




Packaging in Mexico: the scenario during the turbulence



Marina Faleiros

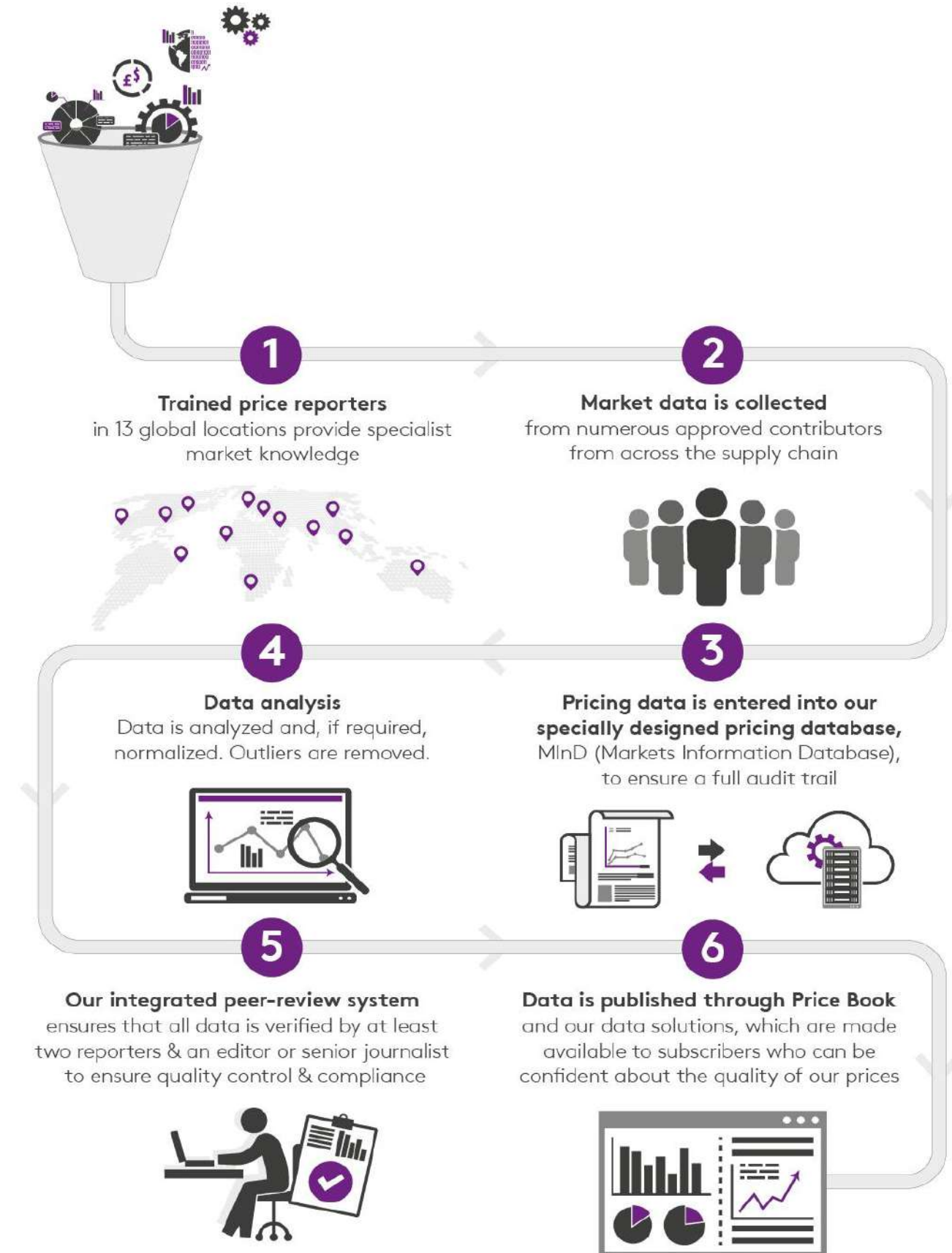
Team editorial leader LatAm & Brazil Country Manager



Price assessment process

We publish more than 3,000 prices across the globe

- Many of these prices are used to index contracts, meaning that buyers and sellers agree to use our prices to settle negotiations
- Increasing compliance demands from large multinational groups are supporting higher use of indexes also in Latin America



PPI Latin America: stories and prices for the pulp and paper industry



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PPI Latin America

PAPER, PACKAGING AND FIBER MARKET NEWS AND PRICES FOR LATIN AMERICA

Recycled containerboard prices move up in Brazil pressured by costs; imports of recycled pulp arrive

Market participants in the Brazilian containerboard market confirmed that price hikes for recycled grades were implemented between April and May, addressing the pressure on costs caused by surging old corrugated container (OCC) prices over the last year.

After a price rally that started in March 2024, stability in the last quarter of that year and a new price bump in early 2025, sources now agree that OCC levels should stabilize as there is more clarity on how buyers can import more tonnages and corrugated paper demand has been calmer.

According to Fastmarkets' price assessment, OCC #2 traded at 1,200-1,280 Reais (\$212-227) per tonne in May, 67.6% higher than a year ago, but unchanged from April.

"OCC prices reached a point where we were all looking for alternatives. Some buyers imported recycled pulp from the US that is arriving now to the market, while others were checking how they could resume importing OCC," a source said, referring to a new law approved in January that initially banned all imports of residues for recycling purposes.

[»» continued on page 2](#)

BO Paper secures \$16.4 million financing to convert LWC PM, expand corrugated paper supply in Brazil

BO Paper will invest 93.2 million Reais (\$16.4 million) to expand its packaging paper production and accelerate the full conversion of its newsprint paper mill in Jaguariáiva, Paraná. The company secured 71.4 million Reais in financing from Brazil's National Bank for Economic and Social Development (BNDES) through the Climate Fund program.

In this issue:

Suzano sees price discovery phase for BEK: CFO	3
Arauco cuts BEK offers to Chinese customers	4
FPC Tissue plans to invest \$60 million to install PM in Chile	5
Brazilian BEK pulp exports volume improve 14.8% in Q1	5



Forest Products Latin America Conference 2025
August, 11-13
São Paulo, Brazil

Brazil and Mexico prices for:

- Containerboard
- Recovered Paper
- Printing Writing
- Boxboard
- Parent rolls of Tissue (Brazil)

Agenda



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The Mexico scenario

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The US scenario

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Is nearshoring dead?

Containerboard in Mexico: key points



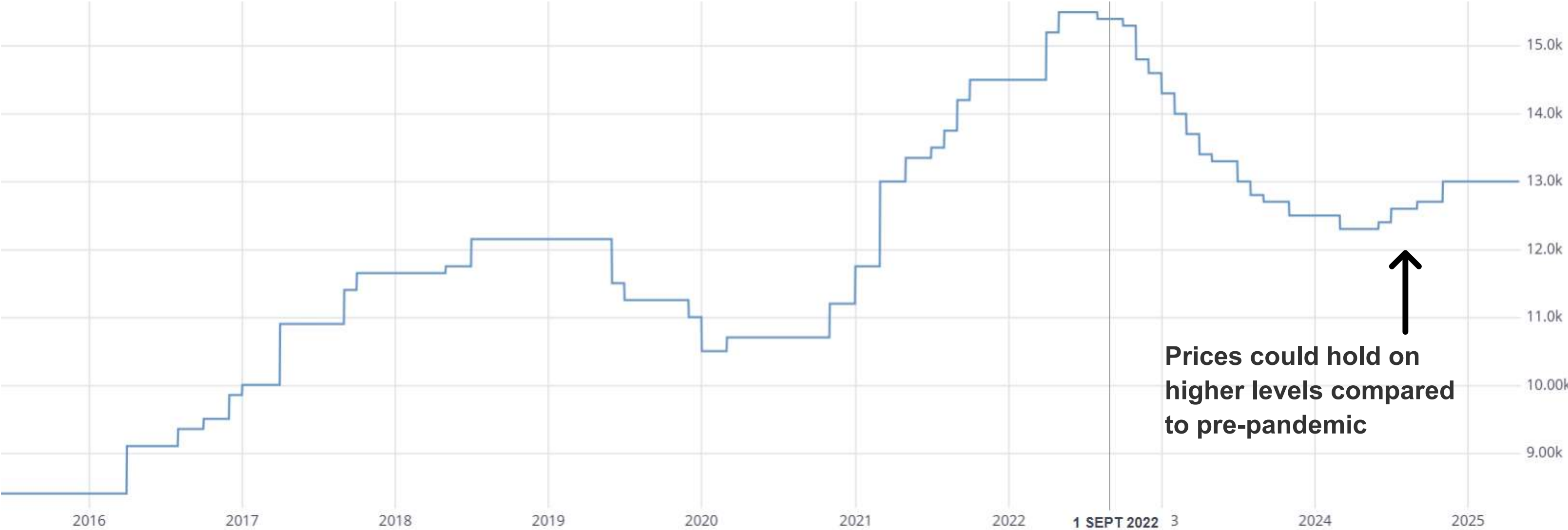
Packaging consumption has been weaker since 2023

- **New paper capacities in the country**
- **Mergers and acquisitions of large groups have transformed relations and the market**
- **Change in local government**
- **and... Trump arrives!**

To understand the market scenario, let's have a look into the past (Mexico testliner prices)



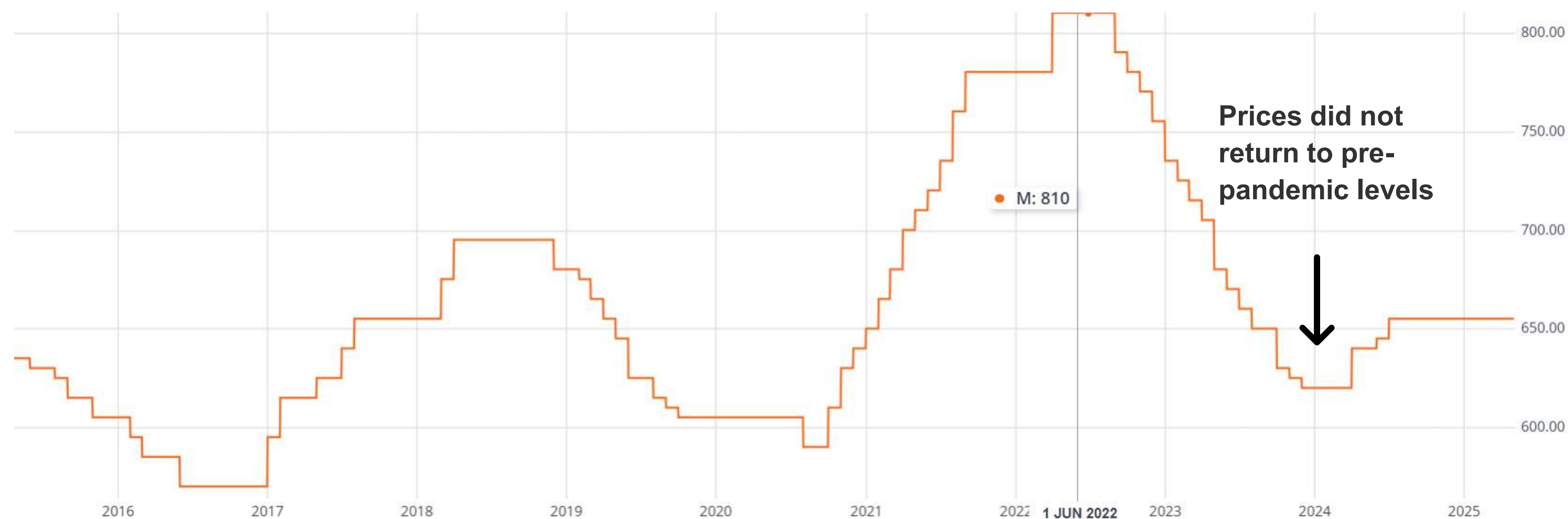
Peak price in mid-2022



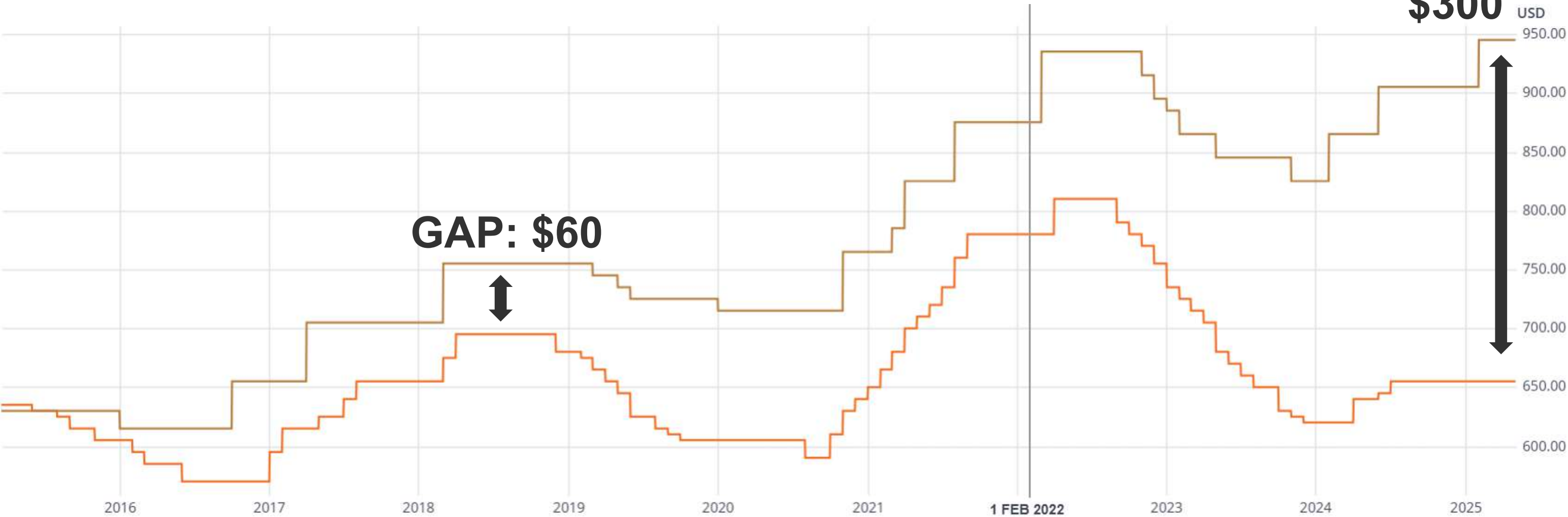
Did the same happen with US export prices to Mexico?



