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US tariffs temporarily support Mexican packaging market; prices unchanged

The lack of a definition on how trade flows will behave after the US imposed import tariffs on most countries continued to impact the packaging business market in Mexico, which has been swinging between strong negativity and hopes that its neighboring country will continue its partnership with the Mexican industry.

Until March and early April, market participants in the containerboard market were very pessimistic, as the country was potentially facing a 10% tariff that could affect its exports. This changed in recent weeks, after US President Donald Trump announced even higher tariffs for other countries, leaving Mexico suddenly in a better position.

The tension was stronger in the auto sector, as Mexico has become a hub of vehicle assembly lines and auto parts exporters, utilizing corrugated board paper for its logistics.

Until 2024, the hope was the country could strongly benefit from the nearshoring trend that started during the Covid-19 pandemic, when production chains were affected by logistics shortages and companies decided to invest in operations closer to their consumer markets.

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Containerboard demand in Peru maintains positive momentum in 2025; berry exports support sales

After a challenging 2023 due to unfavorable weather and political tensions that affected business, the Peruvian containerboard market noted a strong sales rebound in the second half of 2024 that has continued to date, sources told Fastmarkets.

Among the main market participants interviewed by Fastmarkets, the projection is that corrugated board sales should grow at least 4% this year compared with 2024, which was already a positive year of sales.

Peruvian containerboard demand is mainly driven by agricultural exports, particularly berries that have a high value in the market and which have improved revenues of packaging buyers in the country during recent years.

"The market continues favorable in 2025, with the production of all the commodities we work [with] within expectations, with increased productivity and expanded planted areas," one source said.

Ángel Manero, Peru's Minister of Agricultural Development and Irrigation, said during the XXXIV Blueberry International Seminar in Lima on March 12 that the country expects to surpass $3 billion in blueberry export revenues in 2025.

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Mexican packaging paper prices remain unchanged

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As Mexico is strategically placed beside the US, several companies took advantage of its competitive costs to produce goods there and billions of dollars of intended projects were announced for the coming years, including a factory from Tesla, later discarded.

"I see that the nearshoring trend, that used to be the reason for a good perspective for the containerboard market in Mexico, is completely over. We will have to restructure our industry goals and the vision we want for the country, there are plans now announced by the current government, but this shift will take years," a source said.

A second source said that the integration of the supply chain between the US and Mexico is very complex and they do not think it is feasible to completely end the relationship between the two nations.

"There are [markets] that [cannot] change suddenly and Mexico will need to continue as a supplier, but the uncertain scenario has frozen negotiations for us," the source said.

A third source noted that agricultural exports have continued at a regular pace, with some buyers trying to even anticipate purchases when possible, trying to escape future tariffs.

"It is a very complicated moment, with some mills stopping due to lack of containerboard demand, while some clients suddenly requested for volumes," the third source said.

The uncertainty did not prevent some Mexican containerboard suppliers from attempting their first price increase since November 2024 based on higher costs in the country.

"I still could not see changes in prices this April, but there is a growing feeling that something can change in May. There are many factors

Mexican containerboard imports
(tonnes)

	Jan-25	Jan-24	% chg. 2025/24
Kraftliner	98,156	91,462	7.3%
USA	90,472	86,649	4.4%
Recycled containerboard	20,422	51,858	-60.6%
USA	12,444	44,044	-71.7%
Total	118,578	143,320	-17.3%

Source: INEGI, compiled by IHS Markit. Note: The figures are subject to revision.

PRICE WATCH: Packaging Paper - Mexico

Prices are in Mexican Peso per tonne, unless otherwise noted

	Current months			Year-to-year	
	Apr. 2025	Mar. 2025	Feb. 2025	Apr. 2024	% chg.
DOMESTIC[1]					
Containerboard					
Recycled linerboard (130-180 g/m²)	12,800 - 13,200	12,800 - 13,200	12,800 - 13,200	12,100 - 12,500	5.7%
Recycled medium (120-180 g/m²)	11,800 - 12,300	11,800 - 12,300	11,800 - 12,300	11,100 - 11,500	6.6
Boxboard					
Recycled kraft/grey back (320-325 g/m2)	17,500 - 18,000	17500 - 18,000	17,500 - 18,000	n.a.	n.a.
US IMPORTS[2]					
Containerboard					
Kraft linerboard (42lb/205 g/m²)	$ 640 - 670	$ 640 - 670	$ 640 - 670	$ 630 - 650	2.3
SBS 16-pt folding carton, C1S - Laredo, TX	$ 850 - 890	$ 850 - 890	$ 850 - 890	n.a.	n.a.

