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Continued woes of Corrugated Box Industry

Two years of Pandemic have played havoc with the existing business & consumer practices and in many cases permanently altered them. Just as the nation was heaving a sigh of relief with steep reduction Covid cases, the war in Ukraine has again taken economy into rough seas and rocking the Corrugated Box Boat precariously.

The already fragile supply chain is further weakened with problems of:

1. Disruption of international Logistics with associated Shortages of Containers.
2. Roller-coaster variations commodity prices.
3. Migrant Labour going back to native places has caused labour shortages and substantially increased wages.
4. Increased demand for Corrugated boxes in Europe and North America, has resulted in lowering surplus of Wastepaper for exports from these countries.
5. Post Covid Demand for all forms of energy, be It Coal/ Oil /Gas etc was high and the war has plunged the energy supplies into a crisis.
6. Now there is surge of new variant of covid in China. Its impact on global economy if it spreads and sustains can be the proverbial last straw on Camel's back.

The Kraft Paper prices continue to be in upward spiral with no ceiling visible in foreseeable future. Corrugated Box industry, unlike large businesses which can increase prices as and when they want, depends on supports of its Business associates for survival and minimal profits to keep afloat.

1. Since beginning of 2022 Paper prices have risen steeply between 35-40% and continue to rise. All medium term forecasts are that this volatility and upward spiral in prices will continue.
2. The Paper Convertors (Corrugated Carton manufacturing units) use various other inputs to make cartons known to the user industry but not acknowledged or accounted for adequately.
 - a. Starch: The prices of starch have increase by 40% in the last year. This is huge and needs to be factored.
 - b. Ink and PVA Glue costs have increased between 30-50%.

FEDERATION OF CORRUGATED BOX MFRS. OF INDIA

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- c. Stitching Wire: It is common knowledge that steel and Zinc are at an all-time high pushing up cost of Wire.
- d. Fuel – Coal 150%, Firewood 50% are at an all-time high.
- e. Freight Costs: Increased by 50% in the last two years.
- f. Electricity Costs have increased state wise between 10-15%
- g. Labor Costs have increased by 25% in the last two years.
- h. Packing costs have increased by 50%.

There is urgent need to recognize this increase in paper prices, other input costs and also factor the increase in conversion costs. **We sincerely request Box users to acknowledge the True cost a box with right price and also help in maintain the health of their vendors.** A Healthy vendor can better serve the Box User thereby the end consumer.

For F C B M of India

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