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A Strong Signal in the Direction of Print Advertising

The Schwarz Group is buying its own paper mill. With this step, the German retail giant is responding to the current situation on the paper market and guaranteeing a reliable and sustainable supply of paper for the Lidl and Kaufland grocery chains, which belong to the Schwarz Group. With an annual production of 500,000 tons, this should not be a problem.

The announcement by the DIY chain OBI and the REWE Group, one of Germany's major grocery retailers, that they would completely do away with advertising brochures in the future (see our [blog](#)) led to heated discussions in the advertising industry, but also in the print industry, and put advertising brochures as a whole under a fair amount of pressure. It is therefore all the more surprising that the Schwarz Group, with its Lidl and Kaufland retail brands, has reacted completely diametrically to the current situation on the paper market and added its own paper mill to its portfolio. In addition to security of supply, the company also gave a strong and positive signal in the direction of print advertising with this step.

Restructuring of Stora Enso takes shape

Back in March 2022, Scandinavian paper group Stora Enso announced a change in strategy that would see it divest four of its existing five paper production sites. The company sees its long-term growth opportunities more in renewable products in packaging, building solutions and biomaterials.

„We are very pleased with the agreement with the Schwarz Group, as it fulfills our goal of securing a sustainable and long-term future for the Maxau site and its employees. We will continue the sales process for the remaining three paper sites, Nymölla, Hylte and Anjala,“ Seppo Parvi, CFO and head of the paper division at Stora Enso, assured on September 13. Two days later came the announcement that the paper mill in Nymölla would be sold to Sylvamo, a U.S. manufacturer of uncoated papers, with the aim of expanding its international presence.

The de jure buyer of the paper mill in Maxau in Germany is Schwarz-Produktion, the umbrella brand under which the Schwarz Group has combined all its production operations. More than 4500 employees produce food as well as sustainable packaging and materials for Lidl and Kaufland. The purchase of the paper mill is intended to secure the long-term supply of ecologically sustainable paper for the Lidl and Kaufland retail chains. The paper produced in Maxau is recyclable and biodegradable, in line with the sustainability commitment of the entire Group. Waste paper already serves as a key raw material for paper production in Maxau.

Focus on security of supply

The company is expected to be worth around 210 million euros. The transaction is expected to be completed by the beginning of 2023 at the latest. Schwarz plans to continue production of supercalendered paper (SC) at the site and will also take over the mill's 440 employees. „Schwarz Production is positioning itself even more broadly with the purchase of the paper mill in Maxau. It is particularly important to us to secure the supply of sustainable products and materials to the retail divisions of the Schwarz Group,“ emphasizes Jörg Aldenkott, CEO of Schwarz-Produktion. „The logistical connection, the predominant use of recovered paper, the extensive energy independence as well as the professional expertise of the employees* were decisive for the decision to invest in Maxau.“

The three existing plastics and recycling plants also fit in with the company's sustainability concept. They are a central component of a special PET materials cycle. In this, PET bottle bodies are produced predominantly from 100 percent recycled material.

For Schwarz-Produktion, the purchase of the paper mill in Maxau is, on the one hand, a central building block on the road to a circular economy and, on the other, a strong statement from the food retail sector that print will continue to play a role in the media mix of this highly competitive industry.

Yours

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