NOTES

1. Domestic prices are delivered to Mexico DF, Monterrey and nearby regions.
2. Import prices are in US dollar per metric tonne, FOB at Mexico's Laredo border.

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playing around now, including how imports will behave, as Mexico still needs imported paper," a fourth source said.

In April, Fastmarkets heard of domestic linerboard that was still traded for 12,800-13,200 pesos ($650-670) per tonne, 5.7% higher than a year prior. Prices for imported kraft linerboard from the US were also stable month on month at $640-670 per tonne, but up by 2.3% year on year.

Domestic recycled boxboard was also flat month on month at 17,500-18,000 pesos ($890-910) per tonne in April, with imports of solid board from the US at $850-890 per tonne.

"One negative aspect in boxboard demand is what will happen with the beer industry in Mexico. The country exports a lot to the US, and we did not understand initially if this product would fall outside the trade agreement and pay a higher tariff, so many companies at first stopped production," a fifth source said.

According to reports, the 25% tariff subject to certain products, including aluminium cans, will affect only the packaging cost, but not the beer itself.

"It is interesting to note that after weeks of a complete stall, I started to receive requests for boxboard, it seems that some products that were before supplied by China now will be sourced in Mexico as an alternative, while there are some anticipatory sales taking place," a sixth market participant said.

By mfaleiros@fastmarkets.com •

Berries support positive paper demand in Peru

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With the Sucuriú project, Arauco has expanded its frontier of

Manero noted that Peru had consolidated its position as the world's top blueberry exporter, closing 2024 with more than $2.27 billion in sales to major global markets.

"The country has been boosting its productivity, with more land used for plantations and new species. We see that in the long term this will continue to support a lot of export growth from the country," a second market participant said.

Fastmarkets' sources added that, despite the current global uncertainties around tariffs and a potential trade war, the industrial sector in Peru has also contributed to the optimistic outlook for corrugated box in the country looking forward.

In 2022, apparent containerboard consumption in Peru was at 427,000 tonnes. It dropped to 303,000 tonnes in 2023 and reached 310,000 tonnes in 2024, according to Fastmarkets data.

In 2025, consumption is expected to continue recovering, and end at 319,000 tonnes.

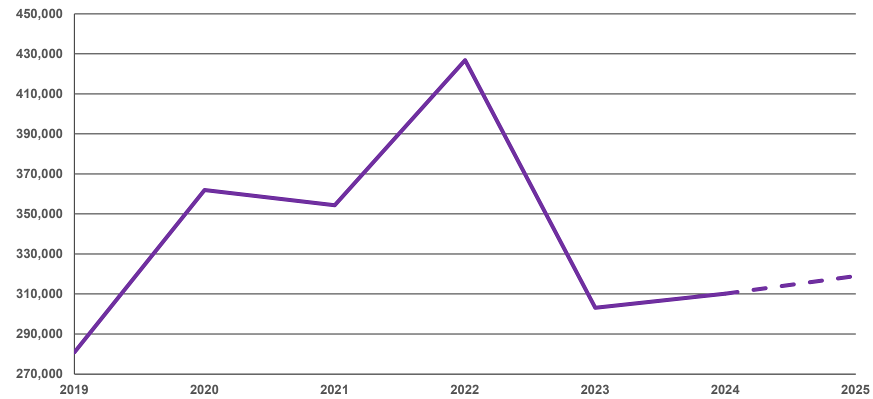
According to sources, Peru has an estimated containerboard production capacity of 270,000 tonnes per year, with Trupal as the leading supplier, followed by other important market participants such as Carvimsa, Panasa and Papelera del Sur.

Sources said that Argentinean group Cartocor is also investing to increase its presence in Peru, currently only focused on corrugated box conversion.

A second source said that many companies are expanding capacity both for paper and corrugated board production, with everyone projecting growth: "But they will all depend on politics and the weather," they said.

According to this source, the sector has considerable room for automation development in the country, presenting strong growth opportunities,

Peru containerboard apparent consumption
(tonnes)



Source: Fastmarkets Latin American Paper Monitor but not necessarily with new paper machines.

As Peru does not produce kraftliner locally, it has also become an important importer of this product in the region, with 82,000 tonnes so far in 2025, a 43% surge compared with the year before.

