

# World Fibre Outlook up to 2030



# Global fibre market in transition

Pöyry's new fibre supply and demand outlook, scheduled to be published in late-November 2015, provides an invaluable strategic platform and essential business information for all business participants, including pulp and paper companies, chemicals, machinery and related suppliers, investors, financiers, institutions, pulp traders, logistics companies and other interest groups.

Pöyry's new *World Fibre Outlook up to 2030* provides in-depth analysis and long-term forecasts of major economic and market trends affecting the demand, supply and pricing of papermaking fibre and specialty pulps in all key regions of the world. The study lays out the long-term dynamics of the global papermaking and regenerated cellulosic fibre markets, which currently face multiple challenges in terms of weakening economic growth and demand erosion in the graphic paper sector on one hand, and evolving new opportunities stemming from furnish changes and substitution on the other. New ways of using biological natural resources to produce goods and energy in a sustainable manner are opening interesting prospects for the pulp industry.

The main focus of the study will be on pulp and recovered paper demand and changes in papermaking furnish patterns, supply, trade and pricing. Specific issues to be dealt with include the role of emerging regions in the global fibre supply, competition for recovered paper, role of non-wood pulps, substitution and future of specialty pulps, to mention but a few.

## PARADIGM CHANGE

One of the long-lived paradigms of the pulp and paper industry has been the strong interlink between graphic paper volume and pulp demand. Now the partners-in-life seem to be diverging from each other as

graphic paper rides off into the sunset, while market pulp still moves full steam ahead. The former models of thinking have become inappropriate over time, and due to changes in paper industry structure. What does this mean for the global market pulp industry, the rest of the fibre producing market and what opportunities exist going forward? (Figure1)

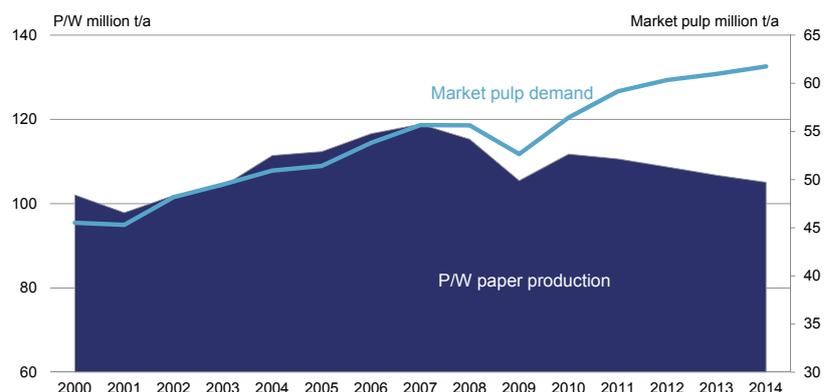
## TOUGH TIMES AHEAD?

After a decade of relatively stable growth, the world demand for fibre for papermaking, hygiene and textile applications stalled in the 2010s with graphic paper end uses showing a definite decline (globally -2...-3%/a), balanced by packaging (+2%/a), tissue/hygiene (+3%/a) and textile sectors (+10%/a). Regionally, China has kept the world market afloat, but can the pulp industry put its faith on China's sustained growth anymore?

The global papermaking fibre market is facing profound changes with China's economy slowing down and uncertainty growing in other parts of the world. Economic recovery in the West has been quite fragile, and especially European economic outlook has been revised downward. Pöyry's new multi-client study *World Fibre Outlook up to 2030* provides insights into the increasingly turbulent world fibre market and its investment prospects.

New pulp projects continue to emerge, even if signs of potential slow-down are raising concerns on the supply side of the market. With paper market slow-down, coupled with the coincidental combination of several new pulp lines coming on stream at close intervals to each other, the global pulp industry is facing a real risk of value destruction.

FIGURE 1 - P/W PAPER PRODUCTION AND MARKET PULP DEMAND



### SPECIAL TOPICS:

- Changing global market structure – China, India, Southeast Asia and Latin America in focus
- Structural changes in China's papermaking fibre market - integrated non-wood pulp yielding to market BHKP
- BHKP pipeline – future supply/demand balances and value creation dilemma
- Graphic paper market meltdown and availability of white recovered paper
- Drought impact on pulp industry
- New fibre-based bio-products

*"We are watching an industry which is just now in the process of destroying itself. It has healthy demand for its products and in comparison with other mature businesses a satisfactory market outlook. To recover the ground already lost in this business cycle is simply not in the cards and it may not even happen during the next one".*

Quote from the preface of Pöyry's "The Future of the Market Pulp Business", February 1985.

This 30-year old prophecy is becoming topical again as a result of accumulating investment in new pulp capacity and conversions of old paper pulp lines to specialty pulp sectors. The demand pull from tissue, hygiene and textile sectors and from the maturing Asia-Pacific paper/paperboard industry may not serve forever, indicating tougher times ahead for the fibre producing industry worldwide. In any event, maintaining equilibrium despite the evolving new large-scale supply will be one of the key challenges for the pulp industry towards the 2020s.(Figure 2)

At the same time, the availability, quality and cost of recovered paper will be a growing concern to the paper and paperboard industry, and especially so in the fibre-poor regions of the globe. The ongoing meltdown of the graphic paper market will eventually limit the supply of recovered paper, and tighten the competition for this scarce resource in the upcoming years. Integration with fibre sources will become an increasingly important differentiator between winning and losing companies in the long term.

