

EUWID Price Watch Pulp Western Europe

June 2022

CIF North Sea ports	June 2022*	May 2022	June 2021
Bleached softwood pulp			
Softwood kraft			
from Scandinavia and Canada in €/t	1,424 - 1,453	1,335 - 1,354	1,133
from Scandinavia and Canada in US\$/t	1,450 - 1,480	1,430 - 1,450	1,340
Southern softwood from the US in €/t	1,365 - 1,395	1,279 - 1,298	1,074 - 1,082
Southern softwood from the US in US\$/t	1,390 - 1,420	1,370 - 1,390	1,270 - 1,280
Bleached hardwood pulp			
Birch pulp from Scandinavia in €/t	1,326	1,214	964
Eucalyptus pulp			
from Portugal/Spain in €/t	1,326	1,214	964
from South America in €/t	1,326	1,214	964
from South America in US\$/t	1,350	1,300	1,140
Southern hardwood in €/t	1,237	1,130	879 - 888
Southern hardwood in US\$/t	1,260	1,210	1,040 - 1,050
Hardwood BCTMP			
from Scandinavia and Canada in €/t	1,080 - 1,129	980 - 1,027	753 - 795
from Scandinavia and Canada in US\$/t	1,100 - 1,150	1,050 - 1,100	890 - 940

* Exchange rate as of 8 July 2022: 1 US\$ = 0.9821 €

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Producers announce new mark-ups for BEK and NBSK pulp in Europe from July

Supply in softwood pulp even tighter due to fire at Mercer Stendal

At present, the news about the huge fire that broke out at Mercer Stendal's 680,000 tpy bleached softwood kraft pulp mill in early July and the resulting consequences dominate many discussions among European pulp producers and their customers. There is much speculation about how long it will probably take until production at the Stendal mill in Germany is restarted and the possible impact the fire will have on the future development of NBSK pulp prices. The fact that Mercer has not published any official statements on the length of the stoppage to date is fuelling such speculation.

Market experts estimate that it could take between three and six months until the damaged conveyor belts and other parts of the system, which were destroyed by the fire, are repaired and usable again. Mercer lastly stated that the company was working at full steam to quickly find a provisional solution to restore the production's chip supply and enable the restart of the pulp plants that were not affected by the fire.

The Mercer incident caused delays regarding some of the negotiations about the June contracts. To no-one's surprise, the price increases demanded were in the end firmly agreed in full,

also for NBSK. Compared to May, prices therefore rose by \$20-30 and ultimately lay in a range between \$1,450/t and \$1,480/t.

At the end of June, one Scandinavian pulp manufacturer informed its customers about a new increase in NBSK prices of \$40 to \$1,520/t with effect from July, and other suppliers then followed suit in the current month, making similar announcements.

Pulp buyers reacted indignantly to the demands. One respondent feels the announcement is "extremely unnecessary and highly unproductive". On balance, enormous uncertainty and pessimism are characteristic of the sentiment in the paper industry. After an unprecedented upward trend seen for graphic and packaging paper and, lastly, also for tissue, some players have meanwhile been confronted with a noticeable deterioration of demand. The most recent gas price explosion was reported to cause much concern in the paper industry. Most players do not see much leeway for producers to pass their continuously rising costs on to their own customers. Reports indicate that the European paper industry is currently facing big if not insolvable problems. It seems likely that temporary production stoppages at paper mills will occur more often over the coming months,

either because the mills cannot afford to buy energy or because energy is simply not available to them.

As expected, the list price of bleached hardwood pulp rose by \$50/t to \$1,350/t in June. The world market leader announced another extra charge of \$30 for BEK pulp deliveries from 1 July. The list price will therefore rise from \$1,350 to \$1,380/t.

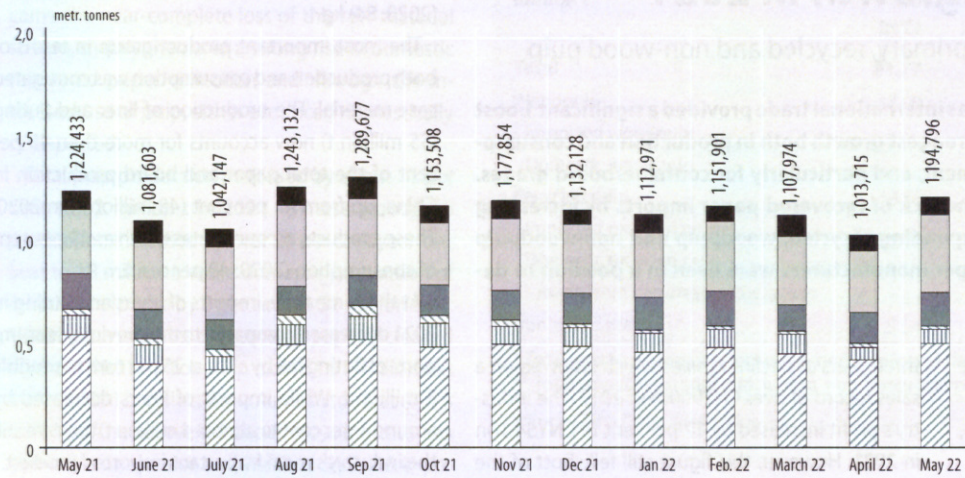
Pulp mills signal interest in early 2023 price talks, but buyers are not under pressure

