

Containerboard Price Hikes Will Stick If Boxes Also Increase

Companies: BZ, CAS, INGR, IP, KS, PKG, RKT, TSE:CAS, TSE:UFS/UFS, WY

September 17, 2012

Research Questions:

Will the containerboard price hikes hold and, if so, will they be passed on to end users or absorbed by box manufacturers?

Summary of Findings

- Nine of 15 sources expect [containerboard](#) price hikes to be fully implemented in October. Among these nine sources, four producers think the linerboard and medium price increase will stick and be pushed through to sheets and boxes.
- The other five of the nine sources, all industry specialists, believe containerboard prices will hold in the short term but fail to fully stick. The hikes ultimately will erode if a box prices increase fails to follow.
- Four of five containerboard producers said market conditions support the increase, pointing to solid orders, good operating rates, and tight supply from maintenance downtime and unplanned weather-related outages. However, industry specialists argue that lackluster demand, waning consumer confidence and economic turmoil in Europe and Asia will undermine the price hikes.
- Independent corrugated converters and box makers, largely against the hikes, believe containerboard prices will increase if [PPI Pulp & Paper Week](#) publishes the higher prices on Sept. 21. These five sources said the hikes can stick only if integrated mills also apply the increase to in-house box plants, but independent converters said they cannot and will not absorb the increase.
- Independent converters said many producers have yet to invoice at the higher prices and have ceased talking to them about the hikes, leading to further uncertainty about producers' intentions.
- Three sources said key producers could defy market conditions and still institute higher box pricing if they are willing to stand their ground and not offer rebates or rollbacks. Producers would have to be willing to lose business in case the hikes start to unravel.

Silo Summaries

1) PRODUCERS OF CONTAINERBOARD

Four of these five veteran executives for integrated containerboard mills said linerboard and medium price hikes will hold and be passed through to boxes, making the issue of absorption by converters moot. Despite flat demand, sources said operating rates are good, supplies are tight from weather-related mill outages and maintenance downtime, and orders have been seasonally strong. The remaining source cited a 50-50 chance of producers securing the price hikes for containerboards and boxes. He was certain box makers could not absorb an increase, making a firm increase possible only if all industry players are affected. Despite lower domestic inventories and controlled supply, his doubt stems from Europe's and Asia's deteriorating economies and several market indexes suggesting a slowdown.

2) CONVERTERS INCLUDING CORRUGATORS

The corrugated converter and box plant segment is characterized by widespread uncertainty. Four of five sources have not even been invoiced for a containerboard or sheet/box price increase, and the one source invoiced has not yet paid. Four of five sources said containerboard prices could stick only on one condition: Integrated producers must pass the linerboard and medium increase on to the in-house sheet and box plants they now own. If not, the entire effort would implode, even if *Pulp & Paper Week's* upcoming publication reflects the increase. Prices would disintegrate in the shape of full rebates, rollbacks and discounts. All five converters agreed absorption of the increase is not an option; it must be passed through to end users. Pricing concerns are underscored by weak demand, shaky consumer confidence and unraveling conditions in export markets.

3) INDUSTRY SPECIALISTS

All five sources predict a linerboard and medium price increase will occur and hold for the next three to six months. Tight supply and reasonable mill operating rates will buoy producers' resolve to push up containerboard prices, especially if *Pulp & Paper Week* publishes the hikes on Sept. 21. For the containerboard hikes to fully stick, they will have to be pushed through to boxes, which sources said was doubtful given resistance from corrugated converters and box buyers as well as weak economies throughout the world.

	Price Hike to Stick	Hike Will Be Passed Through to Boxes	Hike Will Be Absorbed by Converters
Producers	↑	↑	↓
Independent Converters	→	→	↓
Industry Specialists	↑	↓	↓

Containerboard

Background

Blueshift's initial research on the containerboard industry in [May](#) indicated that a price increase would be attempted this fall but would be difficult to secure. Containerboard producers [announced](#) a \$50/ton increase for August, but *PPI Pulp & Paper Week* (PPW) did not reflect those increases in its August publication. Some industry specialists expect the increases to be reflected in PPW's September issue, but others said market conditions, including flat demand, a lack of consumer confidence and economic problems in Europe and Asia cannot support a price increase no matter what PPW does.

CURRENT RESEARCH

In this next study, Blueshift assessed whether the announced price hikes for containerboard will hold and be passed along to the end user or absorbed by containerboard converters. We employed our pattern mining approach to establish and interview sources in four independent silos, comprising 15 primary sources (including six repeat sources) and three secondary sources focused on the containerboard industry:

- 1) Containerboard producers (5)
- 2) Independent converters, including corrugated sheet and box plants (5)
- 3) Industry specialists (5)
- 4) Secondary sources (3)

Next Steps

Blueshift will monitor market reactions in the wake of *Pulp & Paper Week's* Sept. 21 issue, when it will publish the monthly price index. We also will interview independent converters to track invoicing, payments and the status of pricing pass-through to boxes. Finally, we will assess any pricing push back from converters and box buyers and check the market for producer discounts, rollbacks and rebates.

Silos

1) CONTAINERBOARD PRODUCERS

Four of these five veteran executives for integrated containerboard mills said linerboard and medium price hikes will hold and be passed through to boxes, making the issue of absorption by converters moot. Despite flat demand, sources said operating rates are good, supplies are tight from weather-related mill outages and maintenance downtime, and orders have been seasonally strong. The remaining source cited a 50-50 chance of producers securing the price hikes for containerboards and boxes. He was certain box makers could not absorb an increase, making a firm increase possible only if all industry players are affected. Despite lower domestic inventories and controlled supply, his doubt stems from Europe's and Asia's deteriorating economies and several market indexes suggesting a slowdown.

- **Manager of an integrated containerboard producer and sheet/box manufacturer**
Containerboard prices are up for both converting plants owned by integrated producers and outside customers not tied to *Pulp & Paper Week* contracts. Unlike many other industry players, the source said linerboard and medium could stick even if the integrated containerboard producers do not push through a sheet and box increase for internal and/or external buyers. He believes PPW will register the containerboard price increase Sept. 21, leading to higher pricing for sheets and boxes and a quick push through to end users. Market conditions, including low inventories and solid orders, support an increase that the source said is urgently needed to cover high fuel and cornstarch operating costs that have escalated over a two-year period during which product pricing has been stable.

