



FOR IMMEDIATE RELEASE

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Forisk reports reduced demand for packaging impacts markets; packaging is 73% of North American pulp mill capacity.

WATKINSVILLE, GEORGIA – June 2, 2023 – Reduced packaging demand and production ripples across North America’s paper industry as packaging comprises 73% of pulp/paper mill capacity in North America, according to data from Forisk’s North American Forest Industry Capacity Database (“Mill Database”). In addition, 76% of the packaging mill capacity is located in the U.S. South. The slowdown in the sector is impacting mills and forest owners in the South more than other declining sectors like newsprint and printing and writing papers, which are concentrated in eastern Canada and the U.S. North. The dip in packaging production also hits the Pacific Northwest, as packaging accounts for 78% of mill capacity in the region. Amanda Lang, Forisk’s Vice President of Client Services, notes, “Pulp capacity for the packaging sector increased 5% year-over-year in North America. Increased supply coupled with lower demand is pinching the industry.”

In Q1 2023 investor presentations, executives at IP and WestRock cited market factors, including high inflation, reduced demand, and destocking, as drivers for soft markets. Customers are purchasing fewer goods given high prices and inflation, and businesses are reducing inventories, particularly given lower consumer demand and improved supply chains. AF&PA reported that packaging production slowed in September 2022 and is 9% below levels from one year ago. “One of the big changes recently is the decline in packaging production,” according to Shawn Baker, Forisk’s Vice President of Research. “Our database captures capacity changes by end use for the pulp/paper sector, which lets subscribers track pulp and paper industries.” Forisk’s Mill Database now tracks over 210 pulp/paper facilities in Canada and the U.S., including mills that have closed in the past ten years.

Forisk’s [North American Forest Industry Capacity Database](#) compiles mill capacity for softwood and hardwood lumber, structural panels (OSB and plywood), engineered wood products, pulp, veneer, wood pellets, and chip mills by region across five North American geographies – U.S. North, U.S. South, U.S. West, Eastern Canada, and Western Canada. The underlying data, which is updated quarterly, includes mill-by-mill details for over 2,200 facilities, including location, mill type, wood use estimates, and species, with ownership and capacity data by year for 2011-2022 and estimates for 2023 and 2024. The Q2 2023 release highlights changes to 316 mills in the database documented over the last three months and the addition of 32 mills.

For more information or to subscribe to Forisk’s Mill Database, contact: Heather Clark, hsclark@forisk.com, 770.725.8447.

About Forisk Consulting: Forisk delivers forecasts and analysis of forest industry markets and timberland investments. Firms participate in Forisk’s research program by subscribing to the



Forisk Research Quarterly (FRQ), Forisk Wood Fiber Review, Forisk Market Bulletin, or the North American Forest Industry Capacity Database; supporting benchmarking studies related to forest operations and mill capacities; and attending educational workshops and the annual “Wood Flows & Cash Flows” conference. www.forisk.com.