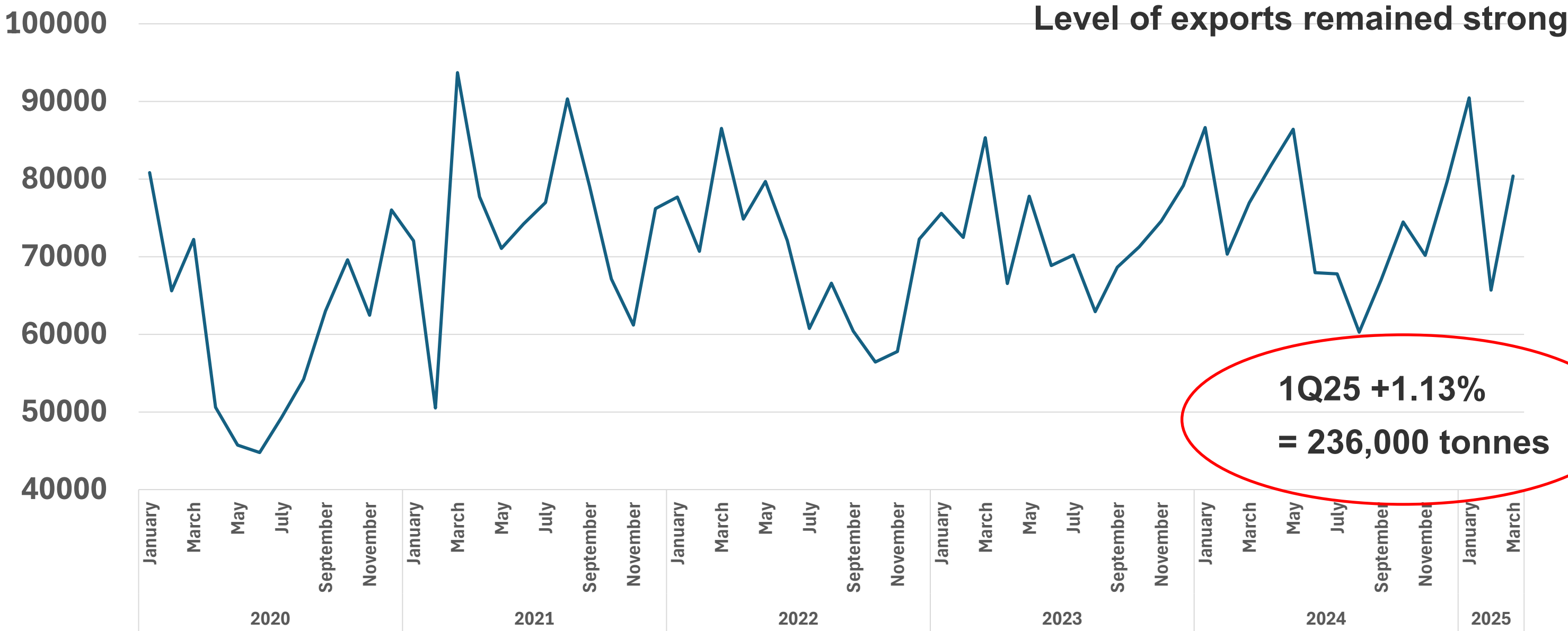
Peak price in mid-2022



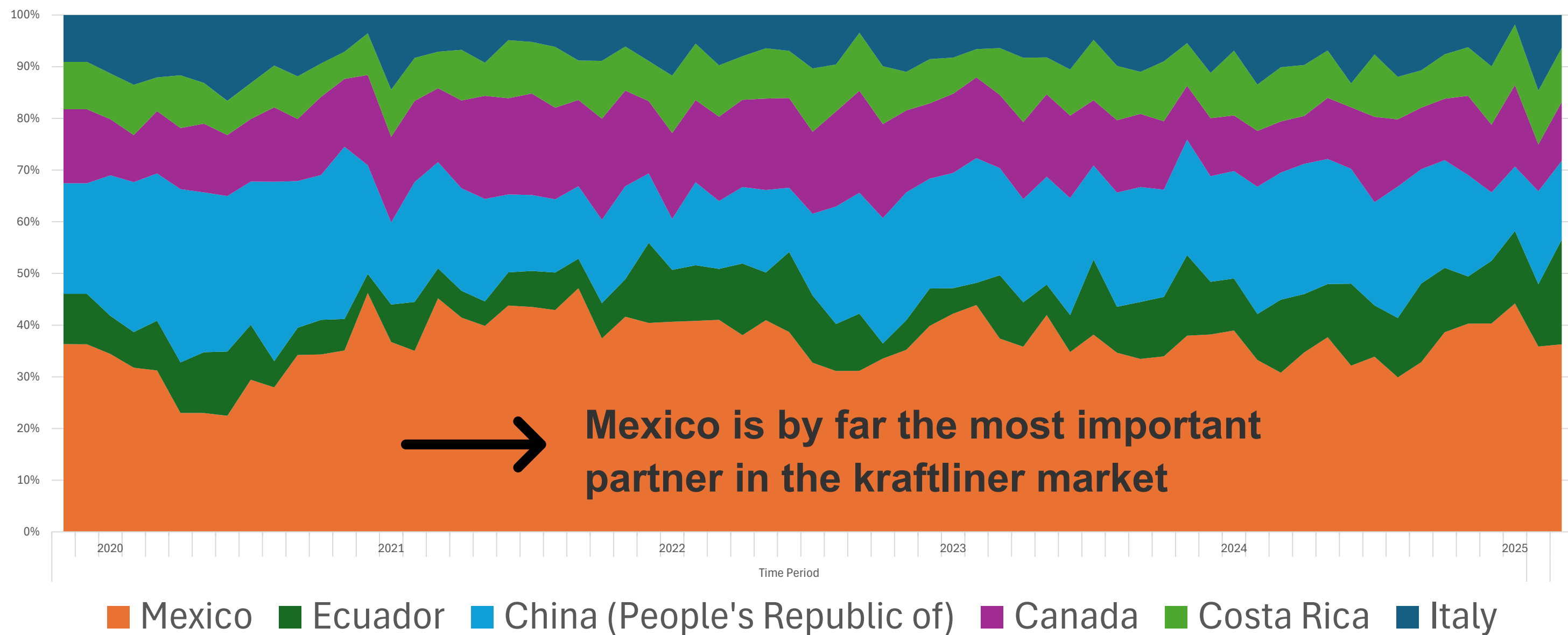
A comparison – the spread is wider (US kraftliner East vs exports to Mexico)



Mexico imports of US kraftliner



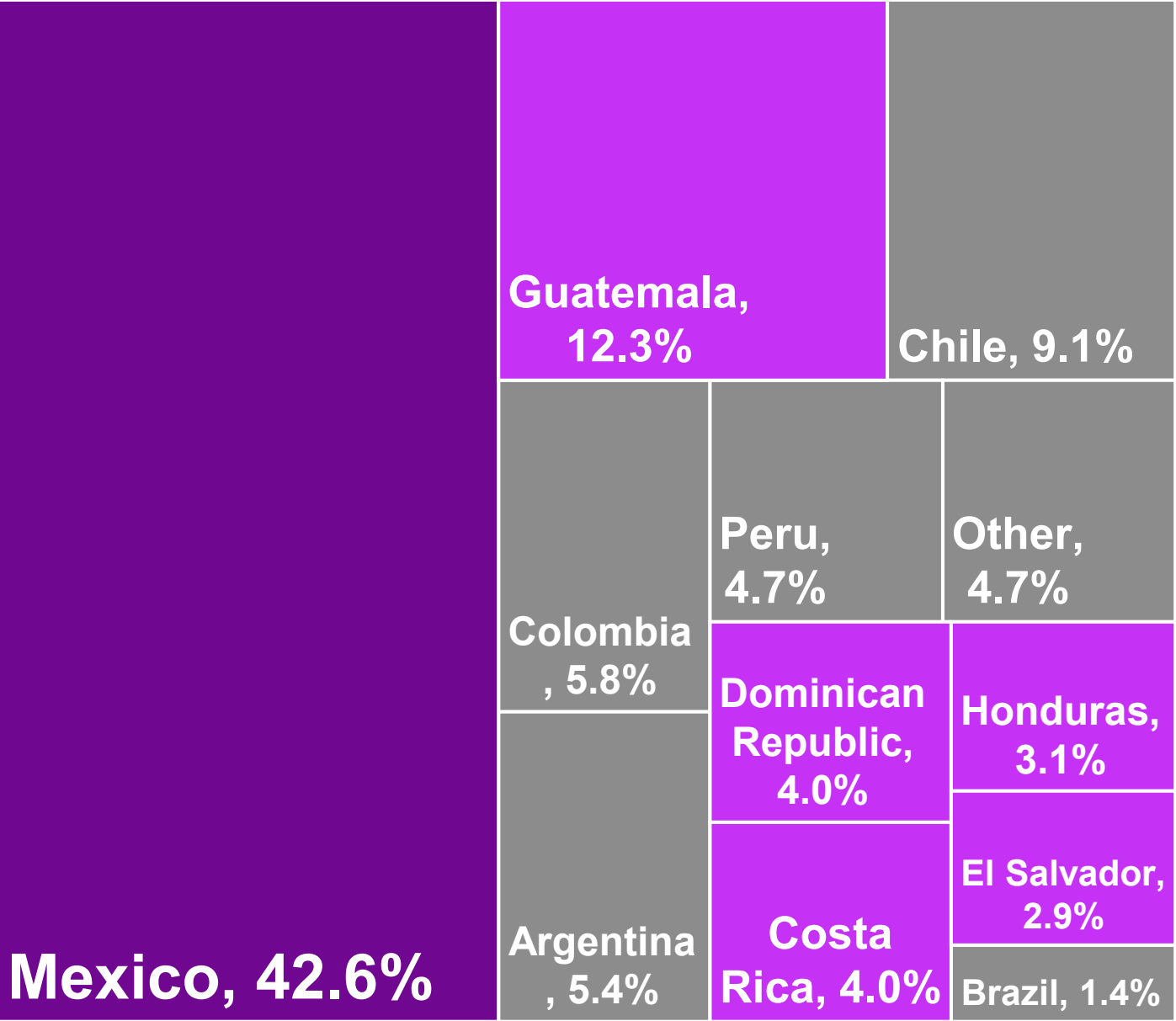
US total kraftliner exports (6 top buyers 2020-2025)



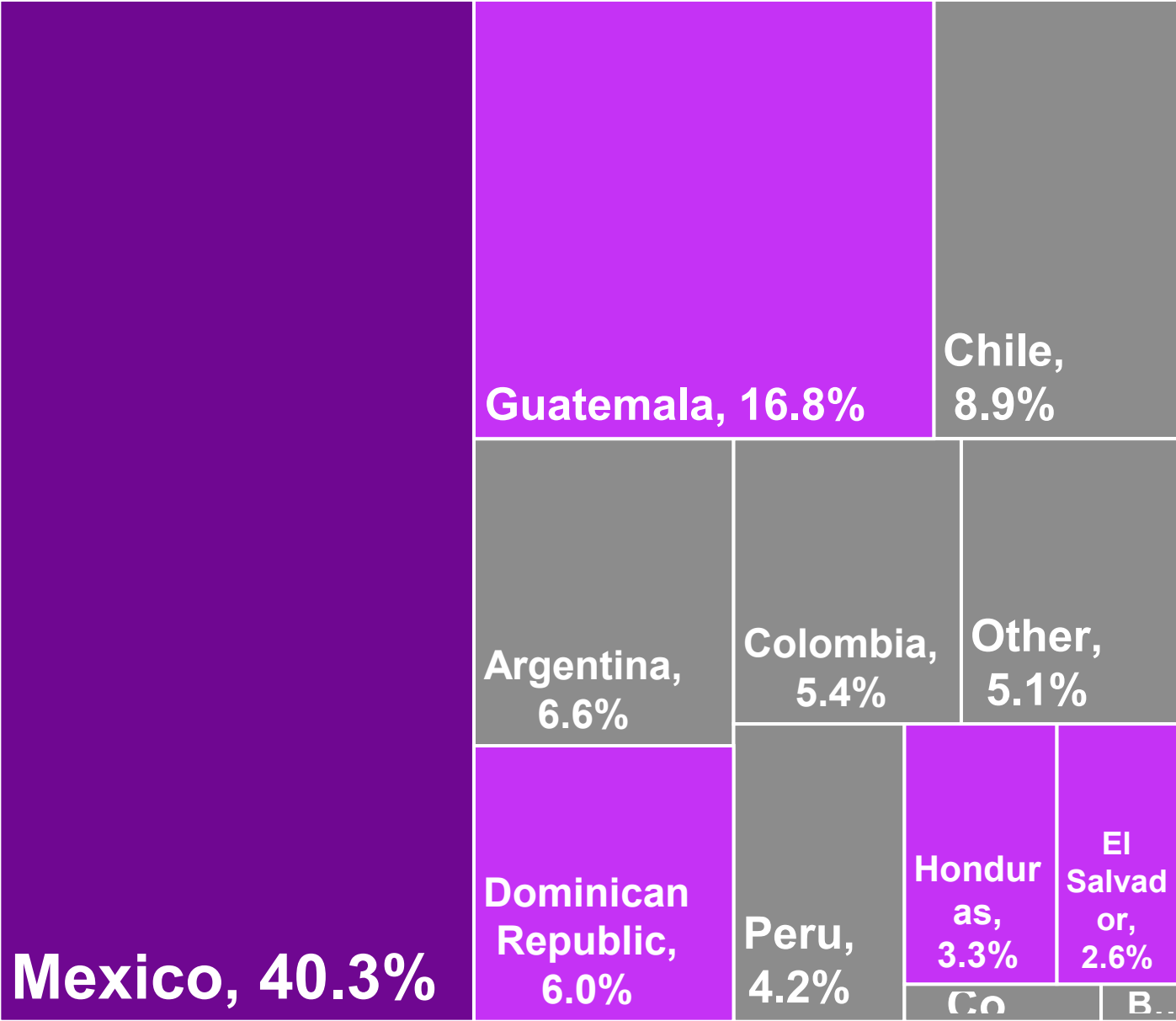
In LatAm containerboard imports go mainly to Mexico and Central America...



