

THE OUTLOOK FOR MARKET PULP

Oliver Lansdell

ABSTRACT

The global paper and board industry has undergone profound structural shifts in recent decades. In mature markets, capacity rationalisation has been offset by rapid growth in emerging economies, most notably China. For many years, China's heavy investment in paper and board was not matched by investment in pulp capacity, creating surging demand for imported fibre and making China the pivotal market for global pulp. This, in turn, spurred significant investment in low-cost Latin American pulp capacity, supported by fast-growing plantation resources and inherent structural cost advantages.

Since the Covid pandemic, however, China has accelerated the build-out of domestic pulp capacity, gradually reducing imports as a share of total pulp consumption. Conventional wisdom suggested that Chinese producers would struggle to match Latin America's cost base, given their structural fibre deficit and reliance on imported woodchips. That assumption is now being tested. Since 2023, Chinese production costs have fallen markedly, driven by lower wood prices. This has been enabled by expanded plantation area and the reallocation of fibre from the subdued construction sector into pulp. Temporary relief has also come from higher tree mortality rates linked to pine wilt disease along the coast provinces.

For international pulp suppliers historically reliant on China's import demand, these developments pose strategic questions: How can exposure to the Chinese market be managed? And for how long can China sustain cost competitiveness in pulp production. These questions and their implications for the global pulp market will be explored in detail during the presentation