

EUWID Price Watch Pulp Western Europe

November 2023

CIF North Sea ports	November 2023*	October 2023	November 2022
Bleached softwood pulp			
Softwood kraft			
from Scandinavia and Canada in €/t	1,114 - 1,123	1,086 - 1,104	1,349 - 1,378
from Scandinavia and Canada in US\$/t	1,200 - 1,210	1,160 - 1,180	1,420 - 1,450
Southern softwood from the US in €/t	1,067 - 1,077	1,039 - 1,048	1,292 - 1,311
Southern softwood from the US in US\$/t	1,150 - 1,160	1,110 - 1,120	1,360 - 1,380
Bleached hardwood pulp			
Birch pulp from Scandinavia in €/t	909	842	1,311
Eucalyptus pulp			
from Portugal/Spain in €/t	909	842	1,311
from South America in €/t	909	842	1,311
from South America in US\$/t	980	900	1,380
Southern hardwood in €/t	826 - 845	758 - 777	1,226
Southern hardwood in US\$/t	890 - 910	810 - 830	1,290
Hardwood BCTMP			
from Scandinavia and Canada in €/t	594 - 650	600 - 655	1,074 - 1,121
from Scandinavia and Canada in US\$/t	640 - 700	640 - 700	1,130 - 1,180

* Exchange rate als of 8 December 2023: US\$1 = €0.928

© 2023 EUWID Europäischer Wirtschaftsdienst GmbH
All rights reserved

EUWID assumes no liability for the accuracy of the pricing information.

attempt to peer into a crystal ball. The industry does not expect a genuine recovery before the second half of 2024, and there are no signs that might raise hopes of the market staging a quicker comeback. Budget plans for 2024 were often only being drawn up for one quarter, not for the whole year. Sources said that it was simply not possible to predict how the market would develop.

The only trend that has been discernible for some months now is that white paper is being replaced with brown paper in packaging. This offers a price advantage for companies, while consumers are likely to view brown paper as more natural and sustainable than white products – whether this is true or not.

Corrugated board manufacturers have increased the price pressure on paper mills in the final quarter and as the year is drawing to a close, following reports of concessions being made to a few companies. But even at the end of the year, buyers want to achieve a certain degree of success.

In talks, paper producers have almost unanimously declared that they intend to carry out longer shutdowns over the holidays. The dates vary, sometimes starting on 22 December and ending around 3 January, sometimes starting on 26 December and ending in the first week of January. These extensive stoppages, which – if implemented in this way – would be something completely new, are not causing concern among converters. On the one hand, warehouses are being reduced as stocktaking draws near, work is being scaled back, and poor demand is doing the rest. □

Prices for NBSK and BEK pulp rise further in Europe

New price hikes for both pulp grades already being discussed

The upward price trend on the European pulp market continues. As announced, the list prices for November deliveries rose to \$980/t for BEK and \$1,200/t for NBSK pulp. And producers are now eyeing further mark-ups for December deliveries. The negotiations for eucalyptus pulp are focusing on list prices of \$1,060. For softwood pulp, sellers are looking to achieve \$1,250/t and some producers say they have already implemented this price.

According to market participants, the market for hardwood pulp has developed “in line with expectations” and “as anticipated.” The price negotiations were relatively straightforward and the new price of \$980/t for bleached eucalyptus kraft (BEK) pulp was agreed relatively quickly, say market insiders. As in the past three or four months, producers ascribe the rising prices in Europe to the general developments on the global pulp market, driven primarily by demand from Asian mills. As long as Chinese buyers remain hungry for pulp and are willing to pay higher prices, the pulp will be sold to China, is an oft-repeated statement. The price gap to China, where the net price is currently around \$630-640/t, might only be closed with the next price round in the European market. At that time, there will be a “reshuffling of the cards,” one BEK pulp supplier told EUWID.

In the first week of December, it was not yet clear whether producers would achieve the next step to \$1,060/t for BEK pulp in Europe because the future development on the global hardwood

pulp market is also uncertain in light of the excess capacities and current demand. Some market participants believe there has been a fundamental shift in the market in recent weeks. The sales market in China, which is the motor driving global developments in the pulp market, is softening and is no longer as robust as it was just a few weeks ago, EUWID was told. Some market participants believe Chinese mills have satisfied their pulp needs for the time being, or that the inventory build-up for new paper and board capacities in China has been completed. At the same time, consumption by Chinese paper mills is reported to be relatively low in light of a restrained domestic demand and sluggish global economy.

The price trend in China is also being watched closely. BEK pulp prices in China have risen considerably over the past half-year and buyers are now reportedly putting up greater resistance to further hikes. It therefore comes as no surprise that the latest announced price hike for BEK in

► continued on page 4

► continued from page 3

China was only \$20/t, explains one EUWID respondent.

As in the previous months, the European market for softwood pulp was once again described as “firmer” with “less excitement.” For the most part, demand for northern bleached softwood kraft (NBSK) pulp is being met by local capacity, and European pulp producers generally hold more market share than their peers in the hardwood pulp segment. Players say although NBSK demand in Europe continues to be weak, this market continues to benefit from balanced supply and demand at the global level. The capacity closures and production cutbacks in North America had reduced global supply and thus significantly enhanced the role played by European suppliers, explained one EUWID respondent.