CONTAINERBOARD IMPORTS BY DESTINATION (%)



KRAFTLINER IMPORTS BY DESTINATION (%)



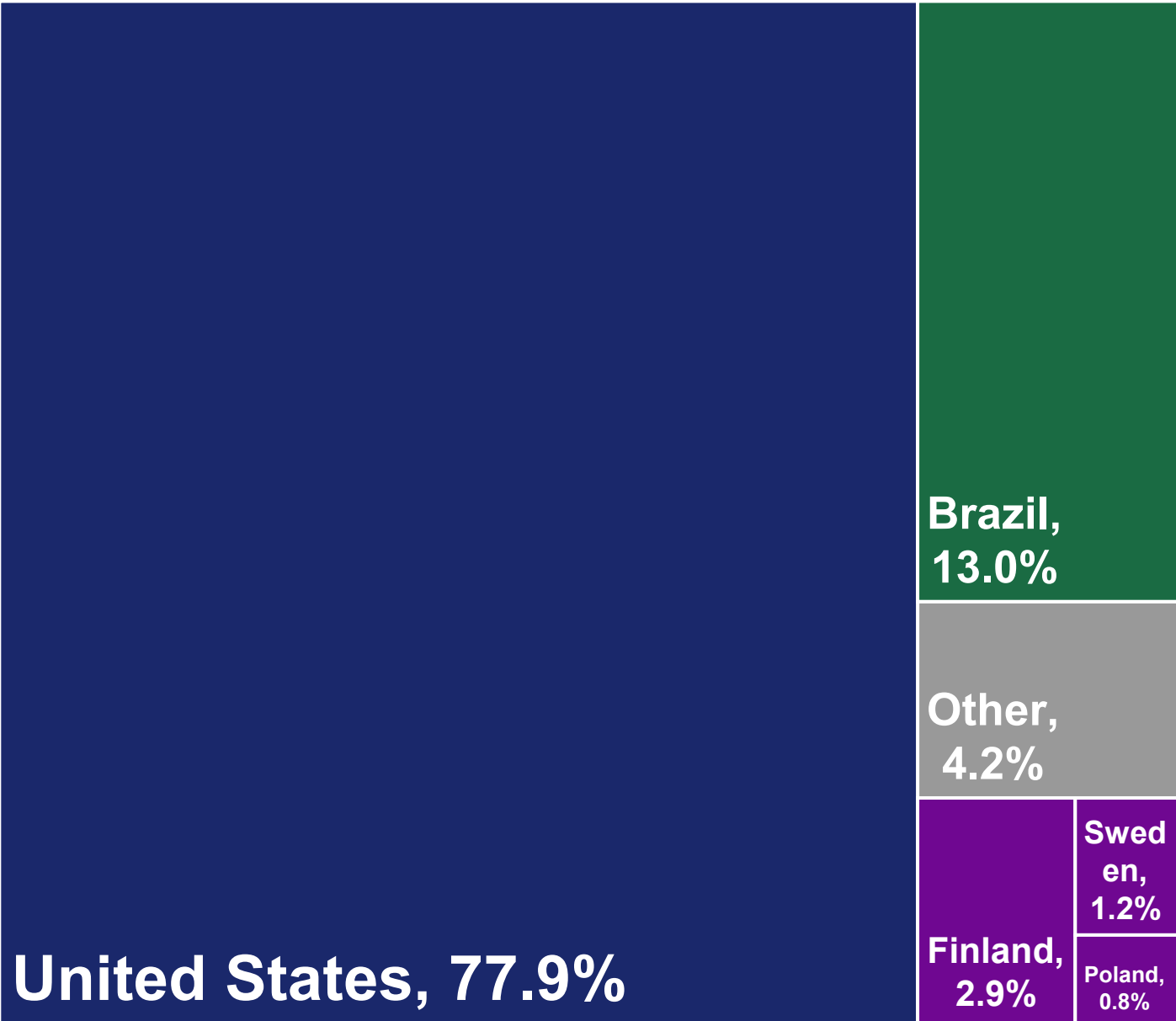
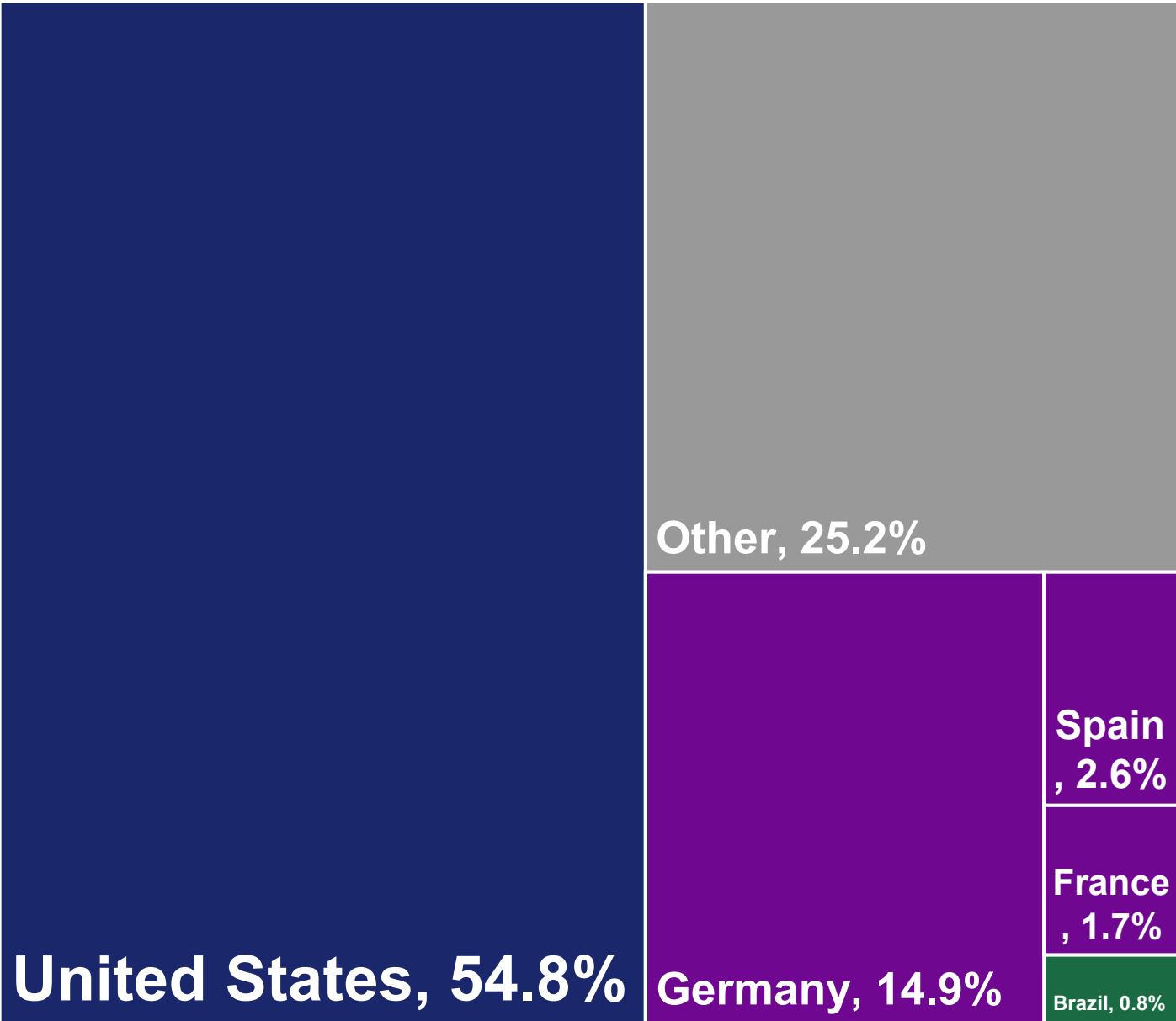
Source: Fastmarkets. * = Forecast.

...and are mainly supplied by the US, Brazil and Europe



RECYCLED CONTAINERBOARD IMPORTS BY ORIGIN (%)

VIRGIN CONTAINERBOARD IMPORTS BY ORIGIN (%)

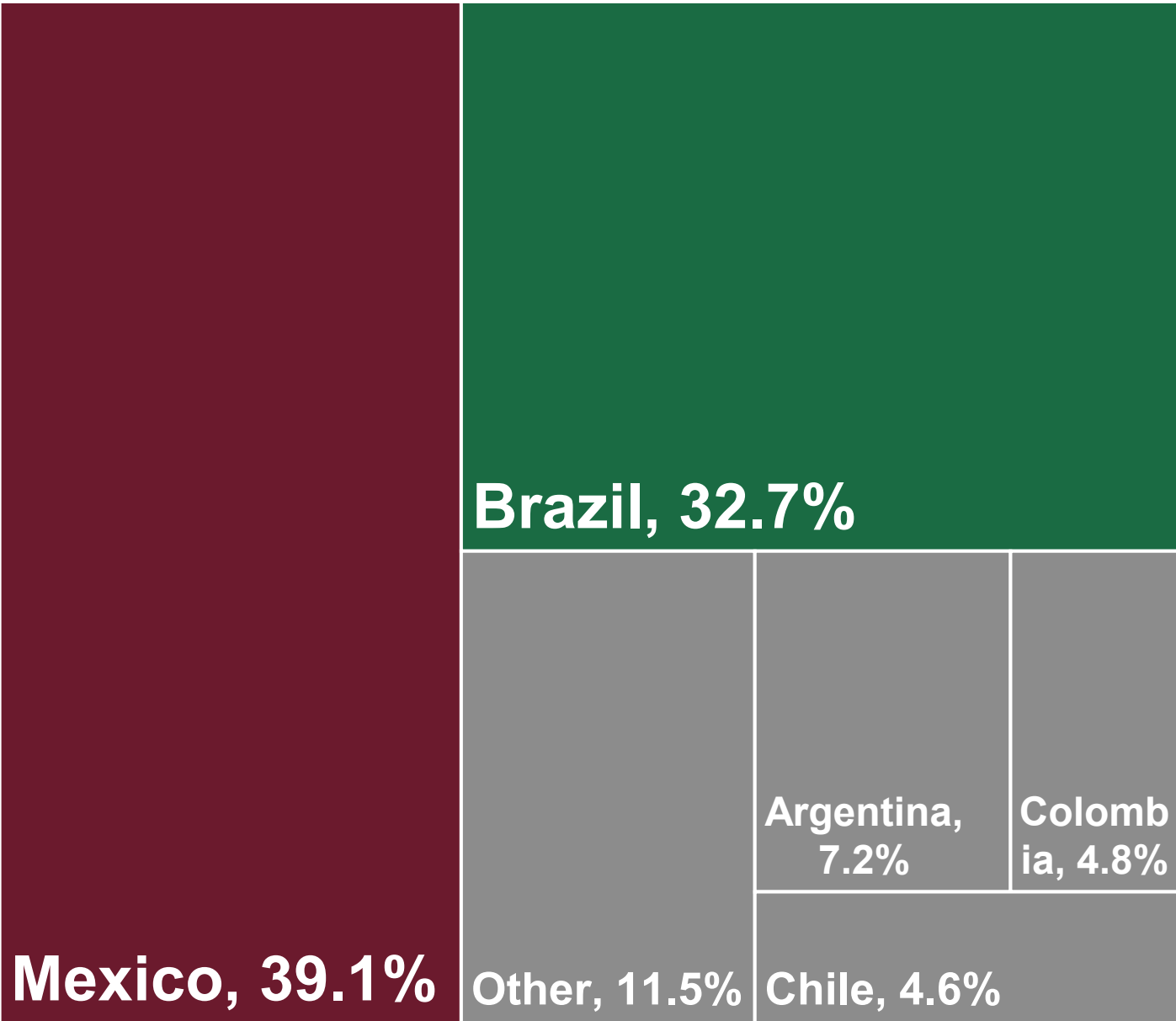


Source: Fastmarkets. * = Forecast.

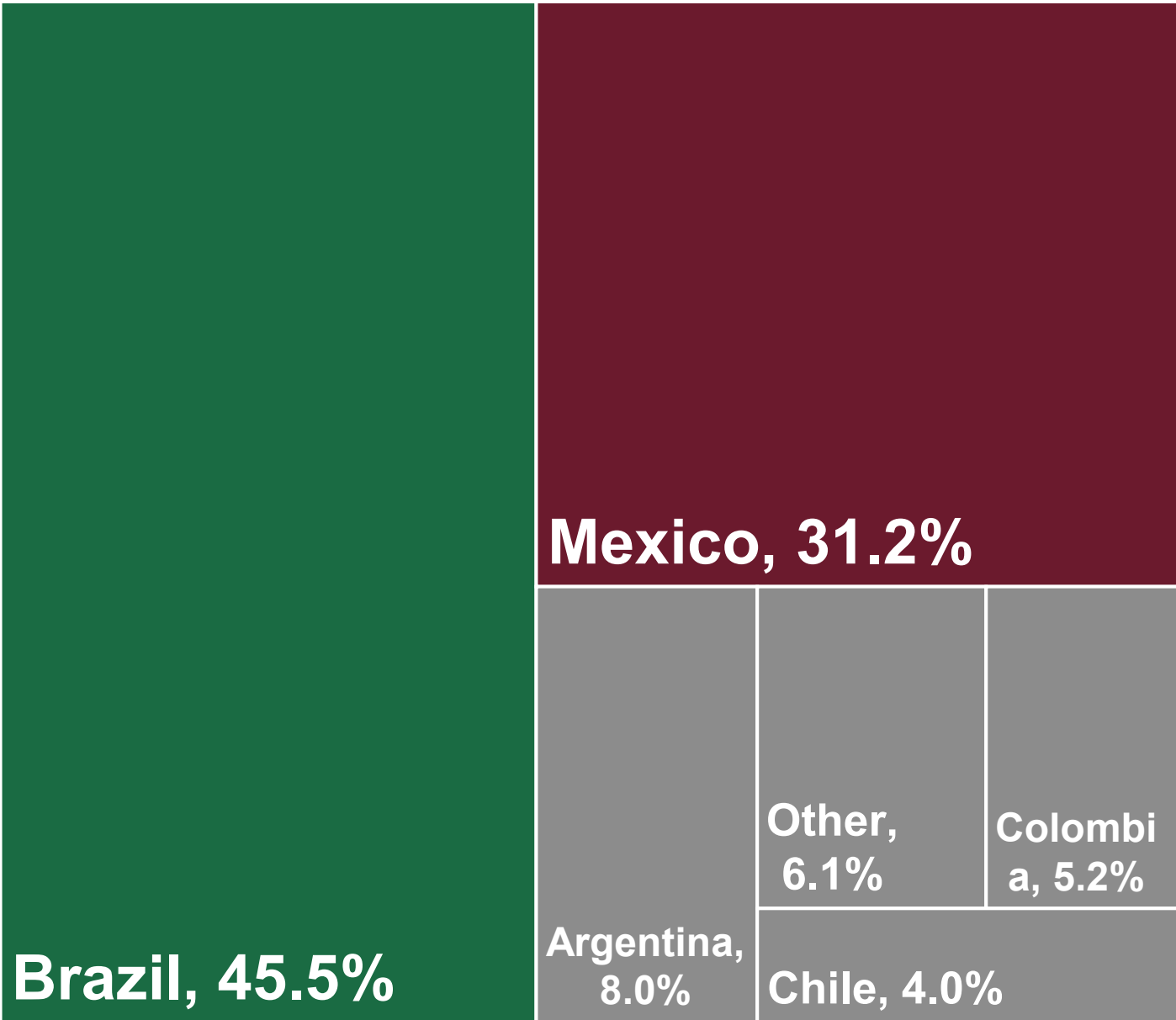
Mexico and Brazil lead demand and production



CONTAINERBOARD DEMAND BY COUNTRY (%)



CONTAINERBOARD CAPACITY BY COUNTRY (%)



