

What stands in the way becomes the way: The pulp and paper industry's path through a hard global economy

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INTRODUCTION:

Winter Before Spring: There are periods in economic history when the winds shift so violently that even the most seasoned industries must anchor themselves deeply to withstand the storm. Today is such a moment. The global economy is tightening, the geopolitical landscape is fracturing, and long-standing supply chains—once taken for granted—are increasingly brittle. In this environment, the European pulp and paper industry faces pressures not seen in decades. Yet I believe, firmly and without hesitation, that our sector is not merely equipped to endure this moment, but to shape what comes next.

This belief is not naïve optimism. It is rooted in the lived experience of our companies and their employees, who have navigated cycles of disruption long before terms like “polycrisis” or “permacrisis” entered the vocabulary of policymakers. It is rooted in the biological reality of the renewable raw material we rely on—wood fibre—whose entire existence is defined by cycles of disturbance, renewal, and regrowth. And it is rooted in the conviction that what stands in the way becomes the way. Obstacles, when met with clarity and purpose, become vectors for transformation.

This is a story about resilience and robustness—two terms often used interchangeably, yet distinct in important ways. It is a story about what it means to be an industry that is simultaneously traditional and forward-facing, deeply rooted in European landscapes and yet global in its role and ambitions. And most of all, it is a story about why, despite today's hard winter, a season of growth will follow.

Facing a Hard Global Economy Without Illusion

The economic reality confronting our industry is harsh. Demand has softened across several paper grades, consumer sentiment remains fragile, and industrial production in Europe is stagnating. Energy markets, though more stable than during the 2022 shock, continue to fluctuate. Inflation—persistent, uneven, and costly—has squeezed households and businesses alike.

To speak candidly: the past months have tested every dimension of operational and strategic capacity within our sector. Mills have faced closures or taken downtime, investments have been delayed, and companies have had to make painful decisions about production, staffing, and capital allocation.





This is not the first downturn in the history of pulp and paper. But what makes this moment distinct is the complexity of the forces at play:

- Geopolitical tensions are reshaping trade patterns, leading to unpredictability in imports, exports, and access to key raw materials.
- Regulatory shifts in Europe, including the rapid rollout of sustainability legislation, have created both opportunity and uncertainty, especially for long-lived industrial assets.
- Competition from regions with lower energy costs and more stable policy environments continues to grow.
- Consumer behaviour is changing, accelerated by digitalisation, e commerce, and now inflation-driven frugality.

It is tempting to describe this simply as a “cycle.” But this is more than a traditional economic downturn. It is a structural inflection point.

Yet this acknowledgment is precisely why I am optimistic.

Because industries that thrive through structural change are those that do not wait for conditions to improve—they adapt to the new conditions and help define the improved future themselves.

Resilience vs. Robustness: Two Sides of the Same Strength

We often praise resilience and robustness as if they were the same. They are related—but they are not identical.

- Robustness is the ability to withstand shock without changing form. Think of a tree that bends in a storm but remains unbroken.
- Resilience, however, is the capacity to adapt, reorganize, and recover—often emerging stronger after disruption. It is the forest itself, which regenerates after fire, insect damage, or drought.

Our sector has always been robust. Mills are capital-intensive, long-term industrial anchors in their regions. Their very nature requires stability, safety, and durability. This robustness has been our hallmark, our competitive advantage, and a foundational reason why our products—renewable and recyclable—remain essential to society.

But today, resilience is becoming just as important.

Resilience is why companies across Europe are diversifying product portfolios, shifting towards higher-value fibre-based solutions, and investing in circularity and new biomaterials. It is why we have seen bold, forward-looking decisions—from packaging innovation to textile fibre development to advanced bio-based chemicals—that would have seemed improbable two decades ago.

1. Robustness prevents collapse.
2. Resilience enables renewal.
3. An industry that possesses both is rare. Ours does.

Learning From Nature: Growth Always Follows Winter

Forests have always been among humanity's greatest teachers. Their cycles of disturbance and renewal offer lessons that apply equally to ecological systems and economic ones.

After a hard winter, trees do not merely return to their prior state—they begin a new cycle of growth.

Cold seasons, paradoxically, are essential. They reset metabolic processes, conserve resources, and prepare the ecosystem for spring.

This is not poetic metaphor. It is the biological reality of the renewable resource at the heart of Europe's bioeconomy.

Like the forest:

- Our industry has deep roots—local, renewable, knowledge-rich.
- We draw strength from diversity: of products, processes, regions, and talents.
- We have natural cycles of expansion, consolidation, innovation, and regeneration.
- We evolve continuously, shaped by external pressures but guided by internal dynamism.

A sector whose raw material is itself a model of circularity and renewal is uniquely positioned to navigate economic ebbs and flows.

This is why I am confident that today's winter is not symbolic of decline but a precursor to transformation.

The Industry's Proven Ability to Adapt

If the past decade has taught us anything, it is that the pulp and paper industry does not shy away from change—it drives it.

Digitalisation

When digital media reduced demand for certain paper grades, our industry did not falter. It diversified. Packaging grades surged. Specialty papers evolved. New markets opened. Innovation accelerated. The sector adapted faster than many expected.

Decarbonisation

We are among Europe's most decarbonised industrial sectors, and on track to reduce emissions further through energy efficiency, electrification, biomass innovation, and circular production.

Circularity

We created the blueprint for the circular economy long before it became the political mantra it is today. Recycling rates for paper products in Europe remain world-leading.

Bio-based innovation

Companies have developed breakthroughs in:

- fiber-based packaging replacing plastics,
- nanocellulose,
- textile alternatives to fast-fashion synthetics,
- bio-based chemicals and composites,
- advanced recycling technologies.