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Manager, Integrated Containerboard Producer & Sheet/box Manufacturer

Containerboard

- “I’m pretty sure the containerboard price increase is happening. We have been invoiced and obviously, as part of the integrated company, are paying for it. If the independent converters are paying, I don’t know.”
- “Everyone is busy. Inventories are down. If PPW moves, and I suspect they will, [all] prices will move and quickly. It’s unfortunate that this is the way the world works now [with prices being tied to PPW]. Unless the keeper of the keys at the mill does something different, this is the way it works. But history tells us over the years that things are not going to move until PPW moves. Trying to figure out if linerboard will hold and the price will pass through is a market dynamic that cannot be predicted until we see PPW.”
- “I don’t believe that if sheets and boxes don’t go up that containerboard won’t or can’t stick. The thing about it is, if the box price doesn’t go up it doesn’t matter to the producers. Most of the big guys are 95% integrated. There may be one or two small customers they don’t have to raise the prices on if PPW goes up. I believe PPW will go up this month to reflect the increase. It will shock me if they don’t.”
- “*Pulp & Paper* is trying to make news, not report the news. They wanted to base the move on payments. But you won’t see the sheets or the boxes go up until PPW moves. My guess, given the few statistics I’ve seen and the analyst coverage I’ve read, is that PPW will go up on Sept. 21 and the price will pass through and it all will happen very quickly.”
- “There has been a lot of inflation in the paper industry and a long period of no price changes. Freight has gone up. We bond our paper with cornstarch, which we buy from CPC [Corn Products International, which changed its name to [Ingredion Inc./INGR](#) in June], and the price of corn has doubled in a year. I blame the ethanol mandate, but now we have gone well beyond that with the shortage and other demands. To the box maker, cornstarch represents an incredible cost burden. Freight is just as bad, I suppose. When we deliver product, we have certain charges per mile and fuel surcharges added to the cost. In 2001, we used to get our money back on the surcharge, but now I am paying over a dollar a mile for delivery. I’m sure it’s the same for the independents, although some may have their own truck fleets. With fuel costing \$4 to \$5 a gallon and the transporters getting about five to six miles per gallon—and I might add that most of our deliveries are nowhere near the mills or plants—that’s a lot of money and it’s increased dramatically over the last two years. So we need the box increase to follow the containerboard increase, and I think the independents need it too.”
- “All of my [containerboard] purchases are arranged for me by our mills, and our invoices reflect the increase—same as they do for the open market. But a lot of our customers are on contracts based on PPW prices.”

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*Manager, Integrated Containerboard
Producer & Sheet/box Manufacturer*

➤ Executive for a global producer of containerboard and corrugated boxes; repeat source

The source considers the price increase for linerboard and medium a done deal, claiming most producers have invoiced for the higher price, save for big-box customers contractually tied to *Pulp & Paper Week*. Producers now are focused on pushing the sheet and box price hike to completion. The containerboard hike will hold and will be passed along unless key producers back down. Producers could pass through hikes to internal box plants and independent converters because it is the only way to realize the benefit of higher containerboard prices. The hike is supported by such current conditions as tight supply, backlogged orders, and bad weather triggering mill outages.

- “By Aug. 10 we discontinued even thinking about containerboard price increases. Everyone I know said, ‘Let’s not worry about [linerboard and medium]. It’s up. Now we are focused on getting the sheets and boxes up.’”
- “We have been billing containerboard at the higher price since August. Most producers have been billing at the higher price, except those people who have customers that are under contract and tied to *Pulp & Paper Week*. So any orders we got after Aug. 4 have been invoiced at the higher price. We announced that sheets would go up a minimum of 10% and a minimum of 8% on boxes. So did others. I think the industry is off and running with this.”
- “Everyone has billed customers other than those who supply the big-box buyers like P&G [Proctor & Gamble] because they are under contract and tied to PPW. They are reluctant to invoice those customers until PPW

moves. So some won't be invoiced for the increase until Oct. 1 [after PPW's Sept. 21 issue]. That would explain why some have moved back the increase."

- "In our case, only 20% of our box business is tied to PPW. I believe IP [[International Paper Co.](#)] has 40% of its box business tied to PPW, and [RockTenn \[Co./RKT\]](#) has 40% of their box customers tied to PPW. With that 20% bought under contract and off PPW, if they delay, we can't move until they move. Once they move, the increase is effective on the first of the month after they publish. Most of the national box buyers have a clause that says [PPW] has to move."
- "PPW did not move [in August] because they had information that a few companies had not announced or invoiced. ... Usually the price increase would be in place at this point, but because PPW did not move, it's not. My understanding is that rather than put [the containerboard price hike] up half way or a portion of the way, they wanted to wait and see if it would be fully implemented by September. But if they don't move the full \$50 this month, you may see people saying they will no longer use PPW."
- "I don't know anyone who hasn't raised prices. I can't say for sure about the small players. But the important players have certainly raised [containerboard] prices [to non-indexed customers]. Someone like [Port Townsend](#), which is a small producer, normally doesn't increase pricing to [noncontract] customers until PPW moves. But everyone else has moved to my knowledge. The Canadians are up since August, so their American customers are paying more. The Vancouver mill of [Cascades Inc.'s/CAS] [Norampac](#) is up to customers."
- "Medium on the West Coast has already [been] moved [by PPW] \$15 on Aug. 1 and another \$15 effective Aug. 15. That's \$30, so PPW may not be able to raise medium [in the West] the full \$50 [in its September issue] because that would make the medium price more than the liner price, putting it at \$80."
- "There have been no deals cut on linerboard pricing for rebates or discounts in the event PPW doesn't move, as far as I know."
- "I don't see anything short of a terrorist attack or the collapse of the economy preventing this from holding."
- "Demand is not great, but supply is tight and it's going to get tighter. We just had a storm drop water on all of the big mills in Louisiana, Alabama and Georgia. We anticipate that shipments of fiber will be late getting to the mills as well. So people are out of paper. I know from some of the IP mills that no one can get their harvest equipment in or out of the fields due to weather and it could take a week to dry out, so that will tighten supply. In addition, there were unplanned outages. A big Louisiana mill had flooding in the basement. All of these things tighten supply. So all of the stars are aligned for this [price hike] to stick."
- "The only way containerboard prices don't hold an increase is if the market is soft and no one wants product. Our orders are strong. We are booked through Oct. 15. Right now, our orders are heavily backlogged. On top of this, a hurricane dropped rain on The South and that tightened supply even more."
- "Most of the independents buy sheets from the big sheet feeders, and I assume they are paying 10% more as of Sept. 4. Can they pass it through? I don't know, unless IP or others don't push it through on sheets and boxes. IP has 39% of the box market and they sell mostly to themselves, so why wouldn't they increase box prices to their own plants? It would be the only way to get their money back. They would be fools not to [raise in-house box prices]. Some small players may not move, but the industry is so consolidated that if the four or five key players raise prices, it's done. It seems to me if anyone is wishy-washy about raising their prices, they will end up eating the costs and losing money."