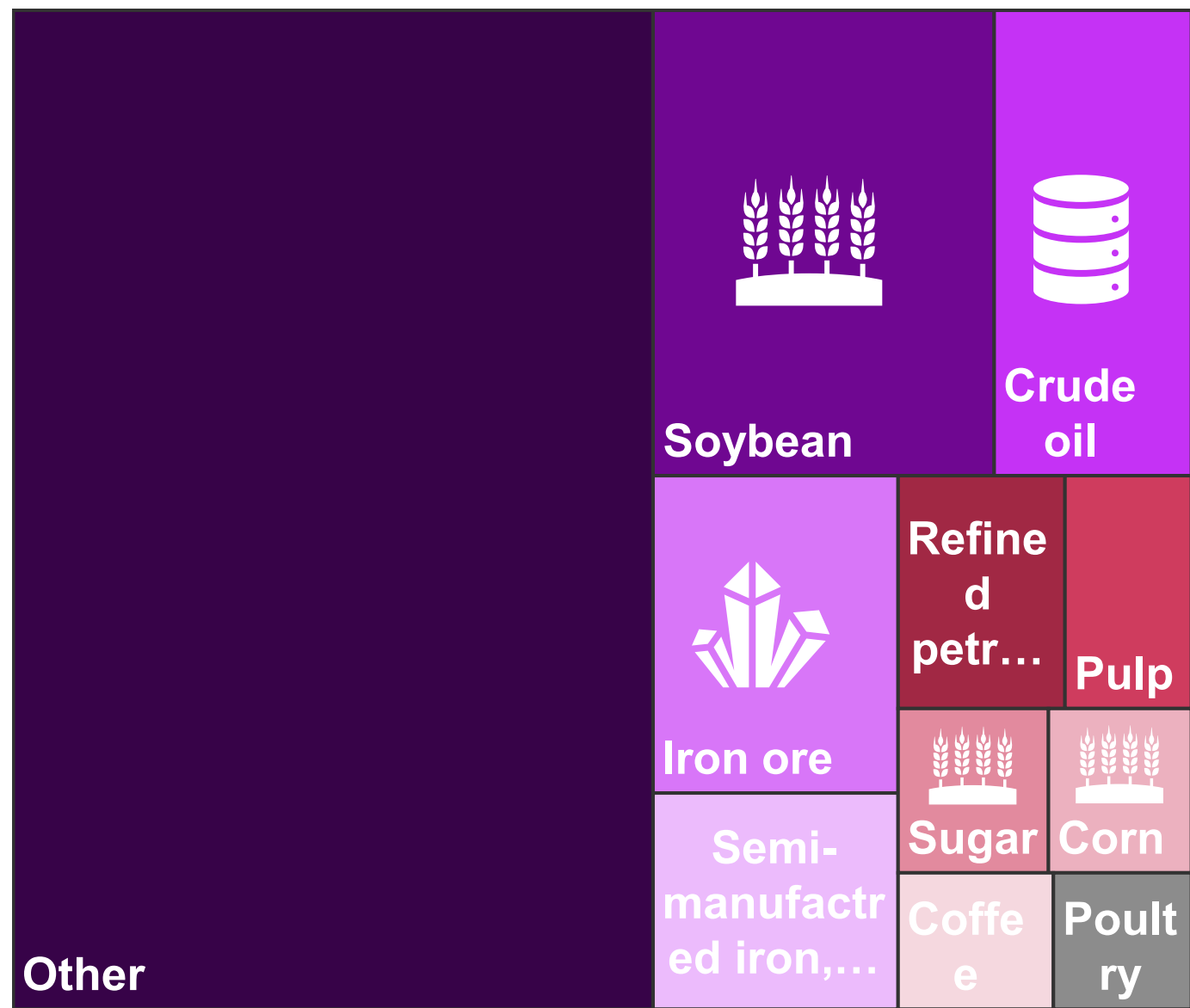
Source: Fastmarkets. * = Forecast.

Brazil vs Mexico: Different paths?

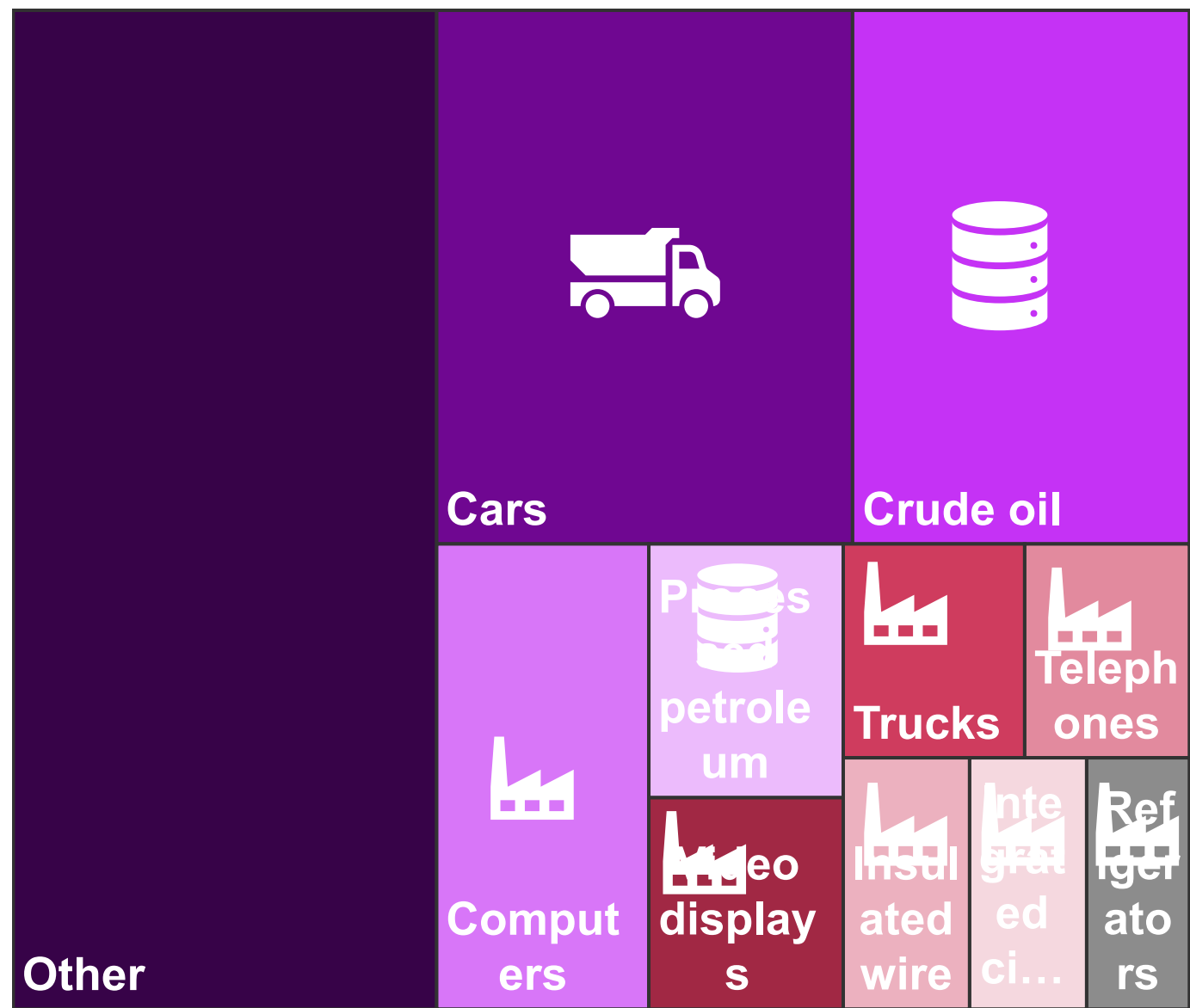


TOP 10 EXPORT PRODUCTS, 2020-21

BRAZIL



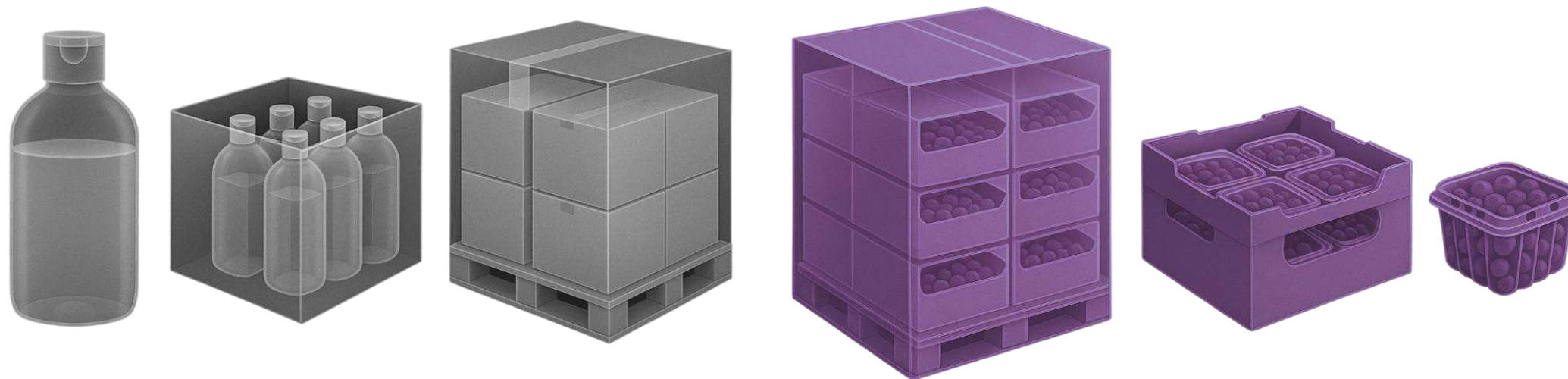
MEXICO



Why packaging demand is so resilient in Latin America?



CONTAINERBOARD AND BOXBOARD CONSUMPTION IS CORRELATED TO ESSENTIAL GOODS SECTORS



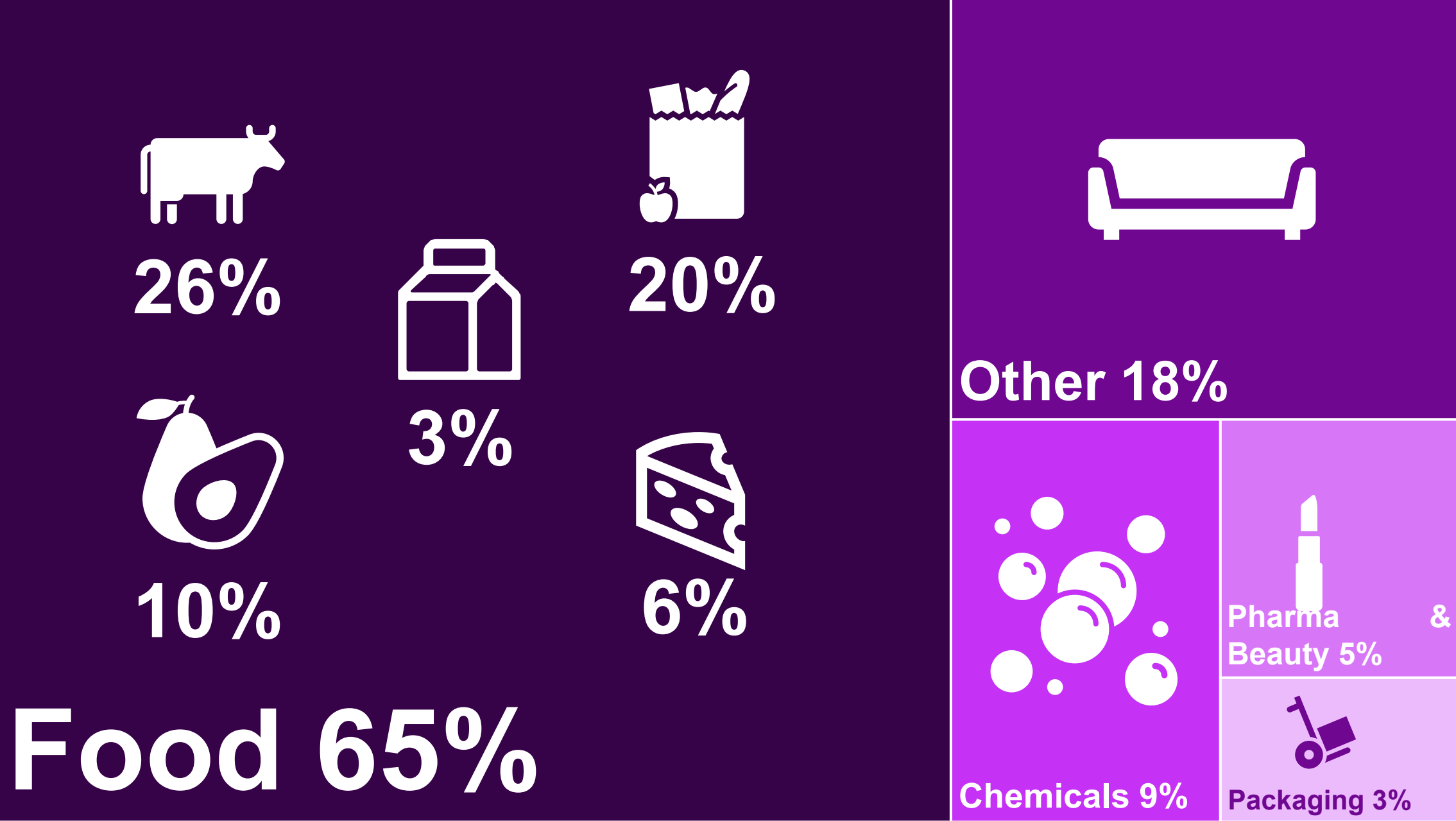
Beverages & Hygiene: Secondary and tertiary packaging are paper, and primary *can eventually be (if processed)* **Fruits & Vegetables:** Secondary and tertiary packaging are paper, and primary *can eventually be (if processed)*



Groceries: primary, secondary and tertiary packaging are paper **Animal Protein:** Secondary and tertiary packaging are paper, and primary *can eventually be (if processed)*

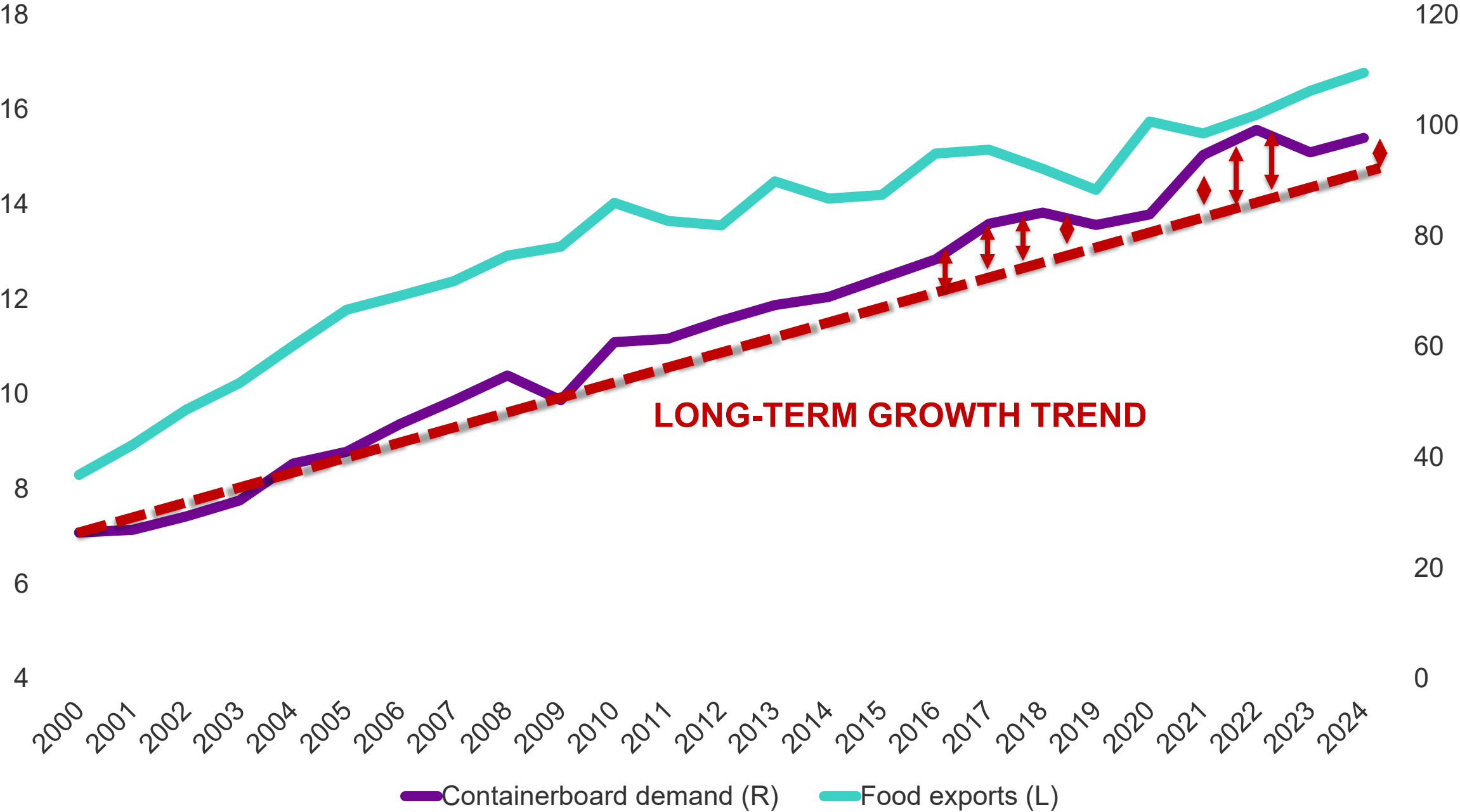
Where is all this containerboard going?

