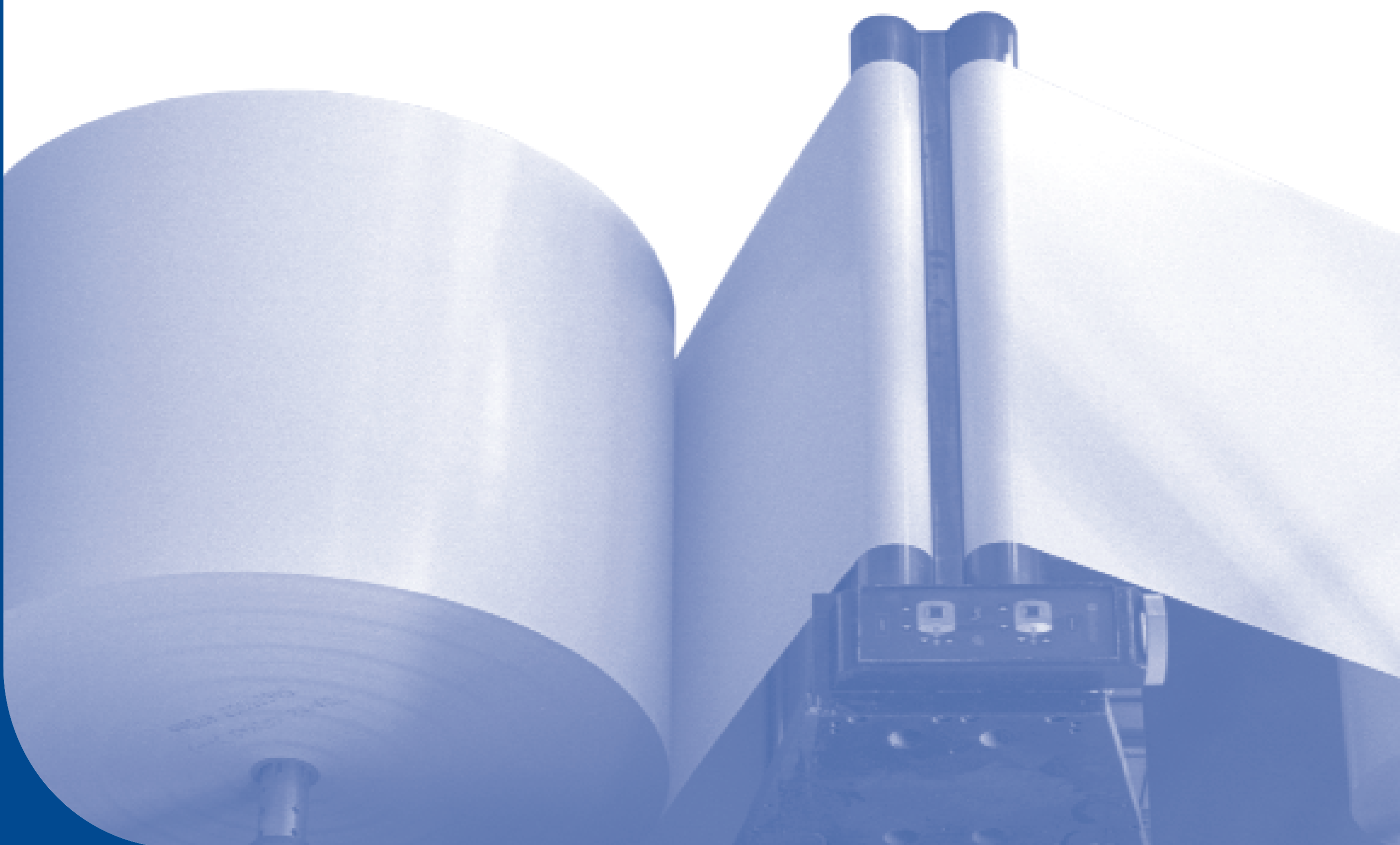
EMGE
Paper Industry Consultants

WORLD GRAPHIC PAPERS

OCTOBER 2024



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Sources and Acknowledgement

This **EMGE WORLD GRAPHIC PAPERS (WGP)** report contains data and **5-year forecasts** for paper demand, supply and trade around the world.

