



ACCA'S 2ND MANAGEMENT COMMITTEE MEETING (2023-2025) AT HILTON SHENZHEN INTERNATIONAL CONVENTION AND EXHIBITION CENTER HOTEL, SHENZHEN, CHINA, 11 APRIL 2024

This year's Management Committee Meeting was held in conjunction with the Wepack 2024 event from 9 April to 11 April 2024, which was held at Hilton Shenzhen International Convention and Exhibition Center Hotel. ACCA President Henry Low gave a welcome speech to all members from 10 countries in ACCA's

2nd Management Committee Meeting (2023-2025). ACCA membership drive 1 new member from France and 11 new members from China. ACCA President, Henry Low with ACCA committee member at ACCA booth at Hall5 in WEPACK 2024 during April 10-12, 2024 to promote our activities and service provide to member and new member recruitment.



Country/Region Association Representative Update:

CHINA

China Packaging Federation (CPF)

Packaging Industry/Corrugated Industry Update



There are nearly 130,000 paper packaging enterprises nationwide, with an annual output value of 600 billion yuan, including 2,991 up-scale enterprises with 3,816 corrugated production lines.

Totally 3816 corrugated production lines in up-scale enterprises.

Corrugated Industry Challenge and Trend The main problems in China's paper packaging industry

1. Due to the impact of downstream industry exports, orders for supporting packaging of exported products have decreased by 15% to 20%. The coastal industrial belt has a significant impact, with little impact on the central and western regions.
2. Secondly, the equipment utilization rate is low, with nearly half of the enterprises producing in a single shift. Overcapacity, intensified competition, and normalized fluctuations in upstream raw paper prices, coupled with downstream users bidding at low prices, have resulted in an overall slight profit or even loss momentum for the entire industry.
3. Thirdly, the concentration of the industry is low, with only about 15% of the market share of China's top 20 paper packaging groups, which are in a weak position throughout the entire industry chain and are squeezed by upstream and downstream forces. At the same time, the industry needs to further strengthen and improve the integration of informatization and industrialization.

- Although the entire industry is facing some difficulties, society's rigid demand for packaging and consumption transformation will continue to support the packaging industry's positive development in the long term.

CHINESE TAIPEI REPORT-CTCCA



CTCCA, Chinese Taipei

Total Corrugated Products Output

- 2021 - 2,391 million m²
- 2022 - 2,182 million m²
- 2023 - 2,119 million m²

Classification of Shipment by End-Use

- Others 26%
- Food 22%
- Paper 17%
- Beverage 16%
- Agriculture 8%
- Electronic & Appliances 3%
- Chemical 6%
- Textiles/Yam 2%

Consumption of Recovered Paper

- 2021 - 4,389,000 ton
- 2022 - 4,040,000 ton
- 2023 - 3,875,000 ton

Corrugated Industry Trend and Challenge

1. Global Economic Situation
2. Lower Raw Material Prices
3. AI Technology in Manufacturing

HONGKONG

The Guangdong HongKong Macao Greater Bay Area

- We expect Guangdong's economy to accelerate a tad in 2024, to 4.8%, just below our 4.9% national GDP forecast
- Low end manufacturing continue to move out of GBA
- Sign of relief, 2024 Jan and Feb China customs recorded increase in export by 7% year to year, export business pick up in Nov 2023 after 6 months of contraction



Paper Prices

From Februari 2023 till April 2024 , Medium and White and Test liners paper price drop more than 15% .

INDONESIA-AKGI (ASOSIASI KOTAK KARTON GELOMBANG INDONESIA)



Corrugated Industry Updates

Total Corrugated Boxes Consumption:

- 2020 - 3.550.000 tons
 - 2021 - 3.860.000 tons
 - 2022 - 3.820.000 tons
 - 2023 - 3.050.000 tons
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- **Total Corrugated Consumption in 2022** : 3.820.000 tons.
 - **Total Installed Capacity of Corrugated Plants in 2022** : 5.700.000 tons.
 - **Total Production of Packaging Paper in 2021**: 8.435.843 tons.