AVERAGE USAGE OF CONTAINERBOARD IN BRAZIL, 2023



Food exports are key for resilient containerboard demand growth

Food exports volume (million tonnes, left axis) versus containerboard demand (million tonnes, right axis)

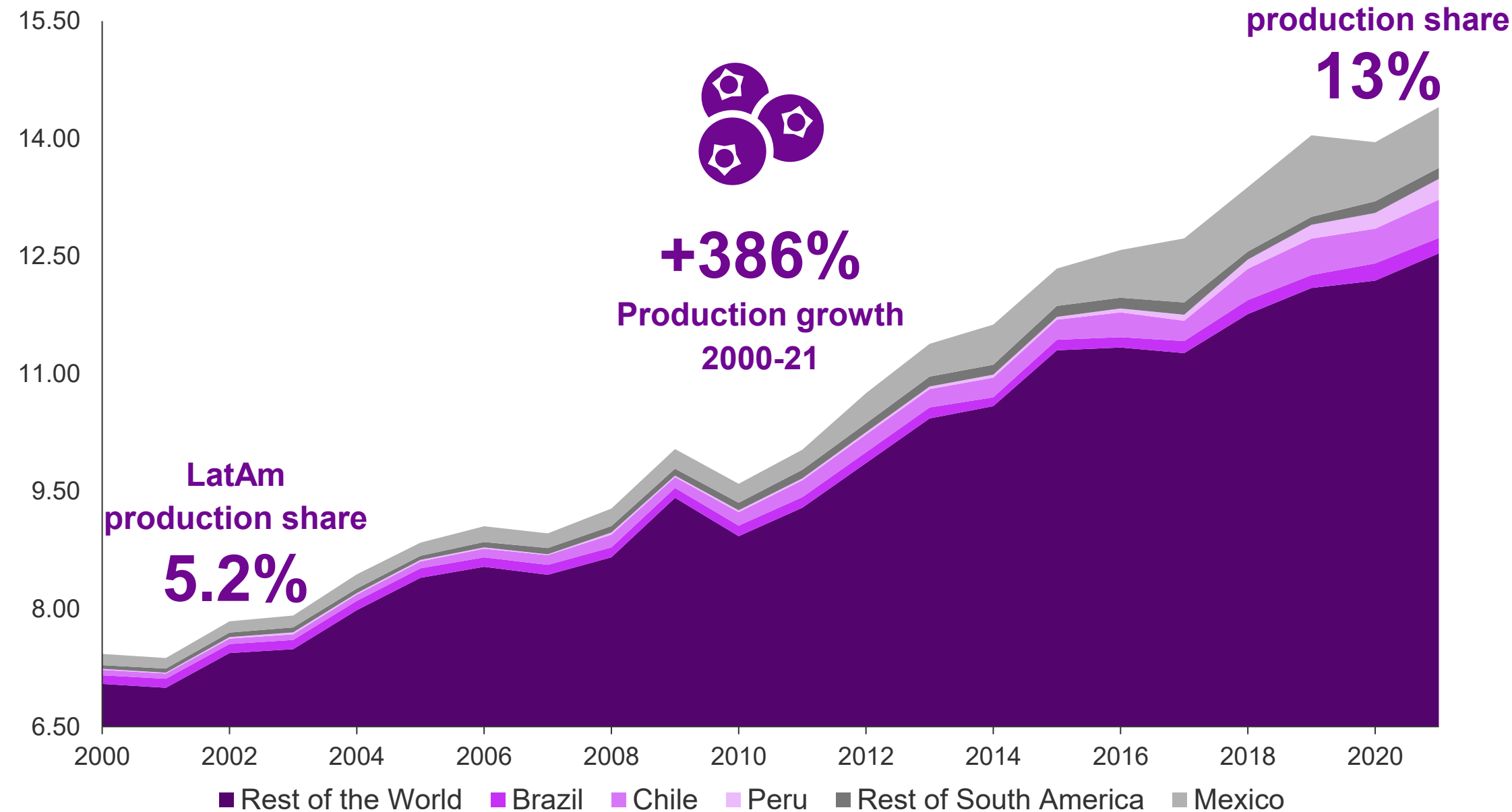


Source and analysis: Fastmarkets. * = Considering paper usage = 5-10% of food weight and paper packaging = 40% of total packaging usage in food industry

Berry revolution supporting packaging demand



Global berry production, million tonnes



Source: FAO (includes cherries, blueberries, cranberries, raspberries and strawberries).

LatAm berries success

- Structural factors: **Low wages, improved technology, currency advantages and global population growth**
- **Chile, Mexico and Peru** driving the region's growth
- Peru led global exports of blueberries by 2021, an industry worth \$1 billion
- Mexico is the #2 global producer of raspberries and strawberries

Source: FAO, Latinometrics, Worldbank.

Agenda



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The US scenario

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Is nearshoring dead?

Agenda



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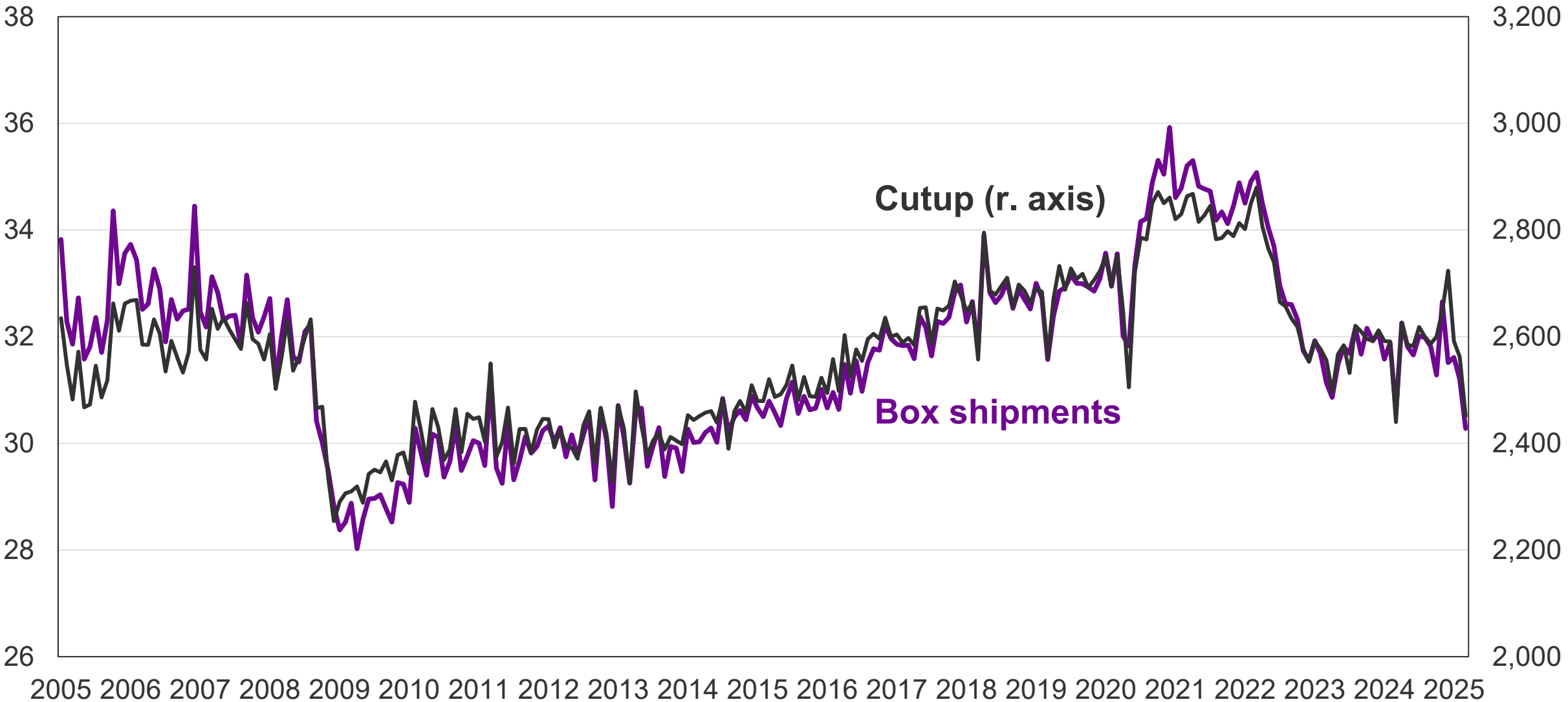


The US scenario

Box shipments fell to lowest level since 2014 in March; lowest since 2016 in Q1



Box shipments and containerboard cutup
Seasonally adjusted, BSF; thousand tons



Source: FBA, Fastmarkets RISI.

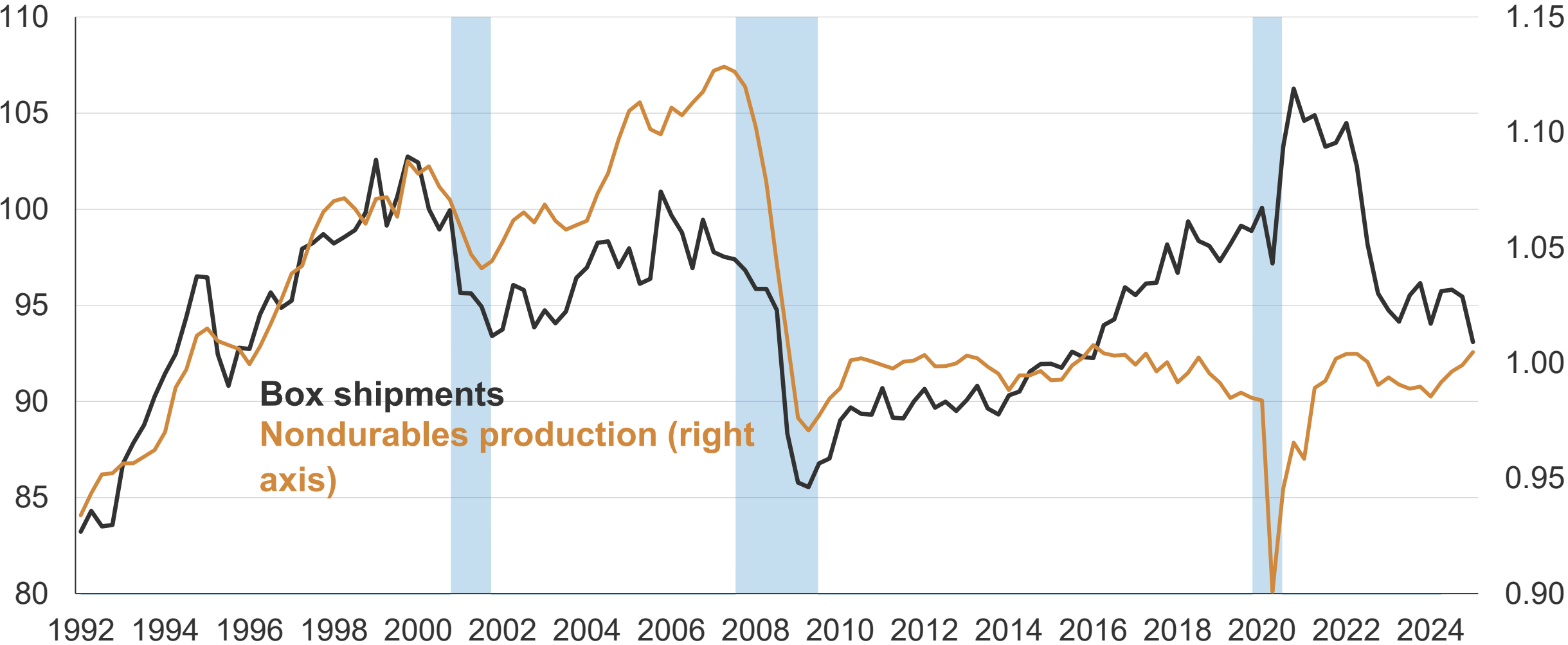
- Continues pattern of very weak March that began in 2023
- US consumers were still healthy in 1Q25, so March decline potentially driven more by sentiment than underlying activity
- 1Q25 box shipments revised from initial catastrophic read of -5.6% y-o-y to -2.1%

How do box shipments behave during recessions?



