

AFRY Long-term Outlook

World Paper Markets up to 2035

NEW

Digital platform for data
download and visualisation

Specialty paper section

World Paper Markets up to 2035

AFRY has released its 13th World Paper Markets edition, this time with online access and graphics visualisation. The study will provide an invaluable strategic platform and essential information for all business participants across the paper industry cluster, including pulp and paper companies, suppliers of machinery, equipment, chemicals and related inputs, investors, financiers, institutions, paper merchants and traders, logistics companies, and other stakeholders.

World paper markets have seen steady growth since 2010. That said there were some setbacks in a few geographies in 2018, and total demand in 2019 declined 0.8% from the previous year.

By October 2020, the second wave of the COVID-19 pandemic had been underway for some time, suggesting massive uncertainties for the global economy and paper industry also beyond 2020:

Graphic paper companies reported revenue drops of 30-40% with even more severe declines in profits. Advertising spending and print volumes reduced drastically, as celebrations, sports and large events were largely banned during lockdown - adding further to the crisis of printed news. Volumes lost in many of these segments are expected to never return.

The **Tissue** segment has so far got by with least damage. People were hoarding toilet papers and other tissue products at the start of lockdown but destocked afterwards. Reduced demand from offices, restaurants and public institutions negatively affected away-from-home consumption. Nonetheless, the underlying drivers are favourable and the long term outlook is markedly positive.

Despite heavy hits in GDP, global demand for **packaging** remained fairly stable during the first wave of the pandemic. Food packaging still represents the largest end use; groceries flourished and provided stability, while industrial segments reduced their intake. Furthermore, consumers heavily increased their e-commerce spending. Even though such initiatives as Amazon's 'frustration free packaging' and 'ships in own container' are aiming to reduce the amount of packaging needed, e-commerce provides a growth opportunity for the sector.

Looking forward, there are more uncertainties: the USA-China trade war, Chinese National Sword policy, along with Brexit are some of the utmost concerns. New challenges will rise if the second wave requires new or extended lockdowns. Many countries bridged the lockdowns with furlough systems or extended pay, although working hours were cut. Additional large stimulus packages have helped to buffer the worst impacts of the lockdowns. However, as time passes, the appetite of the Governments to extend these support schemes is dwindling and insolvency protection schemes are ending.

Economic analysts have been updating their economic views regularly during the COVID-19 pandemic. The biggest economies hit rock bottom in the beginning of May 2020. It is still unclear what shape of the recovery will be the most likely scenario. In its World Paper Markets study, AFRY uses a base case scenario of the recovery without larger lockdowns towards 2021. In most economies a bounce back is assumed, but the recovery can take much longer where the pandemic hit states which are already struggling.

The paper industry structure continues to change. The largest demand growth is mainly in Asia, where capacities have grown the most too, notably in China. Fibre supply for China is changing and as a consequence, paper production is shifting out of the country. Both Asia-Pacific and North America have seen a rise in investments. Declining demand for newsprint and other graphics papers propels the industry to consider conversions to packaging and specialty papers. However, many papermachines are not fit for conversion. These often very efficient machines can still have a reason to continue operations if the production focus can successfully be shifted to 'semi-commodities' or true specialty paper grades.



For the first time, AFRY's World Paper Market study will also include an overview of **specialty paper** markets. The specialty paper section will highlight the current consumption for over 70 paper grades, as well as a specialty paper forecast to 2030. The exposure of the top global producers to different grades and a regional split of where the capacities are located will shed light on the balance between Europe, North America and Asia.

A key objective of 'World Paper Markets up to 2035' study is to provide consistent forecasts across grades, taking into account the impact of the COVID-19 pandemic. Data on production, consumption and implications for future net trade will provide consistent insights into future global paper markets. The study will provide an overview of the ten main product areas,

for over 80 countries or country groups. A comprehensive report will be available in PDF, and all data will be available and visualised via an **online data platform**, where charts from the report will be made available through a browser based platform. This provides the option to download data behind the report charts. Furthermore a 'free browse' option enables you to merge data across regions or grades. Annual data and forecast updates will be available through the online platform as well. Overall, this lets you combine, visualise and download the most recent data as defined by your needs.

CONTENT

Analysis and synthesis

- Driving forces of the paper industry
- Demand trends to 2035
- End uses
- Production trends & growth
- Trade flows & net trade
- Paper industry structure – asset quality, key players, industry concentration

Product areas

- Graphics paper
 - Newsprint
 - Uncoated mechanical
 - Coated mechanical
 - Uncoated woodfree
 - Coated woodfree
- Tissue paper
- Packaging paper and paperboard
 - Containerboards
 - Cartonboards
 - Sack paper
- Other paper & paperboard

Geographic coverage

- Global, by region and main country
- Approx. 80 countries or country groups

Specialty paper– separate section

- Current demand for 70 specialty paper grades, aggregated into nine end use groups
- Regional split: Europe, North America, Asia, Rest of the World
- Current top producers and capacity split by region
- Forecast to 2030 by end use group and region

Deliverables

- Executive report covering all main grades by region and globally
- Personal visualisations and drill down ability via web platform
- Statistical annexes accessible and downloadable only via the web platform

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A demo of the digital tool can be scheduled upon request

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