

Price hikes announced for eucalyptus pulp

Price erosion on the hardwood pulp market appears to have finally come to an end. In any case, several producers including the world's biggest supplier of BEK market pulp have announced price hikes effective from 1 September. Depending on the region, prices are slated to increase between \$20 and \$50/t.

In Asia, the increase amounts to \$20 taking net prices at Chinese ports to \$550/t. In Europe, suppliers have demanded \$50 more, which will take the list price to \$850/t. In North, Central and South America, the hike again amounts to \$50/t

which will take the list price to \$1,040/t following full implementation.

The announced hike is the first for the European market since July 2022. At the time, the price was raised from June to July by \$30 to \$1,380/t. The figure remained stable until December 2022. From then on, the price began to fall, partly in drastic steps to finally reach \$800/t in July 2023.

Suppliers explain that the hike is necessary due to stronger demand, reduction of inventories and unscheduled mill closures.

Pulp consumption in Europe falls in June

Utipulp statistics do not reflect stronger demand in Europe. European paper mills reduced their pulp consumption from May to June by 41,000 t to 743,000 t (May 23: 784,000 t). In June 2022 by comparison, European paper mills consumed 994,000 t of pulp, which is 251,000 t more than in the current year.

Pulp inventories of paper producers in Europe remained virtually stable month-on-month at 419,000 t (421,000 t). In June 2022, pulp inventories stood 610,000 t, 191,000 t more than in the current year. □

Financial situation of German and Austrian printing companies remains tight

Number of plant closures in Germany slightly up in 2023 due to lower demand

The German printing industry is faced with significant challenges in 2023: enormously rising paper and energy costs coupled with the persisting weakness of demand from private households. Since the beginning of this year the industry's economic downward trend has accelerated, as was reflected by the business climate index compiled by the Bundesverband Druck+Medien (bvdm) industry association every month.

This downward development results in a slight increase in the number of insolvencies and closures as well as consolidation within the industry. The most common reasons for closures or plant sales have been financial problems resulting from a persistently weak order intake, insufficient capacity utilisation as well as high paper and energy costs. According to the bvdm industry report, the prices of graphic paper and newsprint were still higher by 46.6 per cent and 61.4 per cent, respectively, in the first quarter of this year compared to pre-pandemic figures.

The bvdm, too, recorded an increase in closures and plant sales. The figures were slightly higher between January and May this year, but this was above all attributable to the substantial deterioration of the macroeconomic environment in the previous year, reports Bettina Knape, bvdm press officer, adding that in her view, one should not yet call this a wave of insolvencies.

According to the bvdm report, the economic situation remains tense. Since the beginning of 2022, Germany's printing and media companies have been facing increasing cost burdens. Furthermore, the long-term development of profit margins of printing and media companies and of demand for their products – and hence their impact on insolvencies – cannot yet be reliably predicted. Although the increase in the number of insolvencies was quite limited in 2022, the me-

dium- and long-term effects will only be reflected in the number of insolvencies of coming years.

The bvdm does not yet have at its disposal exact figures on rising numbers of closures in 2023. However, according to the association it is already likely that in the absence of an overall economic revival, hopes for a quick recovery in the printing sector are dampened.

The German statistics office recorded a significant rise in the number of insolvencies of printing companies in 2022 and 2023 to date. In 2021, the number of insolvencies – 57 – was down 41.2 per cent in comparison to 2020. The number rose to 66 insolvent companies in 2022. This trend is reported to continue: between January and the end of May this year, a total of 28 printing companies became insolvent, an increase of 7.7 per cent year-on-year.

Graphic paper production clearly decreasing in 2023 to date

The German paper industry association's production statistics is confirming the decline in sector: production of graphic papers dropped from 3.2 million t in the first half of 2022 to 2.08 million t in the same period this year, which corresponds to a 36.6 per cent drop. Total deliveries decreased by 34.2 per cent, with domestic deliveries dropping by 32.9 per cent, and exports by 35.5 per cent.

Talking to EUWID representatives Gregor Andras Geiger, director of Die Papierindustrie association, expressed his concern that further paper mills could be closed down should this downward trend continue. In this respect UPM's Plattling plant and Sappi's Stockstadt mill are the first examples.

Upon EUWID inquiry, Thomas Preuß, managing director of printing company Weiss Druck, explained that the German printing industry was currently in an extremely tense situation. In addition to cost pressure and inflation, the industry

was facing a huge challenge caused by misleading environmental statements regarding print products, he said.

The Austrian printing industry also expects losses in revenues

In Austria, too, printing industry representatives predict 2023 to bring losses in sales revenues and profits due to lower consumption and advertising spending, as shown by UniCredit Bank Austria's current industry report. Market analysts write that following a 12.8 per cent increase in sales revenues year-on-year in 2022, the tight economy is causing decreases in sales this year.

Although in the first quarter of 2023, Austrian printing companies still recorded an increase in sales averaging 6 per cent, the economic activity has cooled since April, resulting in lower sales, and the decline in capacity utilisation since the beginning of this year has accelerated to a pace of more than 4 per cent. In an economic survey performed in June 2023, the majority of the companies surveyed reported that their order situation was too weak.

Moreover, Austrian printing companies hardly manage to pass on paper price increases to their customers, or if they do, it is only with a time lag. According to the report, wholesale paper and board prices rose by 23 per cent in total in Austria in 2022, followed by another 15 per cent by April 2023, and it was not before the past two months that the upwards price trend cooled down to an average of 4 per cent. At the same time, printers' producer prices only grew by an average of 2.8 per cent.

The experts do not expect that a trend reversal will set in soon, nor will demand for print products rise in the near future. According to them, both require a sustainable revival of private consumption, upon which the industry depends almost entirely. In addition, it is increasingly unlikely that additional demand for printing on the part of the consumer goods industry, e. g. demand for packaging, will be sufficient to offset the losses sustained in the graphic area. □