Seasonally adjusted US box shipments and industrial production

Billion square feet, million tons; 2017 = 1.00; recessions shaded



Corrugated declines of 5.4% in 2001 and 7.9% in 2009 were matched by permanent shifts in US manufacturing

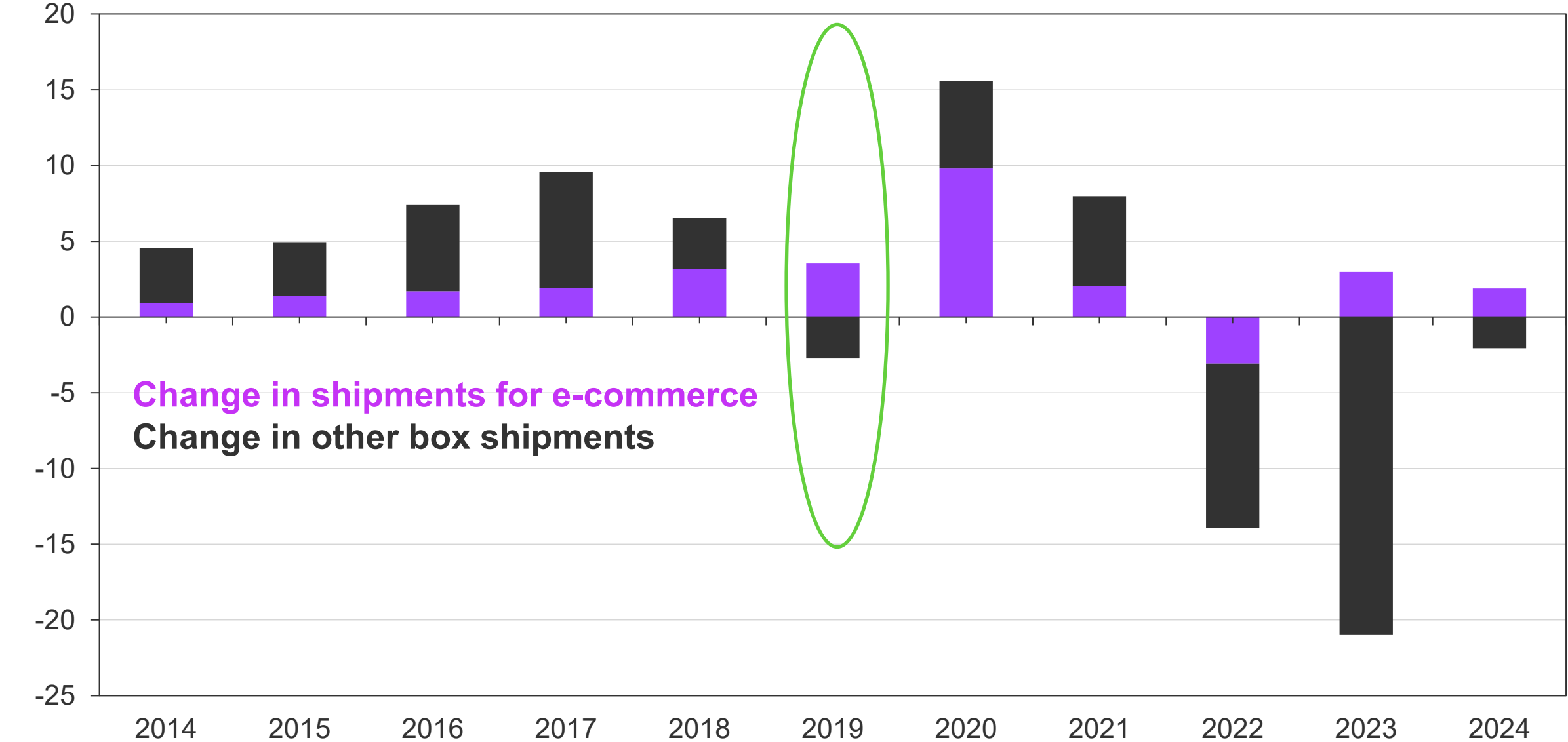
Nondurables production and corrugated have decoupled over past decade (e-commerce, pharma, hygiene...)

Source: Federal Reserve, BEA, FBA, Fastmarkets.

Previous Trump trade tensions contributed to demand weakness in 2019



US domestic box shipments growth by segment
Billion square feet



Average total box shipments growth of 1.8% in 2014-18 slowed to 0.3% in 2019

Without e-commerce, corrugated market would have declined in 2019

2019 performance was also supported by a healthy overall economy and 2.6% GDP growth

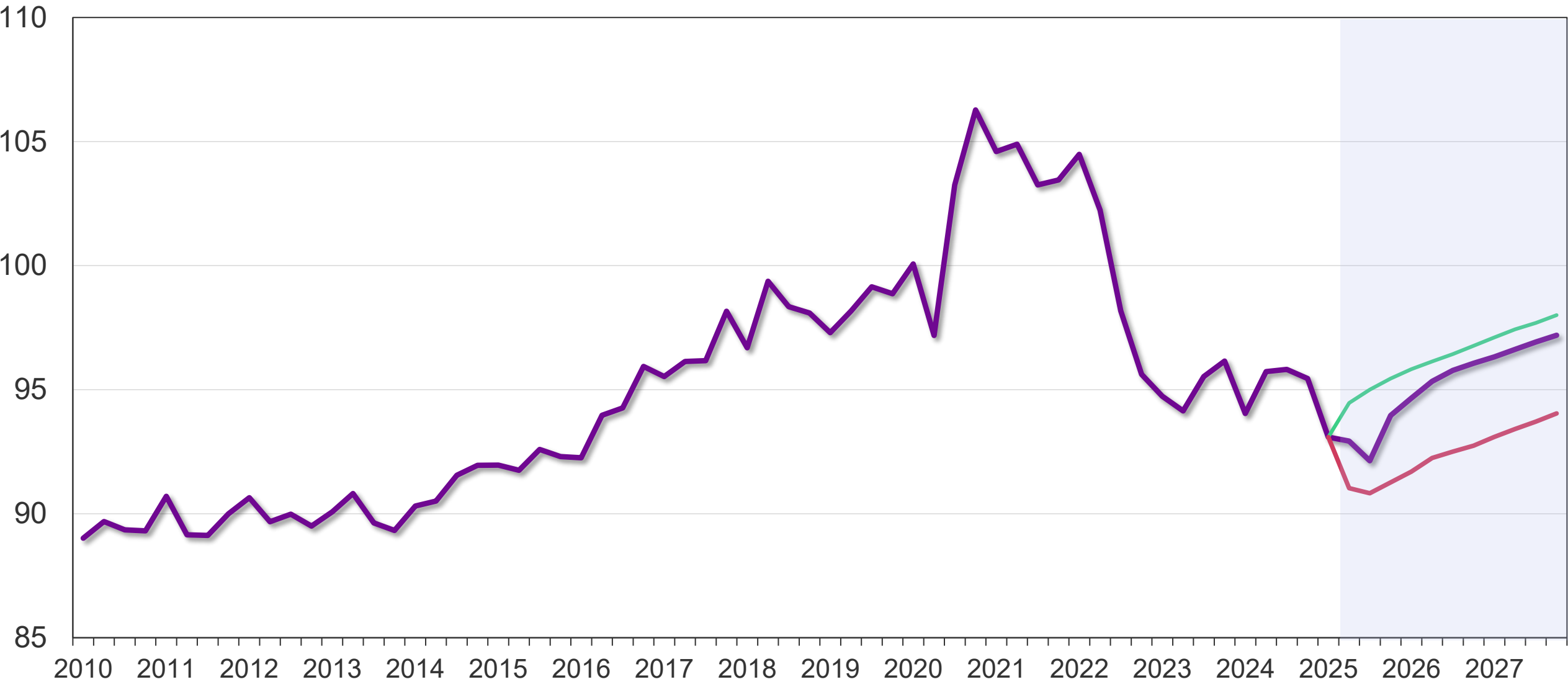
Source: FBA, Fastmarkets.

Preliminary forecast for box shipments in 2025



Quarterly US box shipments

Billion square feet, seasonally adjusted



Source: Fibre Box Association, Fastmarkets RISI *Paper Packaging Monitor*.

Weak Mar/Apr driven mainly by sentiment; economy quickly normalizes: -0.8%

Baseline scenario that weakness extends into 2Q/3Q before recovery begins: 2.3% decline in 2025

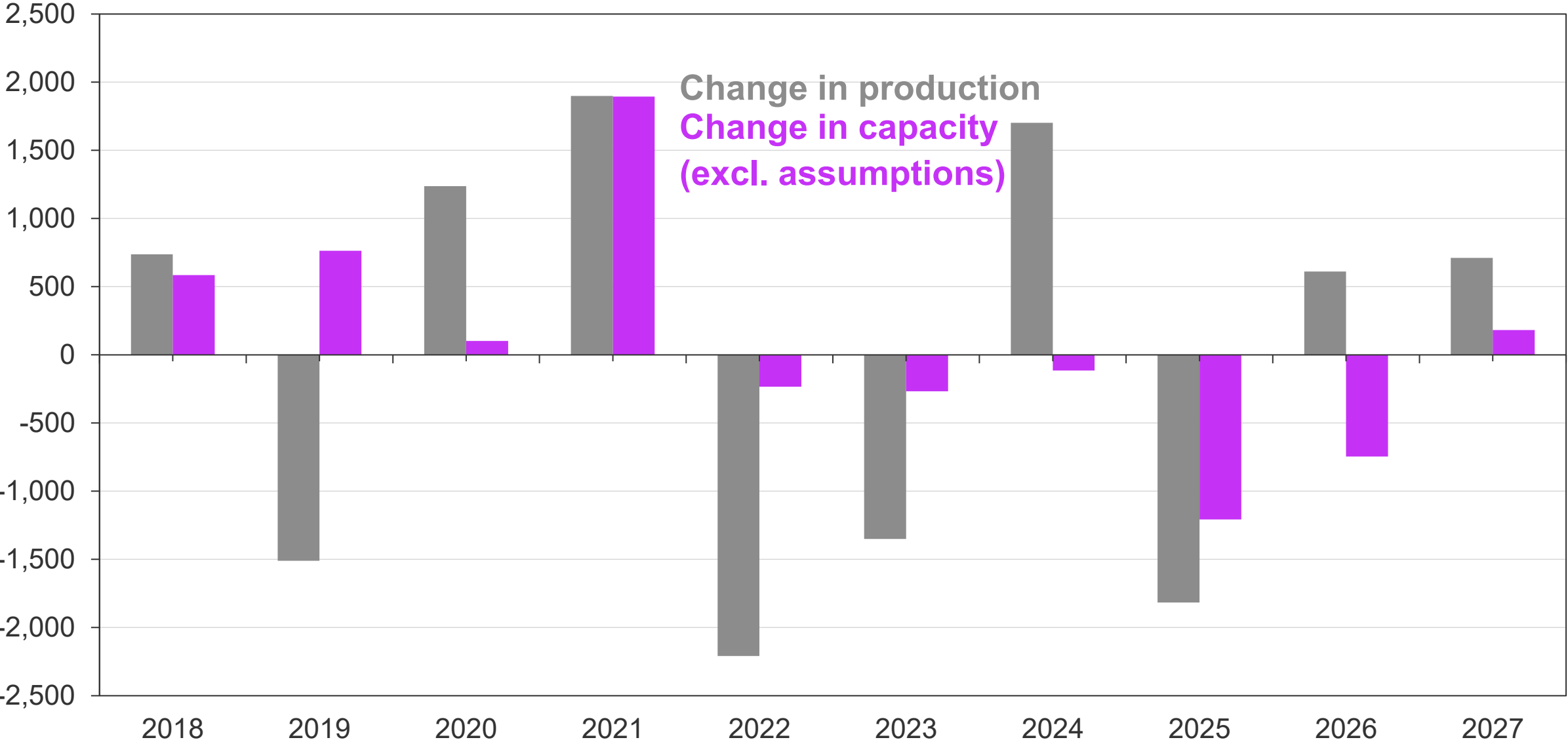
Severe, deepening recession with lasting damage: -3.9%

Even prior to April, containerboard production decline was already locked in for 2025



US containerboard production and capacity change

Thousand tons



Production was MUCH stronger than corrugated demand in 2024; we do not expect a repeat in 2025

Three closures in 2025:
IP Red River (~800k) and Greif Fitchburg (~100k)
SW Forney (~350k)

One restart:
ND Biron PM25 (~200k)

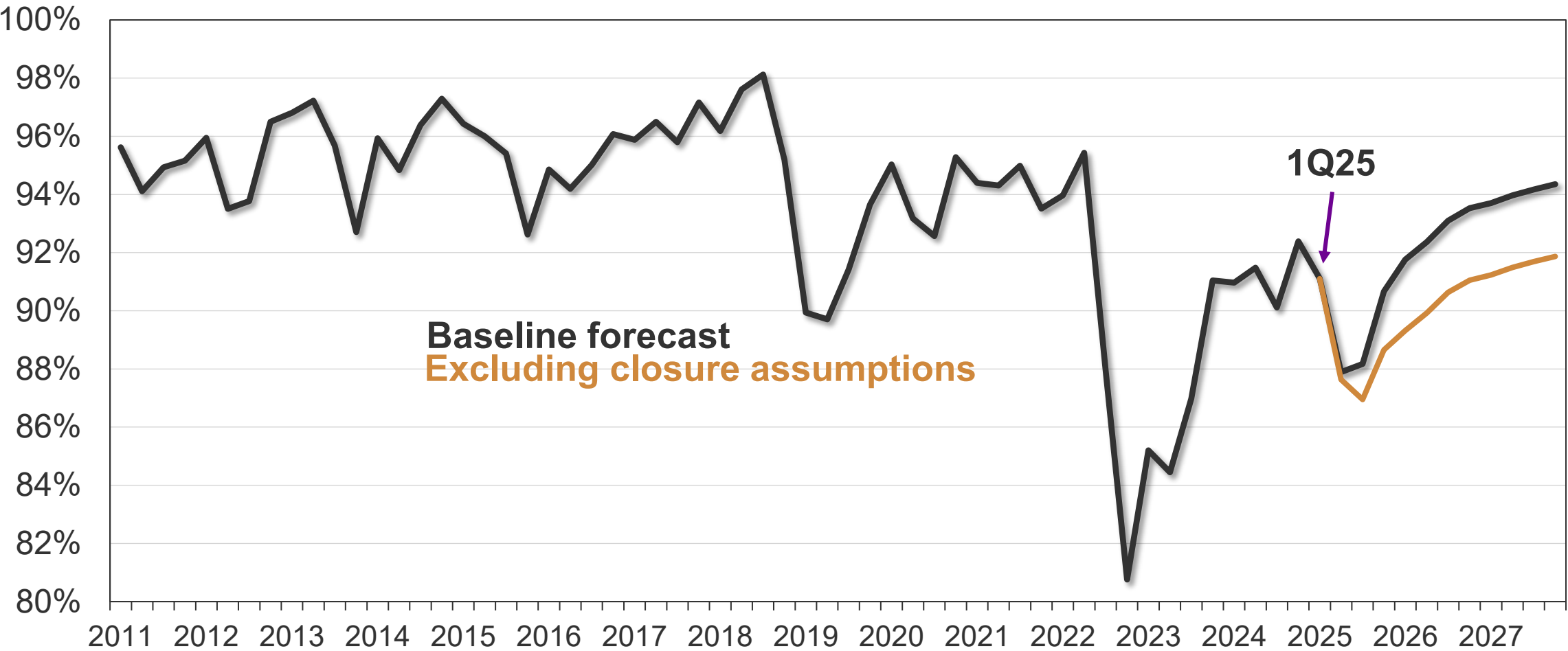
Source: AF&PA, Fastmarkets *Paper Packaging Monitor*.

Tough containerboard capacity decisions in 2025



Quarterly US containerboard operating rates

Production/capacity, seasonally adjusted



Low operating rates. How patient will producers be?

Baseline assumptions include additional ~1.1 million tons of shuts in 2025-26

Operating rates stronger than expected in 1Q25... but result was high inventories

Source: AF&PA, Fastmarkets RISI *Paper Packaging Monitor*.

Tough containerboard capacity decisions in 2025



Big adjustments taking place in older mills, baseline assumptions included additional ~1.1 million tons of shuts in 2025-26

GP to permanently close 1 mln-ton-per-year Cedar Springs containerboard mill by August 1

Published by: Fastmarkets Forest Products
14 May 2025 @ 16:48 UTC

Pulp and paper manufacturer Georgia-Pacific (GP) will permanently close its containerboard mill in Cedar Springs, Georgia, on August 1, the company reported on Wednesday May 14 — the third US containerboard capacity closure announcement in the last three months.