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Executive, Global Containerboard & Corrugated Boxes Producer

➤ Investor relations staff member for an integrated producer

The recent price increases for containerboard as well as sheets and boxes will hold. The source had just returned from a companywide meeting during which the CFO said a price increase was being implemented and the company would stay on course. The source said the higher prices would not really take effect until the fourth quarter. The price hike will include an increase of 10% for sheets and 8% for boxes. Her company would negotiate this increase with its customers according to price indexes published by PPW. Also, her company only institutes price hikes when market conditions are right, such as the currently high operating rates, low inventory rates and relatively strong demand. The low prices of [old corrugated containerboard](#) (OCC) are related less to these market conditions and more to the situation in China, where

the economy has declined and demand has slowed. She expects the OCC rate to pick up once China works through its excess inventory.

- “Our CFO said she is confident in our company’s ability to execute this price increase, and I agree.”
- “Inventory rates are low and operating costs are high, so we believe a price increase is justifiable and sustainable.”
- “The OCC [rate] is not directly related to this situation and has a lot to do with the slower demand and excessive inventory in China. We believe that rate is not sustainable and that the excess inventory will eventually be worked off. If you look at the overall trend lines for OCC and match them up with current marketing conditions, you will see that the line continues to head in a direction that will sustain the price increase.”
- “Our dynamics and fundamentals for execution of this price increase are strong. It’s been two and a half years since our last price increase. The environment for it is good, as are the dynamics.”
- “We will negotiate with our customers according to price indexes published by PPW.”

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*Investor Relations Staff Member
Integrated Producer*

➤ Executive with an integrated producer of containerboard and corrugated boxes

PPW will indeed change the price to reflect the full increase; the source wondered why PPW did not do so in August. The hike will hold and be passed through to boxes because big-box buyers have contractual ties to the publication.

- “We feel the market is pretty tight, and we don’t understand why *Pulp & Paper* did not move in August. We believe the new *Pulp & Paper Week* [monthly issue] will reflect the price increase. I think it will reflect the full price increase. Based on what we are seeing, there is no reason for the increase not to happen.”
- “Overall market demand is flat, and the [Fibre Box Association](#) reports that [exports](#) are good. Supply is pretty tight. As for OCC and price drops in China, we don’t sell boxes to China. With the price of OCC down, we get a break on our fiber costs and make money.”
- “We have already told our customers that the price of linerboard and medium will go up by \$50/ton, and they will have to pay at the new price once it moves. We have not lost any orders or customers because of this announcement. We did alert our customers to an increase of 8% and 10% on sheets and boxes.”
- “Almost all of our customers are tied to PPW. I would say probably 75% of our customers on the paper [linerboard and medium] side are tied to the publication. The box price will follow the containerboard price increase once PPW reflects the change.”

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*Executive, Containerboard &
Corrugated Boxes Producer*

➤ Executive for an integrated containerboard producer and box/packaging manufacturer

Producers will have difficulty pushing through a linerboard and medium price increase, as well as passing the hike through to sheets and boxes given the sluggish market and ongoing economic weakness in the United States, Europe and China. The containerboard and converting sectors have a 50-50 shot at successfully securing a price hike. The source doubts independent converters are in a position to absorb higher containerboard prices unless sheet and box prices follow suit.

- “Will the containerboard price increase stick, and will it be passed on to the [box buyer]? That’s an interesting question that everyone is looking at right now in light of all the consolidation. You have a handful of players controlling 75% or the market. In my opinion, the potential of a [linerboard and medium] price increase sticking is 50-50.”
- “It will be very difficult to get this through. There would have to be willingness on the part of the major integrated producers to push it through and defy the economic indicators that are currently in place. It could happen through sheer will. Even then, there has to be great discipline to make it stick. I think [major producers] would have to be willing to walk away from some volume and business to succeed at getting the [price] increase.”

- “Even though the [containerboard producer] supply side has demonstrated some good control and the operating rates are around 94% to 95%, the headwinds of the [European] economy may make it very tough to push through a containerboard price increase. Can they push it, and can it be absorbed? I don’t think so. I think the producers don’t gain value until the containerboard increase translates to boxes. Another question is whether the box buyers would be willing to accept the increase. Their demand is not great.”
- “The people manufacturing the sheets and boxes would also have to get an increase. The independents are always concerned about being squeezed. They may support the idea of higher prices. If the reality is that the converters, already a low-margin business, cannot recover the cost, I do not believe they are in a position to absorb the increase.”
- “I haven’t talked to people in the industry. I am only responding to the [market] fundamentals and the economic outlook for the future. It is not robust. Inventories are just under four weeks of supply. Demand is flat year over year. There is the looming issue of the global economy and how it affects manufacturing in the U.S. Europe and the euro are in peril because of mismanagement. The problems in Spain are spilling into France and Germany. ... The global impact has an effect on our exports. There is an increase in the value of the dollar, and that also affects export pricing.”

There would have to be willingness on the part of the major integrated producers to push it through and defy the economic indicators that are currently in place. It could happen through sheer will. Even then, there has to be great discipline to make it stick. I think [major producers] would have to be willing to walk away from some volume and business to succeed at getting the [price] increase.

Executive, Integrated Containerboard Producer & Packaging Manufacturer

2) INDEPENDENT CONVERTERS, INCLUDING CORRUGATED SHEET AND BOX PLANTS

The corrugated converter and box plant segment is characterized by widespread uncertainty. Four of five sources have not even been invoiced for a containerboard or sheet/box price increase, and the one source invoiced has not yet paid. Four of five sources said containerboard prices could stick only on one condition: Integrated producers must pass the linerboard and medium increase on to the in-house sheet and box plants they now own. If not, the entire effort would implode, even if *Pulp & Paper Week’s* upcoming publication reflects the increase. Prices would disintegrate in the shape of full rebates, rollbacks and discounts. All five converters agreed absorption of the increase is not an option; it must be passed through to end users. Pricing concerns are underscored by weak demand, shaky consumer confidence and unraveling conditions in export markets.

