

# PULP TRENDS

by Oliver Lansdell,  
Hawkins Wright

"The good times are returning" according to Oliver Lansdell, Director, Hawkins Wright, provider of market intelligence and analytical services to the international pulp, paper, and biomass industries. And it seems that the pulp industry, in particular, is enjoying something of a renaissance. There are various reasons for this optimism, including increasing demand for virgin fiber content in tissue and hygiene products, the exciting growth of renewable packaging, and strong demand in niche applications such as wood-based textile fibers and other new markets in the bioeconomy.

## 1 What has happened to supply and demand of pulp grades over the last 10 years?

Demand for bleached chemical market pulp has grown by 11.5 million tonnes since 2007 to total 58.1 million tonnes last year (an average increase of 2.2% per annum). During this period, the Chinese market grew by 13.1 million tonnes, offsetting declines in the mature markets of North America, Western

Europe, Japan and Oceania. Modest growth is also reported in Eastern Europe, other Asian countries, and Latin America.

BHKP demand has grown by 9 million tonnes during this period and the BSKP market has expanded by 3.5 million tonnes. Demand for sulphite has fallen by 1 million tonnes. Of the growth in BHKP, 10.1 million tonnes has been BEKP and 2.2 million tonnes has been Asian hardwood pulp. This growth has offset declines in birch, NBHK, and SBHK.

## 2 What is Hawkins Wright's five-year regional outlook for growth?

Global BCP demand growth is forecast at 5.5 million tonnes during 2017–2022; BSKP +1.6 million tonnes, BHKP +4 million tonnes. The China market is forecast to expand by 4.4 million tonnes, underpinned by growth in virgin fiber content tissue production and modest displacement of RCF.

By 2022, the Chinese market is expected to account for 38% of global shipments (up from 34% last year).

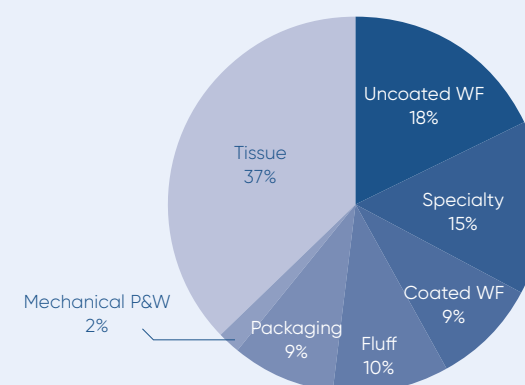
Amongst the other growth regions, shipments to Asia/Africa are forecast to expand by 0.9 million tonnes by 2022, and we expect growth of 0.4 million tonnes in Eastern Europe and 0.3 million tonnes in Latin America. Meanwhile, shipments to the mature markets of North America, West Europe, and Japan are forecast to contract by 0.5 million tonnes.

Note that our forecast for demand is influenced heavily by our expectations for future supply growth; against a backdrop of limited capacity expansions, shipment growth will be increasingly supply constrained.

## 3 What is the supply outlook for the industry?

Based on current plans, market pulp capacity will rise by 3.8 million tonnes during the period 2017–2022. Growth will average 0.75 million tonnes each year, at an average annual growth rate of 1.0%. Note that more than half of the expansion will take place this year.

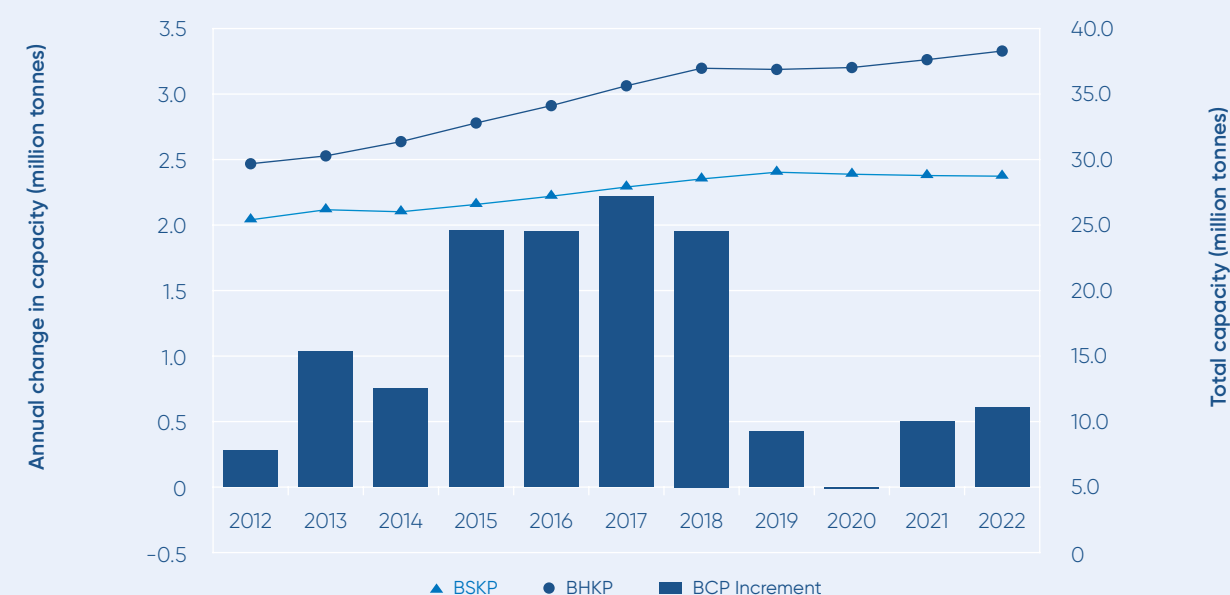
### BLEACHED CHEMICAL PULP DEMAND BY END-USE (2017)



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Lansdell is an industry analyst and consultant with more than 14 years experience in the international pulp and paper industry. He has been with Hawkins Wright since 2007, working as one of the editors of Pulpwatch, Hawkins Wright's monthly newsletter; the co-author of the Outlook for Market Pulp service; and the principal author of the Outlook for Dissolving Pulp.

### ANNUAL CHANGE IN BCP CAPACITY AND GROWTH BY GRADE, 2012-2022



### WORLD BCP DEMAND FORECAST BY REGION, 2012-2022

