

## Inventories and consumption of pulp consumers in Europe

December 2021

tonnes		UNBLEACHED		BLEACHED / SEMI-BLEACHED			Total	Previous year
		Sulphite & Kraft	Softwood sulphite	Hardwood sulphite	Softwood kraft	Hardwood kraft		
Inventories								
November	2021	9,264	15,744	9,946	212,642	392,771	640,367	755,426
December	2021	9,855	14,569	9,814	219,803	398,401	652,442	815,833
Consumption								
November	2021	12,591	29,073	9,141	308,847	629,835	989,487	963,695
December	2021	11,958	30,987	12,782	301,734	599,774	957,235	871,870

As of now, data for hardwood pulp are published in the monthly report. Quarterly reports will not be published any more.

NB: Total and previous year total do not include DIP and CTMP, figures are constantly revised.

Each national Association has to provide an estimation for 100% of the national volumes out of their samples (from 80% to 100% depending on the countries).

Source: UTIPULP

## Transport problems and strike expose pulp market to greater pressure

### Market leader announces next hike for hardwood pulp

Market players and analysts have corrected their forecasts for the coming months and now unanimously believe that softwood as well as hardwood pulp prices can rise and hold their ground until into the second quarter. Even before negotiations for the current month's contracts have begun, EUWID respondents have little doubt that the demanded increases will sail through. NBSK pulp producers want to raise prices in Europe by \$50 to \$1,350/t, while BEK pulp suppliers aim to implement hikes of \$30 taking the price to \$1,170/t. "What leaves a bitter aftertaste is that markets are tight mainly due to logistics problems and strikes, which suppliers are exploiting," a buyer complains.

Meanwhile for hardwood pulp a first announcement has been made for further hikes in March. The global leader for eucalyptus pulp has informed customers of a \$30/t increase to take prices to \$1,200/t. Although no information was available as this issue went to press on whether softwood pulp prices will also move higher, experts no longer rule out that prices here may touch the record figure of \$1,400/t. "If the strike in Finland does not end prematurely, I wouldn't be surprised by another round of increases in March," one respondent remarked.

Available volumes of both pulp qualities are reportedly extremely low while demand from the paper industry remains high. Especially for hardwood pulp, delays in ships arriving from South America by as much as a month are a serious problem. All incoming volumes have already been earmarked, say sellers. One supplier quipped that buyers virtually snatched even damaged

bales from his hands. In the case of softwood pulp, the strike-related stop of production at UPM in Finland is playing an increasingly significant role. Seven weeks after the strikes began, stocks at UPM's Finnish mills appear to have been largely depleted. Paper mills are trying to bridge the shortfall by purchasing from other producers. "I get many calls from desperate paper mills. However, we are ourselves overbooked and remain committed to our loyal customers," an NBSK pulp supplier said.

In Canada, more and more pulp producers are curbing production due to restrictions in rail and road traffic, which affects BCTMP as well as softwood kraft pulp deliveries. Scheduled maintenance breaks in spring and early summer at South American and European pulp mills will further reduce supply to the market, say industry forecasts.

Despite the very tight supply, sources report that no paper machines have been switched off at European paper mills so far. The situation is reportedly even more dramatic in the Eastern Mediterranean region where delivery periods are longer because countries there have no port stocks and logistics to these countries are difficult, an expert explains. PM stoppages in the region are occurring due to inadequate supply, he added.

#### When will the market turn around?

For the trend to reverse, demand for paper and packaging products would have to fall, according to a prospective future scenario. High inflation and economic uncertainties could negatively in-

fluence consumer spending in a few months and consequently reduce demand for pulp, respondents say. On the contrary, experts anticipate easing of logistics and global goods transport by the end of the year at the earliest, if not even much later.

Equally doubtful is whether new production facilities will noticeably tilt market balance in the current year, belying what market players expected last year. UPM has just announced delays in completing its project in Uruguay. The company's new eucalyptus pulp mill near Paso de los Toros (2.1 million tpy) will start operating only at the end of the first quarter of 2023 rather in September this year. The only remaining mega project is Arauco's MAPA project where BEK Line 3 is scheduled to start producing 1.56 million tpy of eucalyptus pulp in March.

#### Sharp decline in worldwide pulp deliveries in 2021

Worldwide pulp deliveries in 2021 fell by 2.1 million t year-on-year to 51.9 million t. PPPC statistics indicate that the decline was more pronounced in the case of hardwood pulp, viz. by 1.4 million t to 26.8 million t. In the case of bleached softwood pulp, deliveries yielded by 891,000 t to 23.0 million t. For the largest part, the fall is explained by the massive decline in deliveries to China, by 2.2 million t to 16.3 million t.

Pulp stocks at European paper mills continued to rise in December 2021, Utipulp informs. Total stocks increased by 12,000 t to 652,000 t compared to November. In comparison, converters' stocks stood significantly higher in December 2020 than in the reporting month at 816,000 t.

Consumption in Europe receded month-on-month in December 2021 by 32,000 t to 957,000 t. However, pulp consumption has increased between December 2020 and December 2021 by 103,000 t. □