

Smurfit Kappa eyes wider North Africa expansion after Morocco opening

By [Padraic Halpin](#)

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Europe's largest paper and packaging producer Smurfit Kappa expects the opening of its first North African plant in Morocco to set the stage for further expansion in a fast growing region for consumer goods, its chief financial officer told *Reuters*.



View outside the first plant of paper packaging producer 'Smurfit Kappa' in North Africa, in Rabat, Morocco, in this undated handout image released on July 2023. Smurfit Kappa/Handout via Reuters

The Irish company, which operates in 22 European countries and 13 in South, Central and North America, opened the €35m (\$38.5m) plant in Rabat on Wednesday, part of a €4.7bn investment drive over the last five years.

Finance chief Ken Bowles likened it to another relatively small investment in the Greek port city of Thessaloniki in 2017, when the acquisition of a small box plant became a platform to expand into Bulgaria and Serbia two years later.

"Thessaloniki wouldn't necessarily be where you start world domination and Morocco fits that profile... Then you look, does Tunisia offer you a market? Does Algeria?" Bowles said in an interview at Smurfit's suburban Dublin headquarters.

"Morocco is the starting of a real presence in North Africa."



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The Rabat plant, which will generate 30% of its power from 1,500 solar panels, follows a pattern of investments in other emerging economies where the consumption of packaging can grow at a much faster pace than "the relatively stable but not particularly exciting" rates in Europe.

Bowles said Smurfit would like to grow in Ecuador and become a much bigger player in Brazil following recent investments

there. It has also expanded in Poland, Peru and Mexico, where it is benefiting from the country's so-called "nearshoring" boom.



View inside the first plant of paper packaging producer 'Smurfit Kappa' in North Africa, in Rabat, Morocco, in this undated handout image released on July 2023. Smurfit Kappa/Handout via Reuters

Smurfit reported a 13% rise in first quarter core profit in April, but saw volumes fall for a third successive quarter. It expected at the time that demand would pick up as the year went on following encouraging signs in April.

Bowles said the picture has not changed much since then with cautious consumers pulling back in some areas while still clearly spending on services and on experiences with a resulting "minor impact" on packaging.

"Consumers clearly are still worried about inflation and interest rates and the fear of recession, and that's clearly having an impact on volumes," Bowles said.

Bowles said the impact on volumes referred to the first part of the year. Smurfit reports its half year results on 2 August.

"What's the best way to characterise it? Not getting worse."

(\$1 = 0.9103 euros)

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