

TO:

Jutta Urpilainen, EU Commissioner for International Partnerships  
Stella Kyriakides, EU Commissioner for Health and Food Safety  
Nicolas Schmit, EU Commissioner for Jobs and Social Rights  
Janusz Wojciechowski, EU Commissioner for Agriculture  
Thierry Breton, EU Commissioner for Internal Market

(IN COPY: Philippe Voet, President FINAT)

***Re: URGENT appeal to the EU Commission to address a supply chain collapse due to paper shortage from Finland***

The Hague, 4 April 2022

Dear Excellencies,

**FINAT** is the European association for the label manufacturing industry, with 600 members all around Europe and national affiliated associations in 15 European countries, together, we represent an industry with about 3,000 providers of labeling solutions and their supply chain, corresponding with a total workforce around Europe of almost 100 thousand people. Our industry's annual turnover amounts to ca. € 17.5 billion, corresponding with 8.5 billion square meters of self-adhesive label materials. Every week, in Europe about 16.5 billion labels are being consumed.

As carriers of product and unique article identity information, labels are an essential enabler for the supply of critical goods and services in sectors like food, beverages, pharma, medicals, personal care, retail, logistics etc. Without labels and labelling technology, supply chains can be severely distorted.

And this is exactly what may happen in the coming months.

Since last summer, FINAT has been drawing attention to the supply chain issues facing our industry since last summer, as a result of which not only consumables suppliers (inks, adhesives, chemicals, substrates) but also technology providers (chips, components) have been faced with shortages, increasing lead times and price increases.

But since January, this situation has been aggravated by a continued strike in Finland at UPM Paper Mills, by far the largest supplier of 'release papers' for labels (the backing material that serves as carrier for the labels until they have been applied to the product or packaging). The strike is now approaching the 100 days' benchmark, but is currently set to continue till at least mid-April. At the moment there is no end in sight as the parties concerned, UPM and the paper workers union Paperiliitto seem to be in a stalemate situation.

As a result of this strike, lead times for self-adhesive label materials have now extended from a few days under normal circumstances, to more than 5 months. Warehouses of label companies are getting empty, raw material prices are increasing exponentially and labelling companies are forced to prioritise deliveries. Meanwhile, many companies have been forced

to lower capacity or even entirely shut down production, with all the devastating consequences for their staff members, and in spite of booming demand since the economic recovery in 2021.

On short notice it is not possible to replace labels by an alternative product decoration and identification technology. **We therefore anticipate that in Q2 we will see severe disruptions in downstream industries like food and pharma. If products going into the stores or home deliveries cannot be labeled, this will have dramatic impact on households, at the time when a humanitarian disaster is unfolding in Europe due to the war in Ukraine.**

Although it is not the role of a European umbrella organization to interfere in an individual labour dispute, we have repeatedly appealed directly to the parties concerned to take into consideration the downstream impact around Europe of the resulting paper shortages (and by the way also commercial print is suffering). These appeals have remained without any single response or even a sign of understanding. On the contrary: last week, the federation of labour unions in Finland announced their determination to continue the strike as long as necessary, and at the online Shareholder meeting of UPM, not even a single reference was made to the impact of the strike beyond UPM, the paper workers union Paperiliitto and the shareholders.

For this reason, we now appeal to you, as the representatives of the highest European policy making body, to address this impending crisis at the European level. This strike is no longer a Finnish labour dispute. The upcoming supply chain disruptions are no longer a national issue. **These issues have a pan-European dimension that demands a European answer on short notice.**

And going forward, this should provide a valuable yet very costly lesson about policies necessary to shield the European consumers and societies from such disruptions.

For further information, see the following messages we have posted the past few months:

- <https://www.finat.com/news/statement-european-label-associations-call-for-parties-to-resolve-dispute-at-upm-paper-mills-severe-consequences-for-label-value>
- <https://www.finat.com/news/finat-labelstock-statistics-european-label-industry-reports-record-growth-in-2021-but-is-now-facing-opposite-extreme-of-raw-mate>

I look forward to your reply.

Best regards,



Jules Lejeune  
Managing Director