“All jobs at the Cedar Springs mill will eventually be impacted,” GP stated in its release.

The Cedar Springs mill’s capacity is 1.02 million tons per year, according to Fastmarkets’ Mill Benchmarking data. The mill runs three machines with almost 800,000 tpy of unbleached kraft linerboard capacity and about 227,000 tpy of semichemical corrugating medium capacity.

North American linerboard box market focus shifts to sluggish demand from capacity closures

Published by: Fastmarkets Forest Products
30 May 2025 @ 18:04 UTC

North American containerboard buyers and sellers’ focus has shifted from the 2.2 million short tons of containerboard capacity cuts to their ongoing struggle with sluggish corrugated box demand.

Source have said they expect more permanent closures of US containerboard mills this year.

In addition, recycled board prices remain under pressure from some smaller mill companies, and boxmakers said their demand decreased notably in February and March because of US President Donald Trump’s tariffs and customer uncertainty and cautiousness about orders in the short term.

Agenda



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The Mexico scenario

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The US scenario

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Is nearshoring dead?



3



Can nearshoring get stronger?

How easy is it for this truck to make a U-turn?

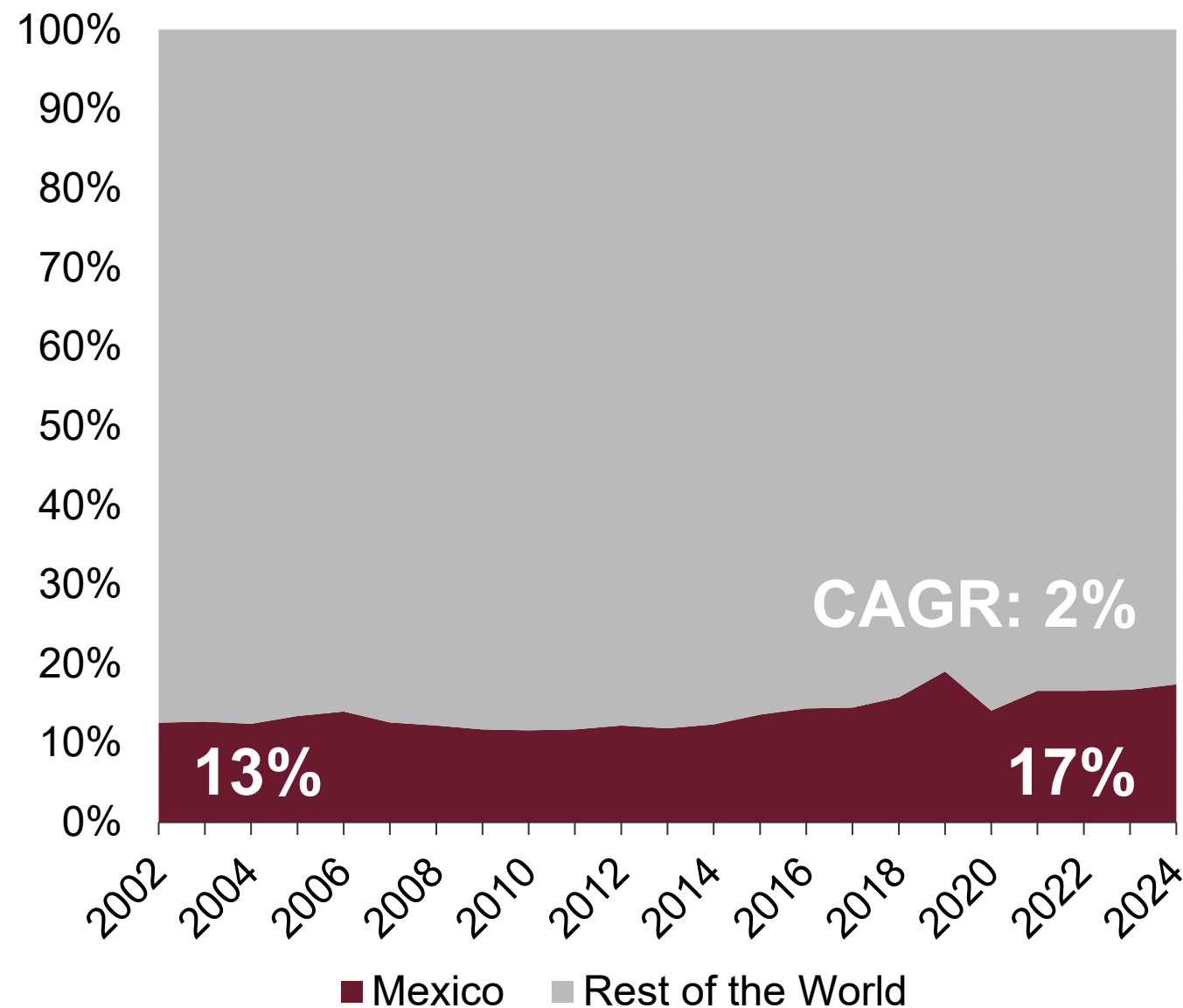
GLOBAL VALUE CHAIN RELOCATIONS FOLLOW THE SAME PRINCIPLES



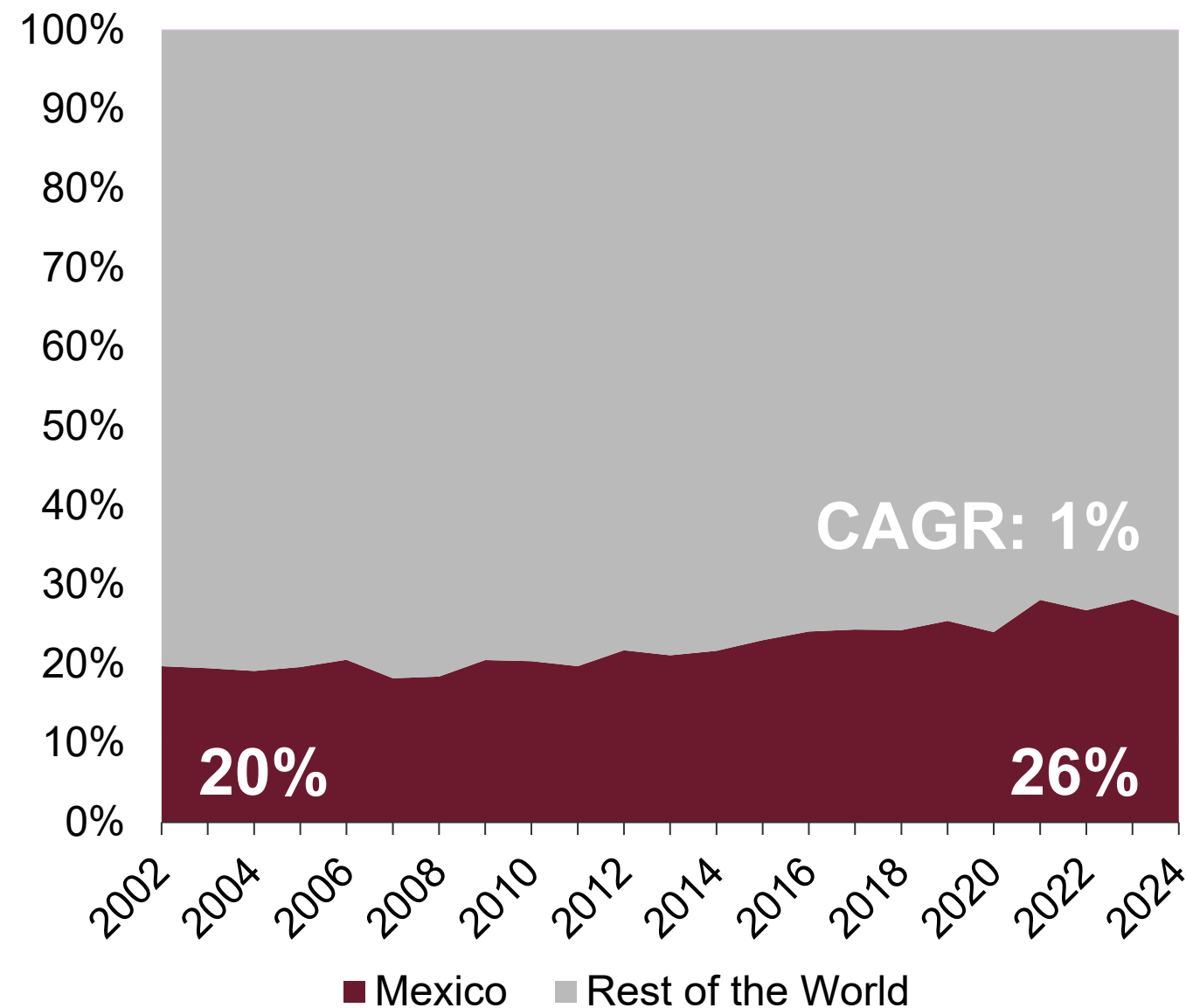
The US economy relies on Mexico as a supplier and consumer



US TOTAL EXPORTS SHARE BY MARKET



US PAPER EXPORTS SHARE BY MARKET

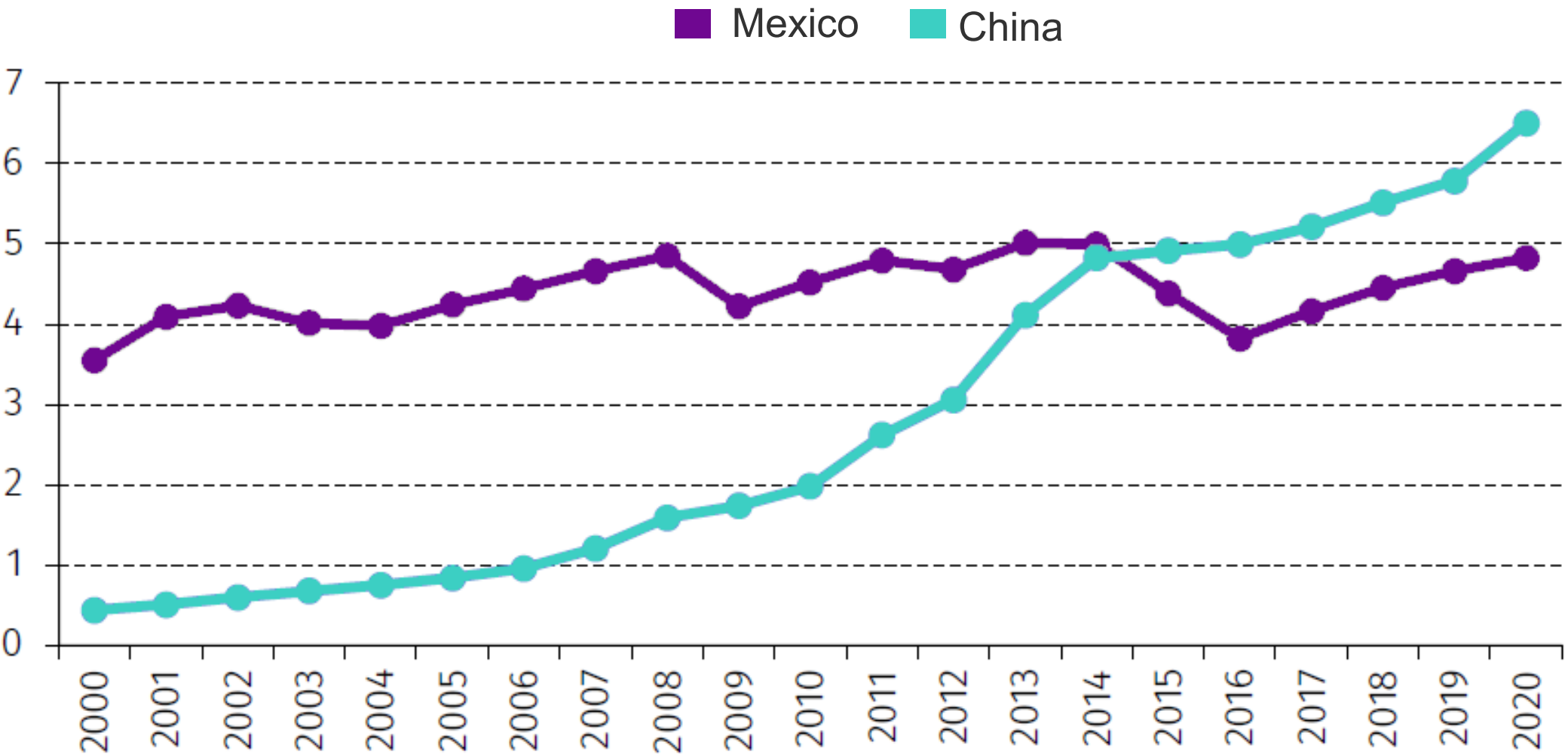


Source and analysis: Fastmarkets.

Investing in Mexico is profitable for Americans

LABOR COSTS COMPARISON: MEXICO VS CHINA

US dollars per hour



Source: CEPAL, Board of Governors of Federal Reserve.

Why Mexico?