➤ Executive at an independent corrugated converter

The announced price increase of \$50/ton for kraft linerboard and \$50/ton for corrugating medium cannot hold unless the integrated containerboard producers pass through a price increase to their internally operated sheet and box plants. Even a partial containerboard price hike would require a jump in box prices. Producer intentions remain unclear. International Paper and Visy Industries’ [Pratt Industries](#) have alerted customers to a containerboard and box price increase for September, but independent converters have no confirmation from most other producers. If IP is alone among major players, it risks losing customers. Typically, high OCC prices are in place when containerboard prices increase, but current OCC prices have tumbled. The source said containerboard demand is sluggish.

- “It’s a mixed bag out there regarding the increase. One guy tells me it is absolutely going to happen and he buys sheets from the IPs of the world. Others say it depends on what happens with *Pulp & Paper Week*. IP has said it is going up on Sept. 1. But it is fair to say that if the sheets and boxes don’t go, the [containerboard] increase won’t stick.”
- “This is not the time to raise prices. Demand is not great. The economy is not great. Consumer confidence is not great. My customers tell me they can’t pay more unless demand goes up. Demand was low in July,

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Executive, Independent Corrugated Converter

Containerboard

and it was the slowest July I've seen since we've been in business [since 2003]. It picked up a little in August, but in part that's because we went after an additional customer. That means we are selling them a grade of sheet that was taken from someone else."

- "I have heard from another [AICC](#) [Association of Independent Corrugated Converters] member that he got a letter from Pratt saying they were going up on sheets and boxes. But the fact that Pratt says it doesn't mean much because Pratt is a small player. They are recycled, and they are always reminding customers that we have had two years of unchanged prices. But what they don't tell you or talk about is that DLK [double-lined kraft] and OCC prices have dropped precipitously over the last few months so they are paying less for fiber. If you look at the price of DLK and OCC, they are both down about \$10 to \$20 a ton. So if Pratt goes up on sheets and boxes, they are making money from both ends. How can the price increase stick when the cost of feedstock is going down?"
- "[Converters] have not heard anything about a price increase on sheets and boxes. No one has communicated a price increase verbally or in writing to tell them the price will go up. Saying it will go up and actually going up are two different things. I know one guy who buys 60,000 to 80,000 MSF [million square feet] of board [a month], and he tells me he has not seen anything in writing about the [containerboard] price going up. If *Pulp & Paper* changes, then it will go up. Others I know who buy sheets from IP have said nothing is happening there."
- "I have not heard of anyone else paying [being invoiced] for more. Maybe [IP is] waiting until Sept. 1 to see what happens. The question is, if IP raised its price in August, did they also raise it for their own box plants? Are they going up on sheets and boxes internally? Usually it takes time for it to sort out, so we will have to wait and see."
- "If IP does not go up on boxes, what good is it going to do them [to go up on containerboard]? IP produces 12 million tons of containerboard a year, of which 80% is consumed internally. There is only about 2 million tons available for the outside market. Even if they go up \$50 on containerboard on Sept. 1, they mostly are charging their own box plants. It's really an internal transfer. Even if the box plant only gives them \$25/ton more and they don't go up on boxes, IP still makes money when they charge the independents \$50/ton more. But we have to get that money back and we can't pass the increase along if they don't pass it through on boxes."
- "Some [producer] has to be willing to lose business to make this thing stick. There has been so much consolidation that just four of the big boys—International Paper, RockTenn, [Packaging Corp. of America](#) [PKG, aka PCA] and [Koch Industries Inc.'s] [Georgia-Pacific](#)—own roughly 70% of the market. All they have to do is say, 'We're going up 10%.' Of course they can't talk to one another or agree because of anti-trust. But if IP goes up and others don't, their customers will go to PCA or RockTenn."
- "Will producers pass it through to boxes? Pratt said they will, but they are a small player. We have heard through a third party that IP will pass it through, but nothing is confirmed. The real problem is what if [a box hike] doesn't go through? You have four producers that control 80% of the market, and they are having trouble raising prices. What does that say about the industry and how much control they have? They may be so big at this point that the right hand doesn't know what the left hand is doing. Huge companies have consolidated, and they have not yet blended the corporate cultures."
- "[KapStone \[Paper and Packaging Corp./KS\]](#) led the containerboard price increase, and I'm sure IP was doing backflips. They [IP] were the last to announce. If IP had led the increase, [the Department of Justice] would have been all over them. You buy up half the market and then raise prices? IP couldn't lead. Of course, they may have a DOJ [situation](#) if they raise prices for containerboard but not their own box plants by squeezing independents."
- "This is not the normal way things [price increases] happen. Usually the producers have already invoiced and at this point you would be hearing a lot more of the specifics. Maybe they are trying to maintain the status quo [avoid erosion on current price] and they will try again in the first quarter [2013]."

➤ CEO of a large independent corrugated box manufacturer

The source is one of the few independents supporting a containerboard price hike, but his support hinges on whether the integrators follow through with a sheet/box price increase. If that does not occur, everything will fall apart. The source has shown his support for the price hikes by agreeing to pay IP a higher price, with the understanding the excess would be rebated if *Pulp & Paper* does not move the price. International Paper alone has been pushing the price increase and invoicing at the higher price. In an unusual move, IP and others also have [announced](#) a subsequent price increase of 10% on sheets and a minimum of 8% on boxes for Sept. 4, which would seal the increase if the integrators follow through. Most independents do not support the increase, saying demand is too low, inventories are too high and box buyers are likely to push back.