Against this backdrop, the price step to \$1,200/t for NBSK was described by many as a mere formality. And a few producers say that the next price step to \$1,250/t for December is already a done deal. However, customers say the pricing situation is not so clear-cut. One buyer said he entered into the month of December with open prices.

Another said there was a still a need to negotiate.

Negotiations for annual contracts underway

In the first week of December, the negotiations were ongoing to determine the volumes and conditions for deliveries on the European pulp market in the coming year. In terms of the volumes in annual contracts, players see a slight upward trend for Europe, but do not expect any major changes compared with 2023. Some customers want to book slightly more pulp for 2024, but others anticipate unchanged demand. Overall, demand in some areas of the paper and board industry should recover somewhat, but nobody expects a boom and certainly not enough of a rebound to make up for the demand lost in 2023, according to market players.

Customers are therefore fairly relaxed heading into the new year: Pulp is sufficiently available and new capacities will be coming on the market in 2024, they note. Individual producers of softwood pulp cautioned that calculations for orders in 2024 should not be too conservative, noting that the market for NBSK pulp remains tighter

than that of BEK. Waiting until demand has actually picked up before ordering additional volumes might be too late, warned one supplier.

One focus of the negotiations is raising the discounts on list prices. Here, too, the negotiating parties have reportedly come closer to an agreement. After the increase for the year 2023, the discounts in 2024 will once rise again by a few percentage points.

So far, the negotiations have been conducted with varying degrees of intensity. Several softwood pulp suppliers said they had completed their talks and already had the majority of their contracts for 2024 signed by the first week of December. In the hardwood pulp segment, it appears the negotiations are proceeding a bit slower. Here, the negotiating parties reported that between 30 and 50 per cent of contracts were signed as of the first week of December. In general, more deals had been inked in northern and central Europe than in the south, said one supplier.

Pulp suppliers hope to make swift progress in the next 10 days so they can get all contracts signed before Christmas Eve. □

Comieco/Nomisma study shows that recovered paper consumption is trending higher

Industry representatives discuss market developments and potentials in Italy

The paper packaging sector has experienced a boom in the past years. Although demand has cooled significantly in the past months, generally speaking, consumers have become more interested in paper packaging as an alternative to plastic packaging over the years. The growth in e-commerce has also bolstered packaging consumption. All of these factors made recovered fibre more important as a raw material.

The Italian research and consulting firm Nomisma reaches these conclusions in a study commissioned by Comieco, the Italian consortium for the collection and recycling of paper-based packaging. Its findings were unveiled at the Italian recycling trade fair Ecomondo in Rimini on 9 November. A conference on the topic organised by Comieco explored the outlook for the recovered paper sector, with the topic addressed by a variety of industry representatives. They examined issues such as how demand for recovered paper has evolved in recent years and how sought-after it will be in the future, with a particular focus on developments in Italy.

The Nomisma study showed that European packaging paper and board production was 4.6 per cent lower than in 2021 last year at 51.1 million t. Consumption of these products has fallen dramatically since the second half of 2022 after a boom period. That being said, production in 2022 was

still higher than in 2020 (49.6 million t) and a look to the past shows that there has been consistent growth over the last few years. In 2015, just 44.6 million t of packaging paper and board were produced in Europe.

European recovered paper consumption has also tracked in the same direction. Consumption declined from 50.7 million t in 2021 to 47.5 million t in 2022 but consistently rose between 2010 and 2021. Italy is Europe's second-largest recovered paper consumer after Germany. Consumption in Italy dropped by 11 per cent compared to 2021 to land at 5.4 million t last year, but it stood at 5.2 million t in 2020.

In light of this general upward trend, the industry is confident that recovered paper will continue to play an important role. Buyers are also needed because the trend shows that more and more recovered paper is being collected. Italy gathered around 6.6 million t of recovered paper but consumed just 5.4 million t within its borders in 2022. Bearing this in mind, exporting the raw material to destinations including Asia has always been a key outlet for Italian suppliers.

India offers potential for RCP sellers

Especially over the past few months, India has emerged as a key buyer of recovered paper from

Italy and other European countries. From Italy, approximately 400,000 t of recovered paper were shipped to India in 2022, almost triple the amount that was exported in 2021. This year, about 450,000 t had already headed to India in the period from January to June alone.

According to Marc Ehrlich, CEO of international trading company Vipa Group, which specialises in recovered paper trade, India will remain a key buyer of European recovered paper in the long run. In 2022, Indian companies imported 6.7 million t of recovered paper, Mr Ehrlich said in a presentation about the Indian market. Roughly 2.2 million t of this sum came from Europe, of which about 18 per cent originated in Italy.

Mr Ehrlich noted that India was home to about 600 paper mills that produced about 20 million t of paper, including 15 million t made out of recovered paper. Today, India imports 6.7 million t of recovered paper, but this figure could climb to 7.5-8.5 million t by 2025, Mr Ehrlich estimates. According to Goldman Sachs, India will likely become the world's second-largest economy by 2075, with gross domestic product growing on the back of its population density. Mr Ehrlich noted that the number of people of working age could reach 1 billion by 2023. This economic growth is also expected to drive annual growth of 6-8 per cent in the packaging sector.

In this vein, Mr Ehrlich again stressed the importance of not putting obstacles in the way of recovered paper exports. Like other recycling industry representatives, he expressed concerns about planned changes to the EU Waste Ship-