Corrugated Industry Challenges & Trends

1. Demand of corrugated boxes period January – March 2024 has increased due to positive effect of presidential election in February followed by Ramadhan festival in March/April.
2. But the demand is predicted to drop again after the Ramadhan festival is over followed by the main concern of continuous of paper price increase.
3. Demand of corrugated boxes from multinationals companies has decreased due to boycotts from anti-Israel issues.
4. Shortage of tapioca starch happened in 2nd semester 2023.
5. Some small paper mills start to reduce their production output due to high price of OCC.
6. Paper rolls export business to china has been dropping quite significantly since 2023.

MACCMA - MALAYSIA

Malaysia Corrugated Supply vs Demand Estimates



Nine Dragon Paper Malaysia is experiencing growing support, leading to a gradual increase in supply where market demand remained stable.

Malaysia Domestic Paper Price Trend

OCC Price Increase: The rise in OCC (Old Corrugated Containers) prices from December 2023 has led to a subsequent increase in paper prices at the beginning of 2024.

Corrugated Industry 's Challenge and Trend / Innovation (1-2 slides) Challenges

1. Russian & Ukrainian Conflict (since Feb 2022), Israeli-Palestinian War (since Oct 2023), and tensions in the Red Sea continue to stress unstable external market conditions.

2. Increased Paper Mill Capacities have resulted in oversupply conditions in the domestic market, triggering stiff price competition among paper mills. This may lead to a longer-lasting impact on the selling price of corrugated cartons.
3. Stiff market competition from international competitors for the mega brand projects relocated to Malaysia.

Trend & Innovations

- Actively promoting lightweight paper for cost optimization.
- The needs of advanced technology for operational efficiency enhancement and green energy to assure ESG requirement compliance and to meet stakeholders' sustainability expectations.
- Rise of demand for Total Packaging Solutions with holistic range of packaging products and value-added services along with constant innovation.

SINGAPORE

Packaging Industry/Corrugated Industry Update



The recycling rate in Singapore has fallen from 50% to 38% between 2017 and 2020, which is a cause for concern. The government has made paper recycling a part of a nation-wide

recycling effort with other materials, being rolled out in several towns in Singapore.

Corrugated Industry's Challenge and Trend/Innovation Sustainability

- Key finding 2: Respondents are inclined to purchase a product that has eco-friendly packaging only if it did not cost more.

- Key finding 2 (b) : There is too much packaging material for most of the products.
- Key finding 2 (c) : Eco-labels and eco-friendly play a significant role in consumer purchasing decision, however, the ability to recycle the products and their environmental footprint have also emerged as priorities.

SRILANKA



Corrugated Carton Industry in Sri Lanka

- Total Number of Corrugators-Around 30
- No of High-Speed Corrugators - 10
- No of Single Facer Box Makers - 18
- 7 Companies control - 70% of the market
- Total Production Capacity - 200,000 Ton / Annum
- Current Market Requirement- 150,000 Ton / Annum

Srilanka Challenges

- High Volatility Of Paper Market
- Labor shortage
- Weakening SLRS Vs USD- Currently SLRs 315/-
- Higher Conversion Cost – h5
- Weaken Market –Locally and Internationally 30pct
- High paper stock as Sri Lanka is importing paper.
- Heavy competition among industry players.

THAILAND

Corrugated Industry Trends in Thailand



Trend

Higher degree of Climate change

- Continuous ESG trends & Circular economy
- Climate law

Technological advancement

- Generative AI transform marketing and production
- Omni Channel

Risks remain

- Geopolitical, National resilience, localization
- Concern on cost compression, supply chain operating

Demographic shifts

- Product & market focus
- Higher wage

Packaging

Focus Sustainable packaging

- Plastic replacement/ Reuse, Reduce, Recycle/ Innovative materials
- Industries start to prepare CO2 Footprint for upcoming regulations esp. in EU, US, Australia

Digitalization

- Transforming design, printing, production, and responsibility
- More engaging solutions from packaging

Margin compression

- Financial value propositions
- Cost effectiveness

Brand value

- Design suitable for different age groups
- Convenient, time-saving solutions

Sustainability Trends in corrugated Industry Thailand

Thailand Industry Action (onward)

- Prepare for data collection: production-energy-consumption, raw material, water usage, etc.
- Develop calculation for carbon footprint
- Register Carbon Footprint Product (CFP)

* Required by brand owners, customers, etc.

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