Containerboard

- “I am one of the few independents in favor of a containerboard increase, but I support it only as long as the big boys go up on sheets and boxes. They have said they will go up 10% on sheets and a minimum of 8% on boxes on Sept. 4. ... If they don’t follow through on sheets and boxes, the containerboard increase is not going to happen.”
- “That would pretty much kill it for the year. October is the last busy month, so the demand is there now because it’s busy with back-to-school and then stocking for Halloween and for Christmas. After Nov. 1, it all dries up.”
- “We have agreed to pay IP the higher price [for linerboard and medium] with the understanding that we will get it back once PPW moves the price. IP is charging more, but all of the other suppliers are charging what they were charging before. No one else has gone up yet. ... We agreed to pay [IP] more but we only buy 300/ton a month from IP. The remaining 6,000 tons we buy a month comes from others. We buy a lot from the mill under [Orange County Container](#).”
- “I have told our salespeople to tell our customers we plan to go up [on prices]; we just are not sure when. We have told our customers we plan to go up 10% on boxes. If the integrateds go and also pass it along, then we hope to get an extra percentage on the margins we’ve lost over the last two years.”
- “Most of the integrateds announced the price increase in July to take effect Aug. 1, and some others said it would be effective in the middle of August. Then in August they said they would go up on boxes and sheets. Right now no one is paying the higher price, and it didn’t go up because of PPW. But if the integrateds follow through on the sheets and boxes, then we will see a lot of people [support the increase]. Mostly and historically, it is the independents that lead on the sheet and box price increases, and that has been a tremendous strain on the independents because the containerboard price would go up ... but the buyers would not pay more for the boxes. It is unusual for the suppliers to announce what they plan to do on sheets and boxes.”
- “AICC has partnered with some of the big boys to make sure there are so many tons made available to the independents. Right now the market is 75% integrateds and 25% independents. We have no power, and they can cut you off like that. They may not put it in writing, but they may just say they haven’t produced your order yet or they can keep delaying it.”
- “It’s not enough to invoice for the higher price or even pay a higher price. The increase is all tied to *Pulp & Paper Week*. The containerboard price has not moved because PPW did not move the price on linerboard and medium prices [in August]. The next [PPW publication] doesn’t come out until Sept. 21. So we are hoping the integrateds go up on sheets and boxes Sept. 4 and starts to break away from the publication. The only thing that can really change it is IP because they control 40% to 50% of the market. They are saying they are charging [invoicing] their own box plants the \$50/ton increase.”
- “The mills are running it slim, and delivery has been nip and tuck for the past two weeks. They are keeping it interesting with tight control of production although part of it is maintenance downtime.”
- “I don’t have a clue if this will go through or not. Absolutely no one is talking about it around here whereas a month ago talk was all over the place. I would suspect PPW will change [September 21] from pressure from the Big Boys, but we still are not paying the announced price increase.”

I am one of the few independents in favor of a containerboard increase, but I support it only as long as the big boys go up on sheets and boxes. They have said they will go up 10% on sheets and a minimum of 8% on boxes on Sept. 4. ... If they don’t follow through on sheets and boxes, the containerboard increase is not going to happen.

CEO, Corrugated Box Manufacturer

➤ Co-owner of a group of outlets providing shipping containers, displays and retail packaging

The economy primarily will dictate if the containerboard price increase will stick. The source’s supplier did announce an increase in containerboard pricing, but the source did not comment on his decision to pay or his reaction to the announcement. He also said discussing rebates or discounts would be premature even though he has used these in the past. The same uncertainty goes for potentially passing on hikes to consumers.

- “You tell me what the economy is going to do, and I will tell you if the price increase will hold. The state of the economy has a lot to do with it, and at this point the economy is shaky at best.”
- “We try to fly under the radar and keep to ourselves in regards to the

We have received invoices for increased prices, but I am not about to say what we will do about it at this time.

Co-owner, Shipping Containers Provider

Containerboard

overall industry. We don't know a lot about what the integrators do, but we do have to watch out for ourselves when it gets down to the nitty gritty."

- "We have received invoices for increased prices, but I am not about to say what we will do about it at this time."
- "I can't really tell you if we would pass any price increases on to our customers either. That is eventually we hope that we won't have to face."
- "Who is getting squeezed in the supply chain? Everybody. And you can look at the economy as the reason for it."

► **President of an independent sheet plant and manufacturer of boxes/packaging; repeat source**

This independent converter and sheet buyer has not been notified of or invoiced by IP for a higher price in corrugated sheets. Several integrated producers have told customers they would revisit a price increase on sheets and boxes in October. The source could not directly discuss linerboard or medium prices but said increases will not hold unless sheet and box price hikes can pass through. He said the containerboard price hike has a 50-50 chance of sticking given the weak economy and lagging exports.

- "We only buy sheets and our price has not changed for three years. We buy from IP. We were not invoiced for a higher price on sheets, and we are not paying more. The key players now say they will revisit [higher prices for sheets and boxes] later."
- "If our sheets do go up 8% to 10%, we have to pass the costs on to our customers, but we have heard nothing from our suppliers. There is no change."
- "I suppose the producers would like to think supply is tight to justify the need for an increase, but nothing has changed. The market conditions are the same. The economy is weak. They want containerboard to hold, but all of the indexes are going down. ... We were big exporters to Europe and Asia, but now we are not exporting as much because the demand is down. I think it is 50-50 that containerboard can stick and 50-50 it can pass through."
- "In August, KapStone, GP and IP said they were going up 10% on boxes and 8% on sheets. They keep saying it, but it doesn't happen. Now they are telling us there is a delay and they will wait until October. They are waiting for PPW."
- "When things do change, we are going to have to pass it along although some customers will accept it and some customers won't. We will have to negotiate with some so they may want 6% rather than 8%."
- "We don't talk to our customers about a price increase if we don't know for sure."
- "If linerboard and medium go up, it will kill us if we can't pass it through to sheets and boxes. Raw materials are 50% of our costs."
- "Our cost of doing business has gone up 3% across the board. Our electrical costs are up, our gas and fuel are up, the cost of hospital and healthcare is up. We can't keep the prices the same when our costs and the cost of raw materials go up."
- "The sheet plant is not a good indicator of what will happen with linerboard or medium prices. Normally, linerboard and medium don't hold if the prices don't pass through."

Producers would like to think supply is tight to justify the need for an increase, but nothing has changed. The market conditions are the same. The economy is weak. They want containerboard to hold, but all of the indexes are going down. ... I think it is 50-50 that containerboard can stick and 50-50 it can pass through.

*President, Sheet Plant & Boxes/
Packaging Manufacturer*

► **Executive with an independent corrugated converter of boxes and packaging**

This source doubts a containerboard price increase can hold, let alone pass through to boxes even if *Pulp & Paper Week* report an increase later this month. Market conditions ranging from sluggish demand to the season's recycled fiber prices undercut the potential for a successful price increase. His supplier has not discussed or invoiced at the higher price, and he has heard similar stories from colleagues, especially along the East Coast.

