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## PRESS RELEASE: PANDEMIC CONTINUES TO IMPACT ON PALLET AND PACKAGING PRICES

25 Feb 2021

### Pandemic continues to impact on pallet and packaging prices

Further price increases in the wooden pallet and packaging industry are 'inevitable', according to the European Federation of Wooden Pallet & Packaging Manufacturers (FEFPEB), as the impact of the pandemic continues to be felt by companies across Europe and the rest of the world.

The organisation stated that it expects sustained rises in the price of raw materials – including timber and steel – and availability issues in certain markets, to create upwards pressure on prices for several months.

Independent indices from member states showed extraordinarily high price rises during quarter 4 of 2020, as collated in FEFPEB's quarterly Pallet Timber Price Index. This trend has continued – and in some markets, accelerated – across Europe into 2021. Some shortages have been reported.

The pallet and packaging sector in most of FEFPEB's member countries showed a decrease in trade across 2020. However, as the construction trade and other businesses have recovered, volumes have begun to increase again, creating pressure on pallet timber.

Other international factors, including the diversion of Scandinavian and German timber to satisfy demand in the US and Chinese markets, and issues such as a drop in Irish timber production, have also impacted on the situation. In the US, pallet and packaging timber has reportedly doubled in price in recent months.

FEFPEB secretary general Fons Ceelaert said: "On the one hand producers of wooden pallets and packaging need to satisfy their customers' demands and growing volumes, but on the other they are experiencing enormous price increases on the wood market. As wood costs account for more than 70 per cent of the price of a wooden pallet then pallet price increases are unavoidable.

"In the end – according to market rules – the raw material is sold to those paying the most, which currently is the US timber market as Bloomberg lumber futures climbed to a record high (February 18). So wooden pallets and packaging producers are facing increasingly non-profitable production, wood shortages and serious economic decisions about slowing or even shutting down production."

Meanwhile, a sustained and severe imbalance in the international freight industry has disrupted usual trade flows globally, caused a shortage of capacity, and pushed shipping prices up.

FEFPEB, which highlighted the developing situation in autumn 2020, said the increased administrative burden, delays and costs associated with the UK's departure from the EU on December 31, are causing further impact for businesses. There was also a Brexit-related surge in demand for ISPM15-compliant pallets and packaging, which was most intense in





customers to ensure they are well-informed about this situation. FEFPEB, together with our member associations, is continuing to observe the situation and will issue further updates when needed.”

**Notes:**

- The European Federation of Wooden Pallet & Packaging Manufacturers (Fédération Européenne des Fabricants de Palettes and Emballages en Bois – FEFPEB) represents European national timber packaging associations, including the pallet, lightweight packaging and industrial packaging sectors. It was established in 1946.
- It is a not-for-profit organisation, whose objectives include promotion of timber packaging and representing the interests of the European wooden pallet and packaging industry.
- National professional associations of wooden pallet and packaging manufacturers are full members of FEFPEB.
- Other companies involved in the industry, including suppliers of timber and timber blocks, machines and equipment are associated or individual members.
- The major European pallet pools (including EPAL, CHEP, LPR, IPP Logipal and PRS) are also part of FEFPEB. For more information, please contact: [info@fefpeb.eu](mailto:info@fefpeb.eu)
- More information, including the FEFPEB pallet price indices, can be found at [www.fefpeb.eu](http://www.fefpeb.eu)

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CONTACT

**FEFPEB**

Postbus 4076

NL-5004 JB Tilburg

+31 13 59 44 802

[info@fefpeb.nl](mailto:info@fefpeb.nl)

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