### BIOECONOMY PROVIDING NEW OPENINGS FOR THE PULP INDUSTRY

The pulp industry is taking advantage of the new ways of handling and processing of biomass raw materials. With today's technology, it is possible to produce a multitude of bio-products from pulp process side streams ranging from liquid and solid biofuels to chemicals and materials. One of the most promising research topics today involves using lignin for energy and further processing of chemicals. What are these opportunities, and what is their commercial status today?

### DELIVERABLES OF THE STUDY

The Pöyry Insight study *World Fibre Outlook up to 2030* addresses these and many other significant market issues that are of current strategic interest for the business participants. As in Pöyry's previous global fibre market studies, the scope is global, providing demand forecasts from 2014 through 2030 for ten product areas and ten geographic regions. The study contains descriptions of key drivers which are common across many product areas, or particularly relevant to specific papermaking and specialty fibre grades. The forthcoming study also has new elements, such as boxed illustrations and case studies of selected topics

Besides printed reports and pdf files, deliverables include a customized video conference/webcast and discussion with the idea of bringing the study findings, impacts and implications closer to issues revolving around your business. The webcast will be hosted by the authors of the study, supported by fibre market and pulp industry specialists.

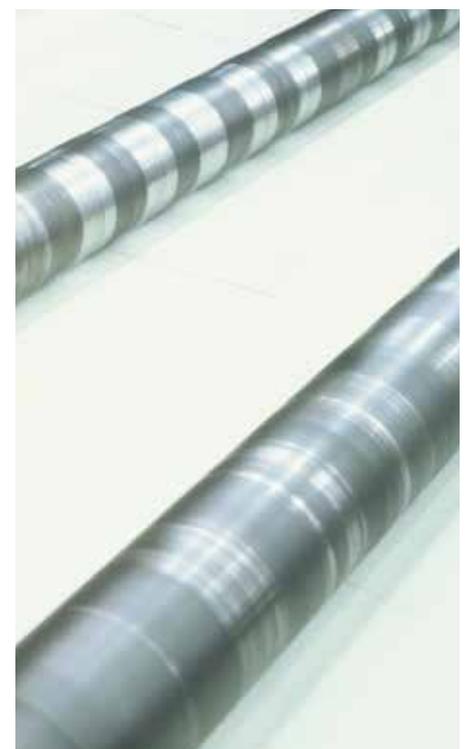
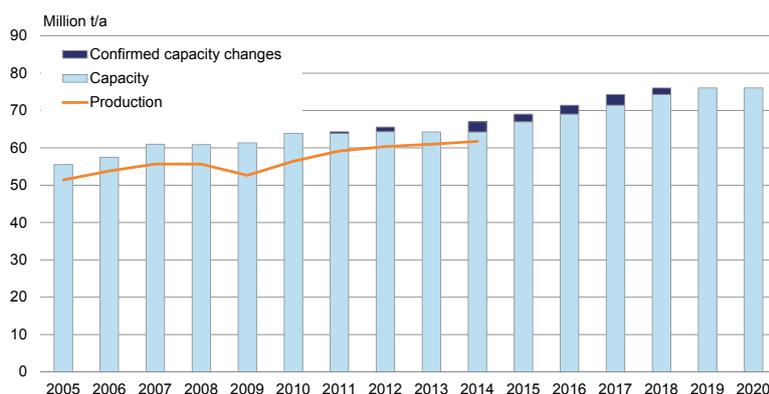


FIGURE 2 - GLOBAL MARKET PULP SUPPLY/DEMAND BALANCE



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### Analysis and synthesis

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  - Paper and paperboard supply/demand trends by region
  - Papermaking fibre furnish developments
  - Overview of global fibre resources – wood, non-wood and recovered paper raw materials
  - Technological trends
- Demand, supply and trade of papermaking fibre pulps
  - Total and market pulps; recovered paper through 2030
  - Pulp industry structure; key players, industry concentration, mill technology & asset metrics
  - Main trade flows between world regions
- Price trends – selected wood pulps and recovered paper grades
- End uses and quality issues
- Global outlook for specialty pulps (dissolving, fluff)

### Product areas

Papermaking fibre

- Mechanical wood pulp
- Semi-chemical wood pulp
- Chemical wood pulps
  - BSKP
  - BHKP
  - UKP
  - Sulphite pulps

- Non-wood pulps
  - Recovered paper
- Dissolving and other high-alpha pulps  
Fluff pulp

### Geographic coverage

- North America
- Western Europe
- Eastern Europe
- Middle East
- Japan
- China
- Rest of Asia
- Latin America
- Africa
- Oceania

### Deliverables

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- Statistical annexes
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