- "I don't think the price [on linerboard and medium] will move, but if it does move will it hold? No. Will the increase on linerboard and medium be transferred to the box price? I doubt it."
- "Converters in the Northeast tell me it's dead. From what I've heard, the integrated guys in the Northeast and Southeast are not even talking about it anymore. There was a little bit of talk when KapStone and RockTenn first announced, but I think there have been second thoughts because they don't want the government taking a look since it's so close to recent acquisitions. In the South at least, RockTenn has been on the fence."

- “Integrated [producers] have pushed it to October after the next publication. But I think it has been postponed indefinitely.”
- “The industry is stupid to tie their prices to one publication. I don’t think PPW should make a marginal move this month. To split the price increase over two months is the worst thing they can do. The customer gets a 15% increase [on containerboard price] this month and then another 15% the next month. Imagine what that does to the buyers’ books. And to raise the price incrementally and keep track of all the billing is an administrative nightmare for us.”
- “If anyone says they have invoiced at the higher price and that people are paying the higher price, they are not telling you about the other side of the story regarding givebacks if the PPW doesn’t move. ... They neglected to mention the rebate at the end of the month.”
- “Even if linerboard and medium do go up, it’s one thing to raise the containerboard price but then not raise the box price. If you don’t raise the box price, you’ve got nothing.”
- “I think it’s poor timing. Most of the buyers of big boxes and the big producers aren’t even in the office in late August. ... Neither are their customers. On the West Coast it’s not the same. The Western producers got their announcements out. They got the thing aligned. They had the gun, the round in the chamber, the safety off, and then PPW did not publish the new price.”
- “Our supplier to date has not invoiced us for the [containerboard] price increase. They announced in August that they were going to increase the price, and then *Pulp & Paper Week* did not move.”
- “The price of OCC has dropped, and export prices have dropped. If you look at PCA and Boise, they recently reported higher earnings for the quarter. That’s not good if you are trying to raise prices. RockTenn announced that they were buying back some shares. Not a bad strategy to buy back a bunch of stock when the price is low so you can push for an increase in the spring and make a bundle of money.”
- “The demand is not there. In the past, the rule was that if you had 5.2 weeks of supply you were long and if you had 4.8 weeks of supply you were short [of inventory]. But in truth, with all of the consolidation, the old rules and measures don’t apply. To get an increase, the number is probably closer now to 3.8 weeks of supply to support an increase.”
- “I know there was [mill] downtime for maintenance and other issues. ... But tonnage is readily available either way, from Visy or from mills in Mexico. I know there was some tightness in short rolls. But in the regular grades of 86-inch and 96-inch, getting fiber is not a problem.”

I don’t think the price [on linerboard and medium] will move, but if it does move will it hold? No. Will the increase on linerboard and medium be transferred to the box price? I doubt it.

Executive, Corrugated Boxes & Packaging Converter

3) INDUSTRY SPECIALISTS

All five sources predict a linerboard and medium price increase will occur and hold for the next three to six months. Tight supply and reasonable mill operating rates will buoy producers’ resolve to push up containerboard prices, especially if *Pulp & Paper Week* publishes the hikes on Sept. 21. For the containerboard hikes to fully stick, they will have to be pushed through to boxes, which sources said was doubtful given resistance from corrugated converters and box buyers as well as weak economies throughout the world.

➤ Corrugated purchasing manager for a consumer goods manufacturer; repeat source

Containerboard producers have so much market clout with all of the recent consolidation that their recently announced price increases could hold even though their operating costs are falling. If the increases stick, the extra costs will be shared by converters and box buyers but likely will not be passed all the way to consumers. Price hikes for containerboard are not directly dependent on proposed increases for sheets and boxes.

- “The way the industry works today, it’s very possible the containerboard price increases can hold. It has very little, if anything, to do with costs.”
- “The markets have consolidated significantly in the last 10 years and especially the last two years, so the large integrated players like International Paper, Georgia-Pacific, RockTenn have tremendous power to basically do what they want. At the end of the day, if they feel they can force it through and the majority of their accounts stick and they don’t lose too much business, then that’s a business decision they get to make.”

Containerboard

- “I’m not supportive of the price increases because they’re more market-driven, supply and demand, rather than having anything to do with real costs. Costs [for producers] are down almost across the board, especially on fiber, which is the majority of their cost structure. So it’s very frustrating to us and other large buyers of boxes that this is being done.”
- “If you talk with me or any other buyers, there’s going to be frustration, but it is a marketplace and they’re using the tools they’re allowed to use. We’re going to push back on those as much as we can. You can just look at the earnings statements of these companies to see they’re doing better than they have in years, partly because of these price increases over the last two years. If they can get another \$50/ton through, then they’ll be heroes to their shareholders. I don’t fault them for that; it’s just a little bit frustrating at times.”
- “What frustrates me, in addition to the attempt [to raise prices], is just the double-talk we see. People are trying to point it back at costs or potentially to inventories going down, but when the integrated players are taking down-time, schedule and unscheduled, this doesn’t seem right. But that’s the marketplace.”
- “[If the price increases do hold], I think it will be spread across the board [box manufacturers to box buyers]. It depends on the contracts that are in place between the independent folks and the ultimate customers, the buyers. In some cases, that’s linked back to PPW, so it’s going to flow through. In other cases, it’s not linked to PPW, so those costs could be avoided.”
- “In the end, the box converters—integrated and independent—will eat a portion of [the price increase] and the box buyers will eat a portion of it too. I don’t think [it will reach consumers]. For box buyers like us or our customers ... boxes are a relatively small portion of the cost of goods sold. With the market being where it is and disposable income being where it is, to try and pass [higher box prices to consumers] would be a tough conversation at this point.”

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*Corrugated Purchasing Manager
Consumer Goods Manufacturer*

➤ Veteran observer of the containerboard and box market; repeat source

The integrated mills may succeed in forcing a short-term price increase on kraft linerboard and semichemical corrugating medium. Still, the source doubted market conditions would support passing the hike on to boxes. That means at some point the containerboard price increase would deteriorate, leading to rebates, price rollbacks or adjustments in published prices. Supply is tighter than expected because scheduled maintenance downtime got an assist from unplanned outages. Demand and shipments are sluggish, and the price of OCC has dropped. Cheap OCC fiber for recycled mills would weaken the case for higher containerboard prices.

