



General Information Bulletin

Subject: Paper Market Volatility and Supply Chain Challenges

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DESCRIPTION: Extended Lead Times for Paper and Printed Products
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The paper manufacturing industry continues to experience extreme volatility and unprecedented supply chain challenges, particularly for uncoated freesheet grades, which include printing and writing grades used in copiers, printers, and multifunction devices; business forms; statements; envelopes; and many grades commonly used in the publishing and commercial printing industries generally; as demand continues to outpace supply. Consequently, the Office of General Services (OGS) is seeing substantial increases in cost and extended lead times for paper and printed products, sometimes as long as four to six months for high volume orders. Manufacturers and large distributors are abstaining from engaging in long-term procurement commitments, including the bidding of governmental paper contracts, and the paper market has evolved into a spot buying/purchasing market for the foreseeable future, with no immediate relief in sight.

Contributing Factors:

- Higher production costs, such as increased energy and transportation
- Raw material (i.e., wood pulp) shortages
- Repurposing of paper machines to manufacture other grades, such as packaging grades
- Maintenance shutdowns of uncoated freesheet paper manufacturing capacity
- Low raw material and finished goods inventory levels throughout the supply chain
- Labor shortages and inefficiencies
- Decreased manufacturing productivity output due to labor shortages
- Panic buying
- Petrochemical force majeure claims impacting film and adhesive supply chains
- Supply chain shortages for adhesives, film, pallets, and packaging supplies

OGS continues to navigate information we receive from our supply chain partners. In some cases, OGS has engaged with authorized users directly about the supply chain risk specific to their priorities. Due to limitations at all levels of manufacturing and distribution, paper, specifically uncoated freesheet grades, will have a greatly increased wait time for delivery. We recommend authorized users use this opportunity to plan accordingly and limit paper usage to only when and where necessary.

Additionally, we encourage authorized users to NOT purchase large quantities of paper for indefinite or long-term storage, as unexpected stockpile purchases of paper that manufacturers did not plan for is likely to exacerbate the problem. Further, paper that is stored for a long period of time can retain moisture or otherwise become damaged and negatively affect the use of printing equipment.

Until such time the paper market stabilizes, OGS recommends authorized users remain flexible and consider other grades or alternatives that will suffice their needs. OGS understands sometimes this comes at an additional cost, but it may be better than going without in some instances. Procurements should be made in accordance with applicable statutory requirements and guidelines. OGS staff are available to assist in an advisory capacity for those authorized users who seek this assistance.