The US was the main supplier with 56,000 tonnes, with minor imports coming from Brazil and Colombia.

"There are always purchases from other countries, maybe not in large volumes, but it's continuous," a third source noted.

With the increasing uncertainties around trade tariffs across the globe, sources have been saying that suppliers from Brazil are working to increase their presence in countries like Peru.

"They are still not strong there, but we may see changes with a higher integration of large producers in the region and the changes in the US administration," a fourth source said.

Peru also uses significant volumes of recycled containerboard paper, importing 68,500 tonnes in 2024, with supply last year coming from Germany, Colombia and Canada.

By sandy.oliveira@fasmarkets.com and mfaleiros@fastmarkets.com •

Bracell takes step toward environmental license to build pulp mill in Brazil

Brazilian pulp and tissue producer Bracell has obtained approval from the state government of Mato Grosso do Sul for the company's Environmental Impact Assessment and Report (EIA/RIMA) for the construction of a new pulp mill in the city of Bataguassu.

Bracell is in the process of securing an environmental license for the proposed mill, which is typically followed by an installation license that allows construction to begin, and later an operating license to authorize the start-up.

According to the EIA/RIMA, the mill — named Project Star III, with an estimated investment of 16 billion Reais ($3.04 billion) —could include two different production setups.

In the first scenario, the mill would exclusively produce kraft pulp, with a capacity of approximately 2.9 million tonnes per year in regular years, or 2.8 million tpy in years with scheduled maintenance.

In the second configuration, the mill would produce both kraft pulp and dissolving pulp. One fiber line would produce around 1.5 million tpy of kraft pulp while the other would produce about 1.1 million tpy of dissolving pulp — totaling around 2.6 million tpy in regular years. In years with maintenance, output would be roughly 2.5 million tpy.

To run the mill, Bracell will use approximately 12 million cubic meters of eucalyptus annually. Water will be drawn from the Paraná River through a surface intake system consisting of a canal and screening. The construction period is estimated to take up to 38 months.

The next step in the process is a public hearing on May 29 to discuss the project's environmental, social and economic impacts.

"The hearing is a key stage in the licensing process. It's an opportunity for civil society to discuss the environmental impact report and related social and economic issues. After the hearing, [the state's Environmental Institute] Imasul will continue the process and refer the request to the State Environmental Control Council (CECA) for review," Jaime Elias Verruck, Mato Grosso do Sul's environment secretary, told Fastmarkets on Wednesday April 16.

According to CECA's meeting schedule, Bracell's license request could be evaluated starting in June, with the Preliminary License (LP) potentially approved by November 2025.

"After that, the company may apply for the Installation License (LI)," Verruck added.

Fastmarkets previously reported on December 16 that Bracell was working on an EIA/RIMA for a possible mill in Água Clara.

At that time, when asked about a potential second EIA/RIMA for Bataguassu — a rumor circulating in the market — Verruck said firmly: "There is no EIA/RIMA request for Bataguassu."

But when speaking with Fastmarkets again on Wednesday, Verruck confirmed that two separate studies had in fact been submitted — one for Água Clara and one for Bataguassu.

"The company will make an official market announcement on May 6 regarding which project, or projects, will go forward. That decision is entirely up to the company," he explained.

Bracell did not respond to Fastmarkets' request for comment by publication time.

By sandy.oliveira@fastmarkets.com ●

Major Brazilian tissue mills grow its market share with premium lines

Major integrated Brazilian tissue producers, such as Bracell and Suzano, are expanding their retail presence with the launch of new premium toilet paper lines, market sources told Fastmarkets.

Between November and December 2024, Bracell — the third-largest tissue producer in Brazil by installed capacity, according to Fastmarkets estimates — was the leader in converted product sales in the northeast region of Brazil, reaching 31% market share.

This marks a significant increase from the 24% market share recorded in January 2024, Eduardo Aron, general director of Bracell Papéis, said in an interview with Fastmarkets.

The market share growth in the region coincided with the August 2024 launch of the Supra premium toilet paper line, available in two-ply and three-ply versions. The product uses a technology that inserts air capsules between the layers of paper, providing greater softness.

In February, Bracell launched an advertising campaign aimed at strengthening the Supra brand's presence among end consumers. According to Aron, the company's efforts were successful, resulting in increased sales volumes of the new premium products early this year.