- “Wanting a price increase isn’t enough to make it happen. What bothers me is getting a handle on what is driving this thing price increase effort. Temporarily, supply is tighter because of the downtime. If they take out enough supply, it could cause the price to go up. But it probably cannot hold in the intermediate to long term. It possibly can hold in the short term. I think the answer is that it’s possible the producers may push through some or all of the price increase on linerboard and medium. But it’s much less certain they will be able to keep it. Are the integrated producers going to get tough and not allow grace periods? It could take two to four months for this to work itself out. If we look at the public data and if the hikes do not pass through to boxes, customers may try to get concessions under the table. This is totally a supply-driven increase.”
- “There was a recent survey and the findings indicated the only company invoicing was IP. IP had a box increase set for September. However, we’ve heard they are moving the sheet and box increase back. Some have already moved the box date to Oct. 1. I would go to the bank on the possibility that all of the producers will roll back the box increase to Oct. 1.”

Wanting a price increase isn’t enough to make it happen. What bothers me is getting a handle on what is driving this thing price increase effort. Temporarily, supply is tighter because of the downtime. If they take out enough supply, it could cause the price to go up. But it probably cannot hold in the intermediate to long term. ... It’s possible the producers may push through some or all of the price increase on linerboard and medium. But it’s much less certain they will be able to keep it.

*Veteran Observer
Containerboard & Box Market*

- “This is more a question of when they can raise the price and implement on boxes than it is about whether an increase can stick. There is a good chance if they implement the containerboard increase it will fizzle by early next year if they can’t get the box price up.”
- “It’s hard for the big-box buyers to accept a price increase without knowing the cost drivers. OCC prices are down. Shipments are down, and inventories are average. After the announcement and for the four weeks through Aug. 10, there was little or no movement in linerboard [pricing]. Few customers seem to be getting invoiced for the increase, and it’s been hard to find an example of people paying the higher price.”
- “Market conditions have changed a bit since May because the mills have taken a lot of maintenance downtime and there has been additional unplanned downtime, leading to tighter than expected supply.”
- “KapStone took out a lot of tonnage. RockTenn has been taking a lot of downtime. But RockTenn also had a very [bad startup](#) at its linerboard mill in Hodge [LA]. So the unplanned outages may add some needed tonnage. The question is, is it enough [to support the price hike]?”
- “I’ve been listening to the analyst conference calls. The big producers seem pretty committed to the increase, so it seems unlikely that they can’t implement because of independent converters. Some producers are saying that all of their noncontract business is up during these calls. PCA said three of its big buyers have accepted the price increase but also said the big buyers won’t have to pay for a couple of months.”
- “It may come down to just ramming [the containerboard price increase] through, and I don’t doubt that they can do it. Where it breaks down is in terms of getting the box price up. That’s why some are saying it’s not a done deal. The only thing that can keep the containerboard price in place is if the big producers pass it through to their box plants.”

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*Veteran Observer
Containerboard & Box Market*

➤ **Advisor to the corrugated converting industry, and veteran author, speaker, analyst and commentator to the containerboard/box industry; repeat source**

The independent corrugated converters will not accept a price increase at this time, a move in part bolstered by an unchanged price published Saturday, Aug. 18, by *Pulp & Paper Week*. Converters report sluggish business and sales that, combined with weak demand and the slow economy, do not support a price increase on linerboard and medium. Some integrated producers that announced a \$50/ton price increase on containerboard for Sept. 1 may be invoicing at the higher price but can tweak payment options to accommodate market weakness and invoice with agreements to rebate pay when an increase fails. Converters are hesitant to pass along a price increase to customers. Box buyers are aware of the price increase but not likely to pay more for product.

- “The price increase is not going through at this time. *Pulp & Paper* published on Saturday, and the price did not move. We believe there is no momentum to push it through, and [the price hike attempt] will fade and quietly go away unless something drastic happens. We don’t see grounds to raise the price. I don’t think the corrugated converters will accept it.”
- “[RISI](#) published a report within the past two weeks, and they didn’t see [the price increase] happening. Demand is down, OCC prices have dropped, and China is not buying. It is our strongest season, but with unemployment up and the purchasing index down, there is not a lot of robust activity to support a price increase.”
- “Some integrateds like IP and RockTenn may have invoiced at the higher price. We have heard IP has been aggressive, and I assume RockTenn also has been aggressive. Customers may have been

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Advisor, Corrugated Converting Industry

invoiced at the higher price as of Aug. 1 when the [linerboard and medium price] increase was announced, but the payment is not due until Sept. 1. The producers can always give a 30-day extension, and there are all kinds of tricks they can use to delay the increase going through. The box prices are not going to move until the linerboard and medium prices move. Typically, the box price moves 30 days to 60 days later. Some may even agree to pay more with the understanding that a rebate will follow when the increase fails.”

- “We have had some rapid increases in the last 33 months. Three increases on linerboard and medium went through, and the independents accepted it. But this time I doubt they will pay more. There is no momentum to push it through. As it is, everyone is scrambling for business or trying to keep the business they have. And they have got six to seven weeks of [inventory] play in their systems when and if a box price happens.”
- “The independents don’t want to get a letter out to their customers saying they might raise their prices because the whole thing could snowball. I don’t think any of the independents are comfortable billing a higher [pass-through] price.”
- “The box users are aware of the momentum and that the increase has been put through, and they are probably getting together with their account managers to discuss what will happen through the end of the year. There is a lot of gamesmanship going on, but the bottom line is the bubble is too small and there is not enough support for the price increase to take.”
- “We do not hear a lot of stirring among the box buyers. We have heard some chatter about a price increase for sheets and boxes, and PCA and GP, which have more invested in boxes, also know they have to get linerboard and medium before they can get the box price.”

➤ Editor of a paper industry trade journal

The source indicated he will survey the industry starting in a few days and will try to keep an open mind, but he added that he does not believe the price hike instituted a few weeks ago by the integrators will stick. The integrators have given several reasons for the hike’s validity, such as increased costs and low inventories. However, their major cost is OCC and that price is “tanking,” which their customers realize. In addition, the economy still is not good in the United States and China. The state of the hike will not be known until the end of the month. Invoices already have been sent, but customers have 30 days to pay. A battle is brewing between the integrators and their customers, and it will be settled when *Pulp & Paper Week* releases its Sept. 21 publication. The big question will be whether the integrators will get their corrugated box price through to end users. The containerboard price increase is dependent on a sheet and box price hike, but independents that buy the product on the open market are a very small niche group.