To compile these reports, we have used an extensive range of sources, including all published information available to EMGE & Co. Ltd. In addition to published data, we have referred to much industry data, which companies have been willing to share with us non-confidentially. Furthermore, we have applied our own market research resources to gather additional information.

The EMGE databases are updated daily. We publish these long-term forecasts twice a year (Spring/Summer and Autumn/Winter), with new data and revised 5-year forecasts.

The forecast timescale in this report is 2023 to 2028.

Definitions

Paper activity data are based on Volumes as sold, measured in metric tonnes (data have been converted from short tons to metric tonnes where appropriate).

The grades referred to in this study encompass Graphic Paper grades as described below in their respective definitions *(some regional differences in definition do exist).*

Coated Woodfree (CWF) **-** includes coated Woodfree printing & writing papers (<10% mechanical pulp), generally in the basis weight range 80-300gsm; both 1 & 2-side coated free in sheets & reels are included.

Uncoated Woodfree (UWF) **-** includes uncoated Woodfree printing & writing papers (<10% mechanical pulp), generally in the basis weight range 60-150gsm; in folio sheets, reels and cut-size, covering both bulk grades and uncoated specialities.

Coated Mechanical (CM) **-** includes offset and gravure coated woodcontaining printing & writing papers (>10% mechanical pulp), generally in the basis weight range 54-80gsm; but also includes ultra-lightweight coateds & heavyweight coated woodcontaining (as well as LWC & MWC) in sheets & reels.

Uncoated Mechanical (UM) **-** includes offset and gravure uncoated woodcontaining printing & writing papers, generally in the basis weight range >54gsm (e.g. SC Magazine), but including Directory, Improved Newsprint and other lightweight grades.

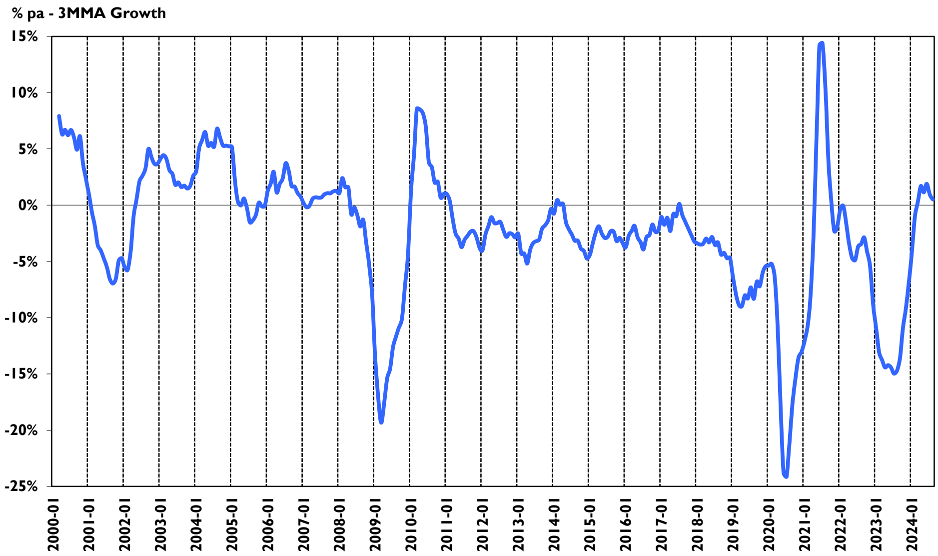
Newsprint **-** encompasses Standard Newsprint, between 40 – 48.8 gsm, up to brightness 59° ISO (some regional differences in definition do exist).