Cheaper labor costs

Labor costs about 12-15% less than China and 40% less than in the US



Proximity to the US

Cheaper transport and smaller network risk than Asia, favoring **just-in-time** chains



Land transportation

90% of goods exported from Mexico are shipped via land routes



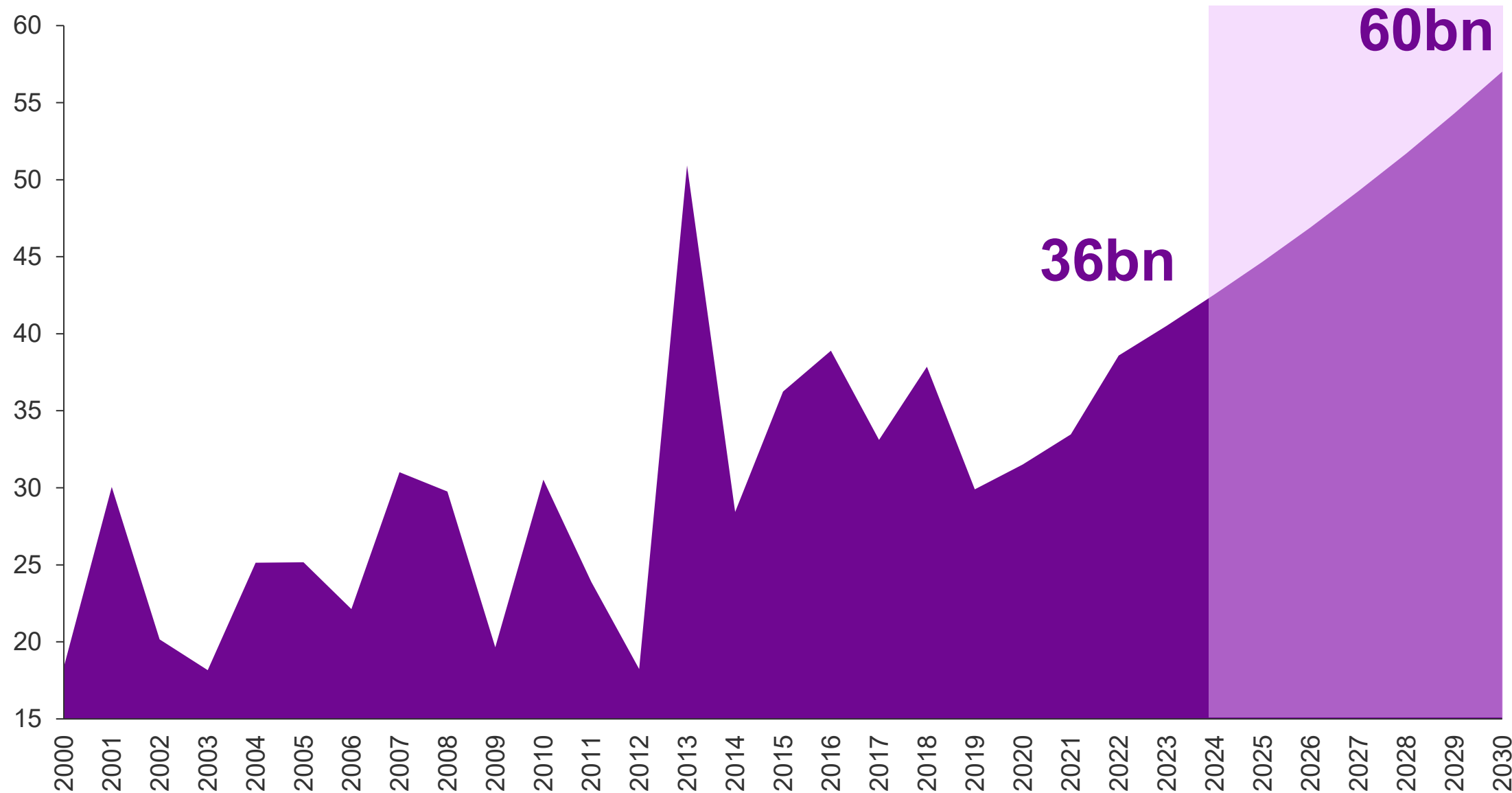
Better governance

Bilateral understanding of the **modus operandi** for the Mexican and US industries favors both countries

Investments will continue growing

TOTAL FOREIGN INVESTMENT IN MEXICO

Billion US dollars



Source: Local bureau of statistics.

Growth factors



Trade deals
USMCA



SEZs and FTZs
Special Economic Zones and Free-Trade Zones created in Mexico to boost exports



US geopolitics
White House Executive order published in 2021



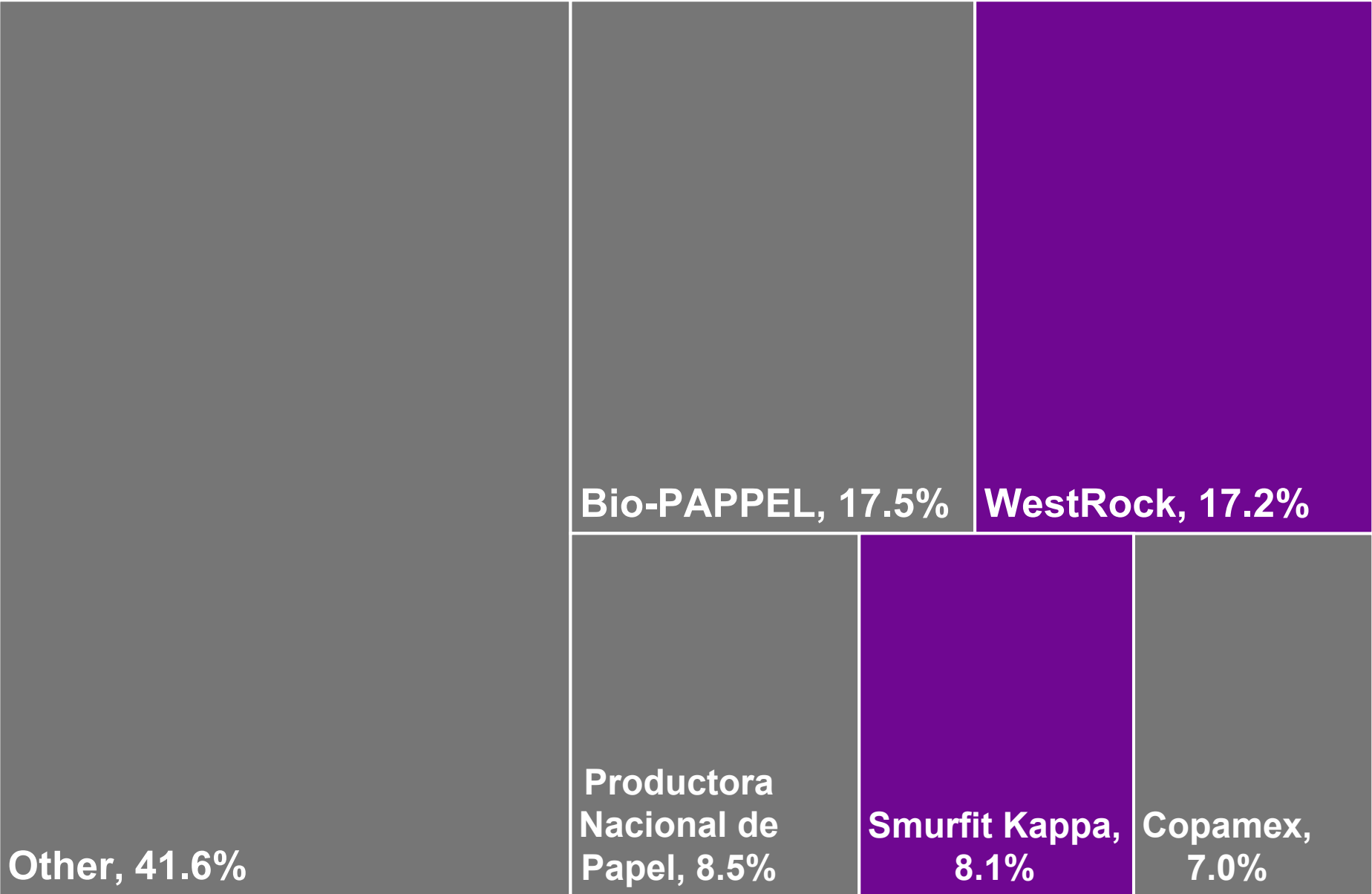
IMMEX Program
Foreign manufacturers can import raw materials and components into Mexico duty-free on condition that they export 100% of the production

Nearshoring: Global value chain trend in packaging



CAPACITY SHARE BY PRODUCER IN MEXICO (%)

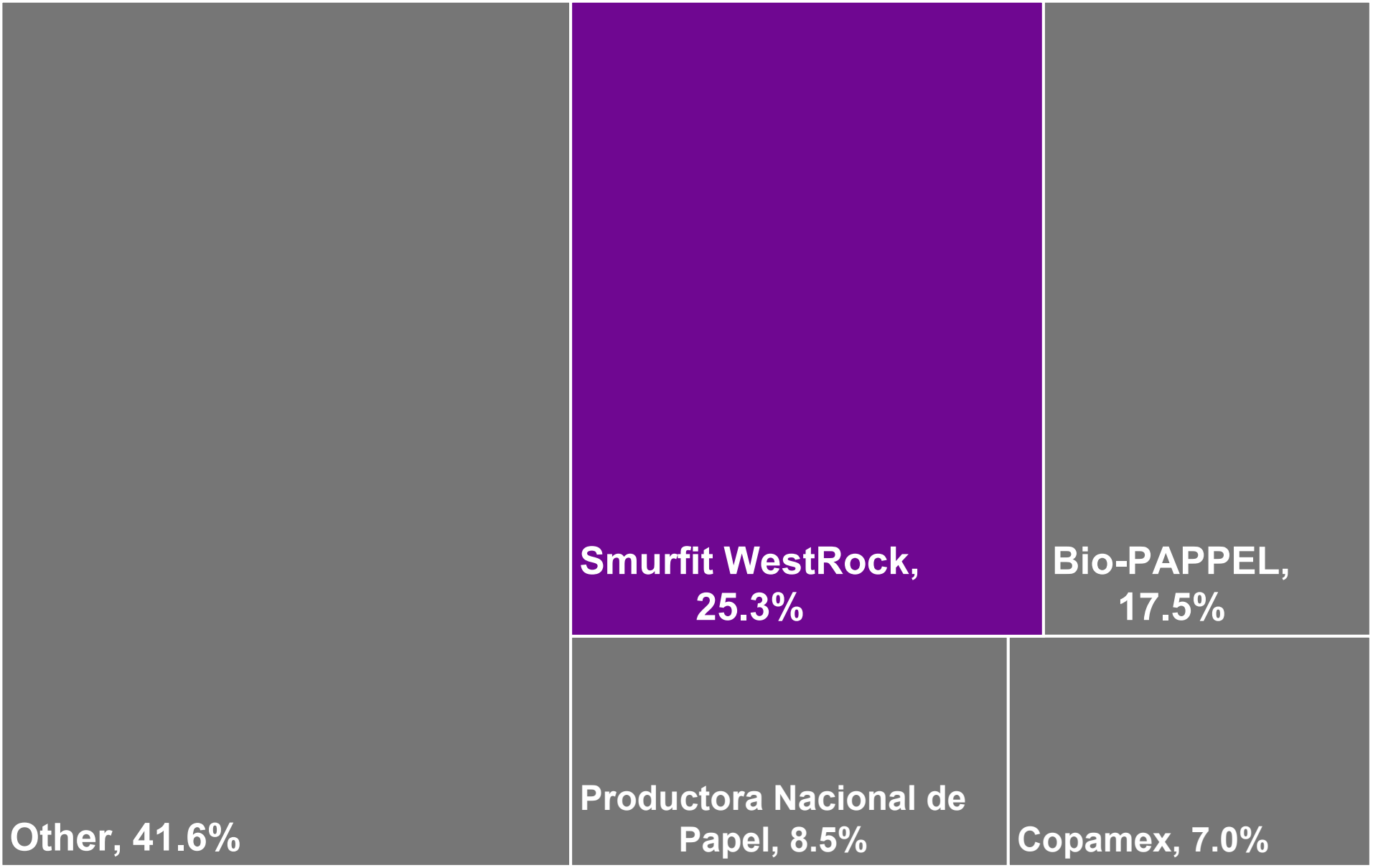
CONTAINERBOARD



Source: Fastmarkets.

Nearshoring: Global value chain trend in packaging

CAPACITY SHARE BY PRODUCER IN MEXICO (%) CONTAINERBOARD



Source: Fastmarkets.



M&A and FDI as a GVC strategy



US factor advantages

Competitive pulp and containerboard production costs and plant-level scale economies favor feedstock exports to Mexico



Size of markets

Aside from US and Mexico, Central America is one step away and justifies FDI or M&A



Low trade costs

Pulp, OCC and paper trade costs from the US to Mexico are low due to low tariffs and short distances

Opportunities remain



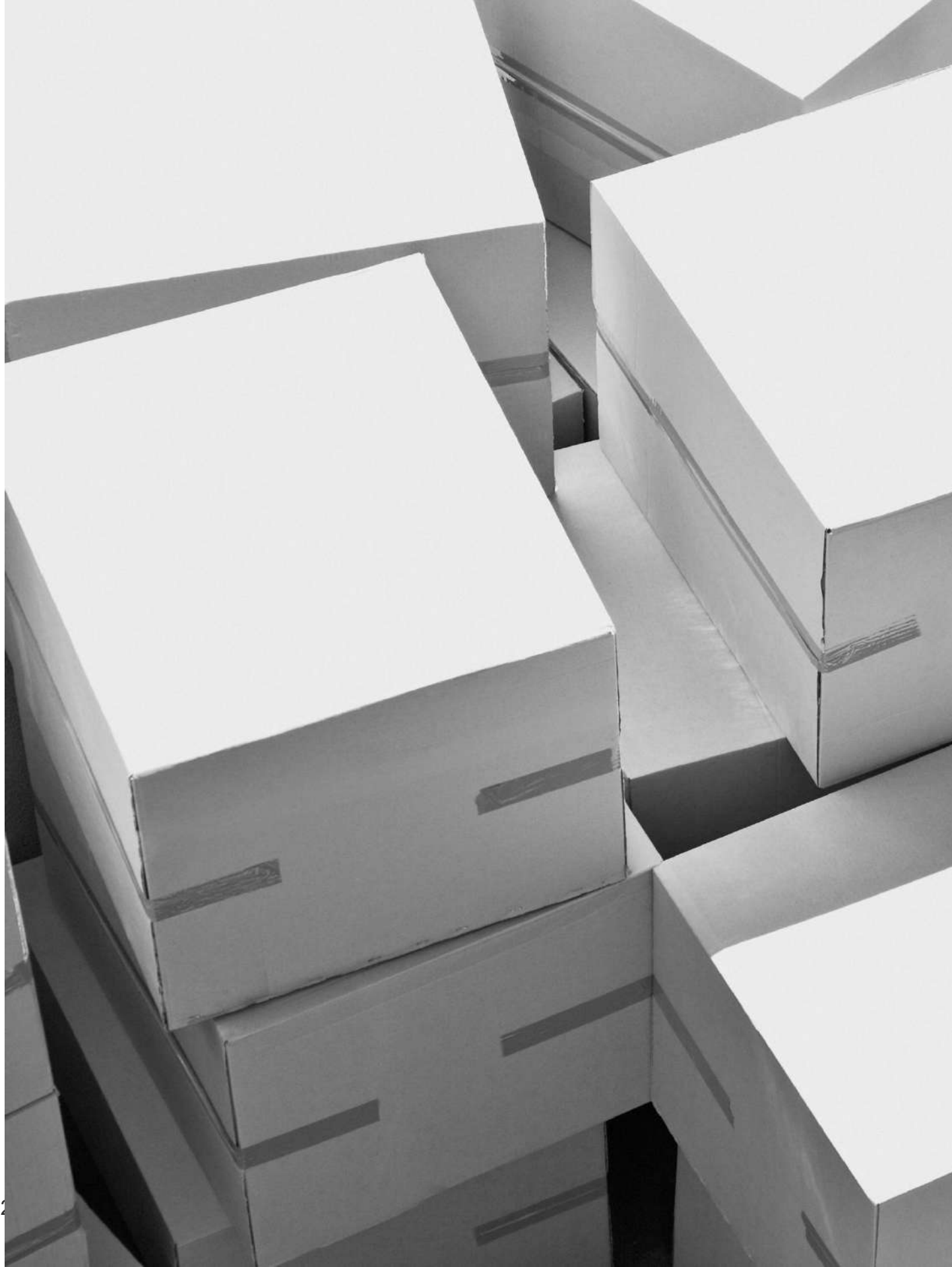
- USMCA – discussions around origin can be extended to packaging. Only products made 100% within the region. Boost of Mexican industry
- Low labor cost can continue to attract investments, structure of labor not so easy to be changed.
- Alignment with the US can reduce imports of paper from other countries that were growing, including Europe (Turkey), China and Brazil
- Growth of US consumption is always a boost for the Mexican economy
- Plan México: roadmap to boost national production and innovation, encourages dual education programs, fiscal incentives, and targeted infrastructure.

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Oct 14-16, 2025 | Miami, USA





Thank you!

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