- “Facts are facts. I will try to keep an open mind about this price increase, but I have done my homework and it is sitting in front of me. I know what the integrated producers are up against.”
- “Currently everything is in limbo, and nobody will know clearly about what will happen until the end of the month. But the chances of it passing through are not good.”
- “The cost of OCC is tanking and is low, low, low. The integrators can talk about their costs going up, but their biggest cost is OCC. If that price is low, it will be difficult for them to justify a price increase. The bad economies in the U.S. and China also work against the price increase.”
- “It’s one thing to send out an announcement and invoice for a price increase, but it’s another thing to ... stand your ground on it if opposition comes up against it.”
- “Rebates have been in play for years, and they will be in play this time around of the situation warrants.”

Currently everything is in limbo, and nobody will know clearly about what will happen until the end of the month. But the chances of it passing through are not good.

Editor, Paper Industry Trade Journal

➤ Editor of a corrugated/containerboard industry publication; repeat source

The sluggish economy and flat demand for boxes will complicate containerboard producers’ efforts to push through a price increase, but tight containerboard inventories leave open the possibility of price hikes sticking if the broader economy improves. Board converters will meet significant resistance if they try to pass through the price increase to buyers. Integrators already are seeing a negative reaction to higher sheet and box prices.

- “I’d say the likelihood of a price increase [sticking] is about a 6 on a scale of 1 to 10, with 10 being an absolute yes, for the simple reason that year-to-date box demand is flat and the U.S. economy is soft. Nevertheless, there are arguments for and against the increase. At this point, I think it’s a toss-up.”

- “The only reason I am just a tad more optimistic [about a price increase holding] is because the economy has potential going into the holiday season and containerboard inventories are tight.”
- “Containerboard inventory is tight, at 3.9 weeks of supply at the end of July. Operating rate at mills was about 95% last month. And demand remains flat, down 0.7% over last year. The containerboard market is reflective of a slow-moving U.S. economy. The good news is that it is moving in the right direction.”
- “Board converters will attempt to pass along a price increase to their end user customers; however, I’m fairly certain that there will be tremendous push back. Based on U.S. supply chain data, inventories are building in the wholesale, retail and manufacturing sectors. This could weaken the demand for boxes and ultimately affect the ability to increase linerboard and medium prices.”
- “Based on conversations I’ve had with independent converters and end users, integrators will encounter some resistance to a sheet and box price increase. In fact, the AICC issued a [statement](#) objecting to the increase, explaining that market conditions are not conducive to it.”
- “As much as producers would like to see *Pulp & Paper Week* [publish] increased prices, they don’t need the publication in order to move ahead with a price increase. *Pulp & Paper* should be reporting current transacted prices.”
- “*Pulp & Paper Week* has always played a prominent role in the containerboard pricing market. In fact, that’s how publications like PPW and [Official Board Markets](#) were started. Integrated companies wanted an objective pricing vehicle. Today, many contracts are based on PPW prices. The publication wields a lot of power although there have been rumblings the last few years of finding a different way to publish prices.”
- “To a certain degree, [domestic containerboard] price increases do hinge on overseas markets. The global market affects the U.S. economy, which could affect the ability to increase prices.”

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Editor, Corrugated/Containerboard Industry Publication

Secondary Sources

A review of secondary sources covering the containerboard industry found that International Paper will perform maintenance on four U.S. mills, which could further tighten supply. Independent converters spoke out against PPW’s portrayal of them exhibiting low resistance to the containerboard price hikes. A related association survey found strong resistance and an unwillingness among converters to accept the increases. Finally, the Aug. 1 announcement of price increases in the containerboard industry came from all the major producers and was motivated by high operating expenses, low inventories and solid export demand.

➤ Sept. 10 Market Wire [article](#)

International Paper is planning major maintenance and repairs to four U.S. mills in the fourth quarter. This could further tighten the containerboard market and help the price increase to stick.

- “[International Paper Company](#) (NYSE:IP) (IP) (Memphis, Tennessee), a world leader in [pulp, paper and paperboard](#) production, has scheduled the fourth quarter of this year to perform major maintenance activities at four of its U.S. mills. IP plans call for preventative maintenance, major repairs and overhaul, and equipment replacements at mills located in Eastover, South Carolina; Augusta, Georgia; Pine Hill, Alabama; and Cantonment, Florida. The combined expenditure of maintenance-related activities at the four mills is estimated to cost more than \$20 million, and includes repairs to paper machines, pulp and stock processing equipment and boilers.”

➤ Aug. 7 AICC [news release](#) listed on [Container-board.com](#)

The July issue of *Pulp & Paper Week* reported that independent converters were exhibiting low resistance to containerboard price increases. The AICC then conducted a survey of 75 of its members that disputes the accuracy of

PPW's statement. The AICC survey found strong resistance to the increases and that a price hike would not be accepted by box users and could not be absorbed by independent converters.

- "Contrary to recent reports in the corrugated industry trade press, independent converters are not exhibiting 'low resistance' to containerboard price increase announcements by most suppliers. AICC, the association representing the independent sector of the converting industry, last week polled its 526 corrugator and sheet plant owners and general managers asking about the accuracy of the statement made in the July 20th issue of Pulp & Paper Week which said the \$50/ton increase 'is expected to encounter low resistance from independent converters caught in a growing margin squeeze from eroding box prices.'"
- "Based on responses from nearly 75 members who disputed the accuracy of the new reports, AICC believes the current increase attempt to be poorly timed in a weak economy and unjustified due to the lack of cost drivers on the mill side."
- "Many members said that their margins had eroded over the past two years and that rising linerboard prices could result in a further squeeze in a very competitive box market in which the integrated producers control 75% of all shipments. 'There will be strong resistance from independent converters,' wrote one member. 'End customers of boxes will not accept box price increases in these market conditions and there is no room for independent converters to absorb this price increase.'"

➤ **Aug. 1 [news release](#) on TIMBAR Packaging and Display website**

All major paper producers announced a price increase for linerboard and medium starting in August. This announcement comes after two years of stable prices.

- "Board Converting News, the White Sheet, reported this week that all the major paper producers have announced plans to increase prices for linerboard and medium effective in August."
- "In the July 23 issue, BCN reported that KapStone and RockTenn both announced \$50/ton price hikes on containerboard. On Friday, July 27 Bloomberg.com posted an article reporting International Paper's plans for the price hike as well. The company plans to raise containerboard prices effective Aug. 1. 'Operating rates are high, inventories are low, export demand is fairly solid, the supply side of the containerboard market is fairly tight,' Chief Executive Officer John Faraci told the publication through a telephone interview. 'Prices have been stable for two years.'"

Additional research by Seth Agulnick and Scott Johnson

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