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ICCA News Bulletin contents from the JCCA (Japan Corrugated Case Association)

Corrugated Board Production in Japan Expected to Reach Highest Figure in 10 Years

Japan's corrugated board production in 2017 is expected to reach its highest figure in 10 years.

Japan Corrugated Case Association (JCCA) expects corrugated board production in 2017 to be 101.0% of that in 2016, reaching a total area of 14.1 billion m². This is higher than the previous record of 13.9 billion m² set in 2007, before the bankruptcy of Lehman Brothers, and looks to be the first time in 10 years that a new record is being set.

As a sign of the strong demand for corrugated packaging, on January 5th the industry newspaper Nikkei Sangyo Shimbun ran a major front page article about recent trends in the demand for corrugated packaging.

According to the article, corrugated packaging is fast gaining attention as a light and easy to handle material due to manpower shortages and a demand for more efficient logistics. The rise of online shopping is another driving factor. The article emphasized the role of corrugated packaging in promoting sales at storefronts and in building up brand image, not only as a packing material, which has been a backstage supporter of the industry.

The article further states that in contrast to the revitalized market for corrugated packaging, no new facilities for newsprint and printing paper have been operated for close to 10 years, as a result of population decline and digitization leading to a move away from paper. On the other hand, with more elderly people living alone, and a drop in household size due to lower birth rates, factors such as a rising demand for ready-made meals are compounded by an increase in the shipping frequency for products and beverages, leading to a rise in the shipment of corrugated packaging. The article also included comments from Kiyoshi Otsubo, Chairman, President & CEO of Rengo Co., Ltd. (and also Chairman of JCCA), stating that corrugated packaging "is a hidden growth industry," and "if logistics and packing change, the container will also change; it will no longer be in a supporting role but become a core business instead," adding that "there is also growing recognition that it is the best material for packaging in consideration of recycling."

The article pointed out that corrugated packaging companies are now placing emphasis on shelf-ready packaging (SRP) that significantly reduces the workload for unpacking and displaying products, and shifting away from "brown boxes" with the sole purpose of carrying products. These include packaging with perforated edges that can easily be opened, and corrugated packaging as an advertising tool with strong customer appeal, printed with product logos and advertising slogans to be used for sales promotion simply by being displayed in stores. The article also mentioned a packaging system for online shopping which can reduce manpower by 80%.

It is said that demand for corrugated board is highly linked to gross domestic product (GDP),

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and therefore the market for corrugated board in Japan is unlikely to see significant growth. However, efforts to achieve growth higher than the GDP growth rate continues, with corrugated packaging companies opening new markets as they meet the changing needs in logistics and packing.