"We are very pleased with our performance following the launch of the Supra line. We launched a digital media campaign that reached a surprising number of people, and sales are growing," the executive said.

Aron added that, outside the northeast, Bracell's market share for tissue products in other regions of Brazil is approximately 2.7%.

Suzano — the world's largest bleached eucalyptus kraft (BEK) pulp producer — significantly expanded its presence in the tissue segment after completing the acquisition of Kimberly-Clark in February 2023. The deal added the Neve brand to Suzano's portfolio, already one of the leading premium products in the Brazilian market. As a result of the transaction, the company acquired a 24.3% share of the national tissue market, according to data from consultancy NielsenIQ.

Just a few weeks after Bracell launched the Supra line, Suzano announced the launch of Neve Ultraconfort, the only four-ply toilet paper produced in Brazil.

Suzano told Fastmarkets that the Neve brand alone accounts for 10.4% of the Brazilian toilet paper market across all its lines, citing data from NielsenIQ.

On April 2, Suzano announced plans to expand the distribution of Neve Ultraconfort to Brazil's southern region, including the capitals of three states. According to the company's executive vice president of consumer goods and corporate affairs Luís Bueno, the new sales region is characterized by demanding consumers who seek quality and technology in their product choices.

"The arrival of Neve Four-Ply in new markets reinforces our strategy of delivering innovation and high value to consumers, meeting the growing demand for comfort and softness," Bueno said in a statement.

Apparent tissue consumption in Brazil is expected to grow by 3% in 2025, reaching 1.521 million tonnes. Toilet paper accounts for over 70% of total tissue demand and over 80% of retail tissue demand, according to the Fastmarkets projections.

The push by industry giants with new premium product lines is not only reshaping the competitive landscape but also increasing pressure on non-integrated tissue producers to improve efficiency and differentiate their products to maintain their presence among distributors and retailers.

The chief executive officer of a small tissue manufacturer based in southern Brazil told Fastmarkets on Wednesday April 16 that competition between smaller companies to sell converted products to paper distributors — intermediaries between manufacturers and supermarket chains — has intensified.

"Two major distributors I work with have become more resistant in negotiations, citing a preference for securing deals with a large integrated company," he said.

By jorge.barbosa@fastmarkets.com ●

GrandBay to add 40,000 tpy tissue capacity in Colombia in 2025, reaching 110,000 tpy

GrandBay Papeles Nacionales is planning to expand its tissue production capacity in Colombia by 40,000 tonnes per year with the startup of a new tissue machine (PM5) supplied by Toscotec, Fastmarkets has learned.

Startup is expected in September 2025, according to sources familiar with the project.

With a single mill in the country, the plant is currently the third largest in Colombia. Following the addition of the fifth paper machine, the company's local capacity is expected to reach 110,000 tpy, positioning GrandBay to share the market lead with Essity in installed capacity.

Currently, the Colombian tissue market is led by Essity, which has 111,000 tpy of capacity and a 28% market share. Kimberly-Clark follows at 77,900 tpy (21.8%), and the GrandBay Group at 71,000 tpy (19.9%), according to Fastmarkets estimates.

According to Fastmarkets data, apparent tissue consumption in Colombia is expected to grow by 6% in 2025, reaching a total of 362,000 tpy. This growth rate is above the Latin American average, which is projected at around 2.7% per year.

The new machine will feature a sheet trim width of 3,600 millimeters and a design speed of 2,200 meters per minute.

The equipment was initially scheduled to be installed in 2024.

In addition to its operations in Colombia, GrandBay Group is a company focused on the manufacturing, converting and sales of personal care and home products. The group operates in over 25 countries across Central America, the Andean region, and the Caribbean. ●

Carvajal shuts down mill in Colombia due to operational losses, strong competition

Colombian paper producer Carvajal confirmed to Fastmarkets on Tuesday April 22 that it has decided to indefinitely suspend operations at its mill in Yumbo, Colombia, focused on the production of some types of boxboard and wrapping paper.

According to the company, all production will be now concentrated at its mill in Guachené, Colombia, with capacity to produce 140,000 tonnes per year of uncoated woodfree (UWF) paper made of sugar cane bagasse.

"The decisions were made in light of operational losses due mainly to the market situation, resulting from prices of imported products that we consider artificially low and which we classify as anti-competitive practices carried out by some international producers, as well as supply difficulties," Carvajal detailed in a statement on April 11. ●

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