, these policies have either directly or indirectly impacted Europe, contributing to a more volatile global economic environment, which has affected costs, resource availability, and business strategies within the European paper and board industry.

Figure 2: (Left) Side joggers on the stacking section.

Figure 3: (Below) Decurling stations.

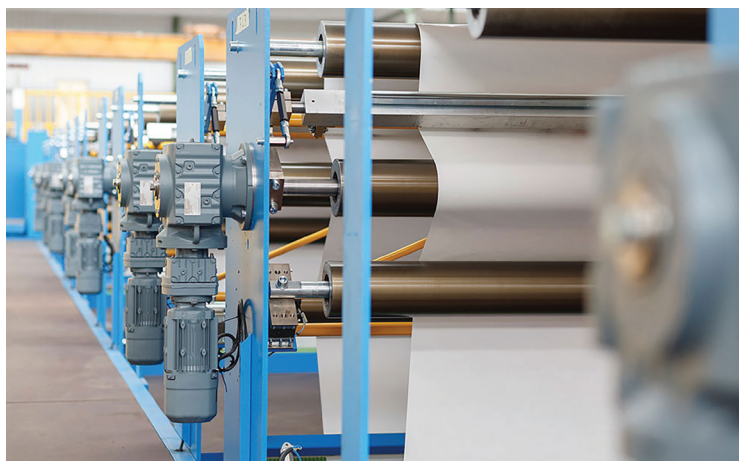




Figure 4: (Above-left) Auto-slitting section.

Figure 5: (Above-right) Cross-cutting motor enclosure.



Our Industry

As outlined above, the European paper and board industry has faced significant increases in the cost of raw materials such as wood pulp, as well as in energy prices due to the energy crisis and supply chain disruptions. At the same time, demand for board products has risen—particularly in packaging and e-commerce—driven by changes in consumption habits and the advance of digitalisation.

Key factors include:

- a) Energy and raw material costs** – The rise in energy and pulp prices directly affects companies' profitability.
- b) Environmental regulations** – Europe's strict ecological standards influence production processes and resource sustainability.
- c) Innovation and sustainability** – The trend towards greener, recyclable products encourages firms to invest in sustainable technologies and the circular economy.
- d) Market demand** – The growing need for sustainable packaging and the recovery of the tissue paper sector affect production and strategy.
- e) Falling demand in certain product categories** – While substrates such as tissue or corrugated board have grown notably, others—like writing paper, specific graphic papers, and some packaging board categories—are still declining, particularly in the Eurozone, due to the factors previously mentioned.

There is a certain parallel between market conditions in Europe and America, where in many cases circumstances are quite similar. It should be noted, however, that Asia, especially China, is developing at a markedly different rhythm.

In conclusion, the European paper and board industry is undergoing a period of adaptation marked by uncertainty, rising costs, and tighter regulations, but it is also opening up to new opportunities driven by sustainability and innovation.

PASABAN Within This Cycle

For PASABAN, as a capital goods manufacturer with operations in key regions, this unique situation presents particular challenges. The company continually works to optimise processes and provide professional service to its customers, recognising that its contribution is a key factor in their success. Supporting that success means investing in the future and fostering the growth and development of the industry—for the benefit of employees, partners, and the wider international community.

In this context, PASABAN is committed to continued innovation, adopting sustainable technologies, and promoting responsible practices that enhance the competitiveness and resilience of the sector. Carlos Muriel, PASABAN's Sales & Marketing Director, explains: "We firmly believe that by working together with a future-oriented vision, we can overcome today's challenges and build a solid path toward sustainable, long-term growth for the entire paper and board industry."

New Developments

In many cases, the uniqueness of these times leads customers and prospects to present unusual requests and proposals. From a professional standpoint, this is logical: in stable times, decisions and projects tend to be conservative, but it is during challenging periods—when uncertainty and difficulty are greatest—that new ideas and approaches arise.

In such times, flexibility, creativity, and adaptability are essential to finding innovative solutions and staying on course. Adversity strengthens relationships and generates opportunities which, with vision and joint effort, can transform challenges into new avenues of growth and success. As Carlos Muriel states, "PASABAN has always championed the exploration of new developments and engagement with customer concerns. Some proposals may not move forward, but others emerge with strength and become excellent solutions."

Muriel adds: "Our R&D and technical departments are firmly committed to evaluating, analysing, and proposing tailored solutions to meet our customers' specific needs." Above all, our professional responsibility is to provide sound advice, identifying high-potential proposals and clearly explaining why others may not be viable.

The integration of new technologies, and the implementation of AI in our processes and applications, are always top of mind.



**Figure 6: (Above-left) Auto-slitting section.
Figure 7: (Above-right) Slow section before stacking.
Figure 8: (Left) Final stacks**

**Figure 9: Carlos Muriel, Sales & Marketing Director
at Pasaban, S.A.**

Our Customers

Carlos Muriel emphasises: “We understand that at all times—especially in such unique circumstances—our role as a capital goods manufacturer for the paper and board industry is to stand beside our customers, offering support in every area. Whether assisting with new projects, advising on upgrades to existing equipment, or developing integrated automation systems to enhance their processes and competitiveness, our priority is to deliver professional, tailored responses.”

He continues: “Our decades of experience in manufacturing sheeters for board, paper, banknote and security paper, cut-size paper, and pulp, as well as rewinders for multiple substrates, provide us with broad and solid expertise to help our customers improve day by day. They know and optimise their processes; we provide them with the perfect tools to meet their objectives.”

Muriel concludes: “Difficult times—though unwanted—are often inevitable and beyond our control. What we can control is the attitude with which organisations face daily challenges. By adopting a constructive and collaborative mindset, and setting pessimism aside, we can actively contribute to a stronger, more resilient industry—one better prepared to face challenges with optimism and determination.

Positive attitude and collaboration are key to overcoming adversity and seizing opportunities in complex times, enabling us to move towards a brighter future for all involved.”