Coated =	Coated Mechanical + Coated Woodfree
Woodfree =	Uncoated Woodfree + Coated Woodfree
Printing & Writing (PW) =	Uncoated Mechanical + Coated Mechanical + Coated Woodfree + Uncoated Woodfree
Graphic Paper =	Printing & Writing + Newsprint
Demand / Consumption -	Calculated as Production + Imports - Exports
Production / Output -	Paper mill saleable production
Trade -	Net Exports, i.e. Production - Consumption
Capacity -	Annual Machine Capacity (technical, not market, conditions)
Operating Ratio -	Theoretical Ratio of Production to Capacity
PM -	Paper Machine
tpa –	Tonnes per annum (capacity)

Individual country data for Demand, Net Trade, Production, Capacity and Operating Rates can be found for the base year (2023) at the end of the report.

Introduction

FIGURE 1. WORLD GRAPHIC PAPER DEMAND (% 3MMA)



** CLI based on USA, Japan & W.Europe ONLY*

EMGE's WORLD GRAPHIC PAPERS (WGP) report provides a unique and comprehensive database of world markets, assessing the current situation and the market outlook to create an objective update of the prospects for world Graphic Paper markets – i.e. **Coated Woodfree**, **Uncoated Woodfree**, **Coated Mechanical**, **Uncoated Mechanical** (including Improved Newsprint) and (Standard) **Newsprint**.

The report analyses the latest data and developments in the markets, reviews demand prospects and provides updated forecasts of **Demand**, **Trade**, **Output**, **Capacity** and **Operating Ratios**, by paper grade, for each region and globally. The forecast timescale is 2023 to 2028.

We also provide **country-by-country data for 2023**. In addition, WGP incorporates the latest capacity changes, investments and M&A activity. The report provides detailed rankings of **Leading Suppliers**, by paper grade, region and total. Great care has been taken to assess machine capacity in detail. The capacity data used are based on announced, financed and confirmed plans, as well as some assumptions and forecasts made by EMGE (e.g. unspecified closures). The report provides additional information on all announced plans, whether confirmed or not.

EMGE & Co. Ltd. (OCTOBER 2024)

Forecast Summary

Recent Events

TABLE 1. WORLD GRAPHIC PAPER DEMAND BY GRADE (2024)				
Year To Date (% pa)				
Jan-Aug 2024	**W. Europe**	**N. America**	**Japan**	**World**
Coated Woodfree	7%	19%	-14%	2%
Uncoated Woodfree	10%	4%	-5%	2%
Coated Mechanical/LWC	-4%	3%	-9%	1%
Uncoated Mechanical/SC	-4%	10%	-12%	0%
Printing & Writing Papers	**4%**	**7%**	**-9%**	**2%**
Newsprint	-2%	-9%	-10%	-4%
Graphic Papers	**3%**	**5%**	**-9%**	**1%**

EUDR: Earlier this year, many companies in the European Union were worried that the paper industry would not be able to comply with the upcoming European Union Deforestation Regulation (EUDR) in time. Indeed, some buyers have already switched from virgin fibre paper to recycled paper, due to concerns that there wouldn't be enough EUDR-compliant supply in 2025. From the supplier side, we understand some are already expecting to be compliant in time, but that hasn't prevented wide-scale international protests from a wide range of forestry-related industries about a lack of time to prepare and test the new system. In response, the EU has proposed a delay of at least a year (which we had expected) or 18 months for smaller companies. We believe this delay will resolve some of the issues that many had been worrying about. It doesn't solve all of the problems, however. There have already been renewed calls for not just a delay, but also for a revision of the regulation, to place less of a bureaucratic burden on small businesses.

Another potential problem will be for businesses that import either paper or converted/printed paper products from regions that may not be too interested in spending the time and money required to comply with the EUDR. This could become an additional downside risk for EU imports from 2026 onwards, in the context of already falling European paper imports. Some European importers, e.g. printers and publishers, may find themselves faced with fresh decisions about which suppliers they choose, both for legal and cost reasons. Nevertheless, although we believe the EU may still make further revisions, we do not currently anticipate any shortage of Graphic Paper supply in Europe, related to EUDR or for any other reason (see Caveat).