Adaptation is not a choice for us—it is a defining feature of who we are. And in a world seeking sustainable, circular, low-carbon materials, this adaptability is our most valuable currency.

The Challenge: A Hard Winter for Investment

Yet optimism must be grounded in realism. The current environment is difficult not only for production, but for investment—and investment is the lifeblood of industrial transformation.

- High interest rates make capital-intensive projects harder to justify.
- Uncertainty in energy prices complicates long-term planning.
- Policy instability—rapid regulatory changes without adequate implementation time—creates hesitancy.
- Global competition accelerates faster than Europe's ability to match it.

This tension is real. It cannot be ignored.

But Europe has something many competitors do not:

- a deep pool of technological expertise,
- a skilled and dedicated workforce,
- high-quality raw materials,
- and an industrial ecosystem capable of delivering a climate-neutral bioeconomy.

If policymakers match this with stability, predictability, and support for competitive industrial conditions, the sector's investment capacity will not only recover—it will expand.

The future bioeconomy will not be built elsewhere if Europe chooses to build it here.

The Opportunity: Turning Obstacles Into Pathways

Marcus Aurelius wrote: "The impediment to action advances action. What stands in the way becomes the way." This should be the motto of every European manufacturer in 2026.

What stands in the way? Energy volatility.

The way forward? Our shift toward electrification, onsite renewable generation, heat recovery, and advanced biomass solutions.

What stands in the way? Policy complexity and uncertainty.

The way forward? Enhanced collaboration between industry and policymakers to deliver evidence-based, implementable regulation supporting a circular, climate-neutral economy.

What stands in the way? Global competition.

The way forward? Differentiation through sustainability, quality, innovation, and circularity—areas where European fibre products are already world-leading.

What stands in the way? Market contraction.

The way forward? Expanding into new bio-based markets, from textiles to chemicals to next-generation packaging.

What stands in the way? Labour shortages and skills gaps.

The way forward? Investing in new talent pipelines, training, automation, and digital transformation to make the sector even more attractive for the next generation.

The obstacle is not the end of the path.

The obstacle is the path.

A Personal Reflection: Leadership During Hard Seasons

Leadership in times of growth is simple. Leadership in times of uncertainty—when decisions carry weight, when the path ahead is unclear, when people look to you for direction—is a different challenge altogether.

I have visited mills during downturns. I have spoken with workers concerned about their future, with managers navigating impossible trade-offs, with entrepreneurs struggling to maintain momentum. These conversations stay with me.



But what stays with me even more is the unwavering professionalism, ingenuity, and commitment of the people in our industry. They do not ask whether the future will arrive. They ask how they can build it.

I have learned something fundamental through these exchanges:

Our industry's greatest strength is not machines or assets—it is its people. People who understand both the traditions and the innovations that shape our work. People who bring resilience in the most human sense of the word.

And this gives me confidence—not just in our capacity to overcome this moment, but to thrive beyond it.

Why Optimism Is Not Only Justified, But Necessary

Optimism is often misunderstood. It is not the denial of difficulty. It is the refusal to be defined by it.

Our optimism is based on facts:

- Demand for renewable, recyclable materials will grow in a decarbonising world.
- Europe aims to replace fossil-based products—and fibre is the logical alternative.
- The forest-based sector is indispensable for climate neutrality.
- Innovation continues at a record pace.

More than ever, governments, businesses, and consumers are turning toward sustainable, circular solutions. Fibre-based products—renewable, recyclable, biodegradable—stand at the intersection of these global priorities.

If Europe wants:

- less plastic pollution,
- more resilient supply chains,
- climate-neutral production,
- sustainable housing and construction materials,
- alternatives to synthetic textiles,
- stronger rural economies
- and future-proof jobs—

the pulp and paper sector is not optional. It is essential.

We are not merely part of the green transition.

We enable it.

The Road Ahead: A Strategy for Renewal

To ensure strong and sustained growth after this winter, Europe must focus on five urgent priorities:

1, Competitive energy markets

Affordable, predictable energy is not a luxury—it is a prerequisite for industrial survival. Europe must accelerate its clean energy deployment and ensure industry has access to it at competitive prices.

2. Smarter, more coherent regulation

Regulation must support—not hinder—innovation, investment, and circularity. Ambition is welcome, but implementation must be realistic.

3. Strengthening circular value chains

Improving collection systems, encouraging design for recyclability, and investing in advanced recycling technologies will secure raw materials and reduce environmental impact.

4. Supporting investment and industrial transformation

Europe can lead in the bioeconomy if capital flows to where it is needed most: modernisation, digitalisation, and next-generation fibre-based solutions.

5. Enabling forest resilience and sustainable management

Forests are facing pressures from climate change, pests, and extreme weather. Supporting their resilience ensures the long-term viability of the renewable resource we depend on.

These are not abstract policy goals—they are the practical foundation for Europe's industrial future.

Conclusion: After Winter, Growth

As I write this, the metaphor of winter feels almost too fitting. We are in a season of contraction and difficulty. But winter is not the end of the cycle. It is a necessary stage of renewal.

In the forest, a hard winter is often followed by vigorous growth. In the economy, downturns lay the groundwork for innovation and transformation. In leadership, obstacles become the pathway to greater clarity and purpose.

I remain deeply optimistic about our sector because:

- our foundations are strong,
- our people are resilient,
- our raw materials are renewable,
- our innovations are accelerating,
- and our purpose—to create sustainable, circular, climate friendly material solutions—is aligned with global needs.

What stands in the way becomes the way.

And what we build during difficult times defines what is possible during prosperous ones.

This winter will pass.

Spring will come.

And when it does, the European pulp and paper industry will be ready—not just to grow, but to lead.