The global pulp industry met in June in Vancouver at the International Pulp Week to discuss and assess the industry's performance during the first half of the year and to present the first forecasts for the coming year. The event focused on subjects that pulp buyers and converting companies have been dealing with for months now: availability and logistics problems, production stoppages at pulp producers, and delayed availability of new pulp capacities. Reports indicate that pulp suppliers are sending signals that they would prefer to talk about the new contracts for 2023 relatively early. One purchaser speculated that "they want to use the current tailwind to transfer this year's terms and conditions to the next one".

However, various pulp buyers and converters do not feel under any pressure. First, supply fears have in part subsided because Arauco's MAPA project and UPM's new pulp mill in Uruguay are about to be commissioned and the supply situation is expected to improve in 2023.

Stocks of woodpulp in European ports

May 2021 - May 2022



	May 22	April 22	May 21
SP	84,721	76,788	89,086
IT	371,449	293,122	305,351
GER	160,502	147,457	171,495
UK	15,785	19,870	28,447
F/CH	67,518	58,632	91,061
NL/B	494,821	417,846	538,993
Total	1,194,796	1,013,715	1,224,433

Source: Europulp

And second, there are more and more signs indicating that, for instance, graphic paper mills must prepare themselves for lower paper machine utilization and for an opposite effect to that seen in 2022 that could possibly set in. This would then be equal to a situation where too much pulp has been contracted and would not be needed in the end and, as a result, would have to be sold via the spot market, it is believed. □

Print Against War supports Ukrainian printing industry

Before the war, the printing and packaging industries in Ukraine counted around 100,000 employees who worked in over 5,000 printing and converting companies. In order to support as many of them as possible, the newly founded Print Against War initiative tries to gather information on their needs.

The aim is to give each Ukrainian printing company that asks for support a face and a voice and to coordinate and optimise assistance with the help of market players. □

Print Against War is a non-profit initiative of the Meaningful Print Foundation that is about to be formed and that invites players of the printing and packaging markets throughout the world to bundle their forces for the support of their colleagues in Ukraine during this extremely difficult period. Above and beyond the war in Ukraine, the organisation intends to continuously contribute to the reconstruction of the socio-economic printing structure in each region affected by war. □

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German printing association Bvdm calls for end of import duties on coated paper from China

The German Printing and Media Industries Federation (Bvdm) is opposed to the extension of the European Commission's existing import duties on coated papers from China. Given the current paper shortage, a continuation of the anti-dumping and anti-subsidy duties on Chinese imports into the EU would prolong the tense situation in the printing industry, the association claims.

In response to a complaint filed by five European paper producers, the European Commission started a review of the currently applicable import duties on coated fine paper originating in China, which were set to expire at the beginning of July 2022. Bvdm says it was opposed to these measures already back in 2017.

Since then, the situation on the paper market has intensified. Since mid-2021 the printing and media industry has faced an unprecedented paper shortage as well as unpredictable price trends and long delivery times, the association said. In a survey conducted by Bvdm, 80 per cent of the printing and

media companies surveyed in February said their business was considerably hampered by the situation on the paper markets and 21 per cent said the situation was threatening their survival. 72 per cent of the companies reported having to turn down or losing orders in 2022 due to the paper shortage and 70 per cent expected their revenues would decline permanently due to the shift to digital alternatives.

Bvdm says that in light of the adverse economic impact on the printing industry, it is participating in the consultation regarding the expiry of the anti-dumping and anti-subsidy duties. It calls on the European Commission to let the import duties expire to lessen the risks of a drawn-out paper shortage. The paper producers' argument that they needed protection from price dumping is no longer relevant given the market scarcity, Bvdm argues. "What matters now is a sufficient supply of affordable paper to secure the future of print production – and thus also an important market for the paper industry," it says. □