

## Supply bottlenecks for titanium dioxide worsen

Supply disruption associated with the war in Ukraine and technical troubles at Tronox' Stallingborough plant in the UK have compounded an already difficult supply situation for titanium dioxide. Until now, Ukraine has delivered both titanium dioxide pigments and titanium ores needed to make titanium dioxide. These deliveries, which met up to 20 per cent of European converters' needs, have largely ground to a standstill. Two Ukrainian titanium dioxide producers, Krymskij Titan and JSC Sumyhimprom, have suspended production indefinitely. A chemical plant in Sumy, located in north-eastern Ukraine, is also said to have been damaged by the Russian attacks. This shortfall can hardly be offset, especially as the Stallingborough plant cannot deliver at the moment, either.

### Tronox declared force majeure following problems at its Stallingborough plant

Unconfirmed reports suggest that problems occurred in Stallingborough during a planned shut-

down for rebuilding work at the beginning of March, so recommissioning has been delayed. Tronox then declared force majeure. The plant, which has a designed annual capacity of around 165,000 t of chloride pigments, also serves the decor paper industry.

Tronox's total capacity is almost 1.1 million t, some 940,000 t of which comes from six chloride plants in Stallingborough, Botlek, Netherlands (90,000 t), Yanbu, Saudi Arabia (200,000 t), Hamilton, USA (225,000 t) and its Australian sites in Kwinana (150,000 t) and Kemerton (110,000 t). Its sulphate plants in Thann, France (32,000 t), Salvador, Brazil (60,000 t) and Fuzhou, China (46,000 t) can together make 138,000 t/year.

Tronox claims to be the world's second largest titanium dioxide producer. The Titanium Technologies division belonging to Chemours Co. leads the way with plants in the United States, Mexico and Taiwan that have a total capacity of 1.25 million t. According to an announcement published on 10 March, the company has sus-

pending its activities in Russia. Chinese firm Lonon Billions Group Co. increased its manufacturing capacity to 1 million t in the past few years by carrying out several investment projects. Kronos Worldwide Inc. and the Titanium Dioxide business unit of Venator Materials plc, are some distance behind. Kronos has manufacturing facilities in the US, Canada, Belgium, Germany and Norway. Venator's titanium dioxide plants are located in the UK, Germany, Spain, Italy, the US and Malaysia.

According to a recent Tronox investor presentation, these five companies have a combined annual titanium dioxide capacity of 4.50 million t. With this they can cover around two-thirds of global demand for titanium dioxide, which Tronox estimated at 6.75 million t in 2021. According to Tronox, the world titanium dioxide market is facing a supply shortfall due to the recent events. Bigger gaps were seen in 2016 and 2021, and a deficit looks set to occur again in 2025 after the situation eases temporarily. These supply problems tend to shift from sulphate pigments to chloride pigments. □

## Pulp prices look set to continue on an upward trajectory in April

Securing supply still in the spotlight during negotiations

**Even though not all March contracts were signed and sealed as the last week in March ended, it looked as if prices for northern bleached softwood kraft (NBSK) took a quick breather in March. By contrast, the higher prices sought by manufacturers for hardwood pulp seemed inevitable. Prices are expected to continue to move higher in April.**

Insiders still describe the supply situation as strained in the wake of persistently strong demand and ongoing delays with shipments from South America. Pulp arriving in Europe has largely been sold already, meaning that short-notice requests for additional amounts can hardly be

served. What's more, there is still a lack of pulp from Finland and Russia. Buyers seem to be desperately searching for birch pulp, in particular.

Insiders feel that sourcing bleaching agents has become another problem. Two suppliers have apparently declared force majeure for varying

reasons, which has already forced the first pulp manufacturers to switch to making unbleached pulp. Other pulp manufacturers report having decent amounts of chemicals on stock or having inventories to "make it through a somewhat longer lean period." Nonetheless, manufacturers think that additional mark-ups are on the cards for pulp due to difficulties associated with the exorbitant rise in chemicals prices and many other cost hikes.

Although one Scandinavian pulp producer announced plans to charge \$50/t more for NBSK pulp with immediate effect on 23 March, prices stayed the same in March at \$1,350/t. Given developments on global markets, EUWID contacts expect that higher prices will take hold in April. Along with the \$50 notice, other suppliers have unveiled plans to charge "just \$30 more". Producers' asking prices for NBSK pulp are thus expected to span \$1,380-1,400/t in April.

A \$30 hike to \$1,200/t for eucalyptus pulp appears to have been implemented without discussion in March. Starting in April, converters will also have to shell out \$50 more or a total of \$1,250/t. In light of the shortage of material, market observers feel that these price increases are inevitable, too, if paper manufacturers want to avoid jeopardising supply. □

### World market pulp statistics February 2022

1,000 t	Feb 2022	Jan 2022	Feb 2021
<b>Shipments</b>	<b>4,152</b>	<b>4,054</b>	<b>4,101</b>
Bleached Softwood	1,811	1,745	1,738
Bleached Hardwood	2,161	2,140	2,167
Unbleached kraft pulp (UKP)	177	166	193
Sulphite	3	4	3
<b>Producer inventories</b> (Days of supply at month-end)	<b>42</b>	<b>44</b>	<b>38</b>
Bleached Softwood	45	46	39
Bleached Hardwood	41	42	38

Compiled data based on a sample of 20 countries (17 current producers and 3 past producers included in the historical data) which together account for 82 per cent of world chemical market pulp capacity.

Source: Pulp and Paper Products Council

**EUWID** | E-Paper

Remain flexible  
– at the office or on the go!

[www.euwid-paper.com/epaper](http://www.euwid-paper.com/epaper)