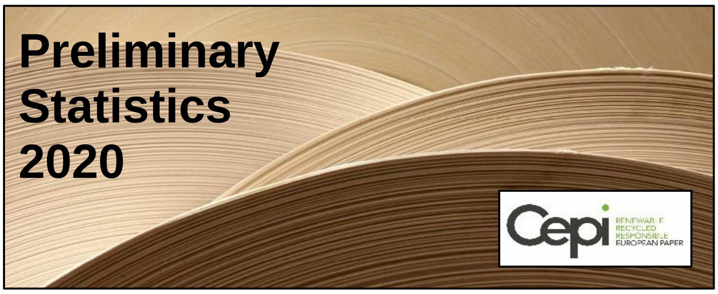


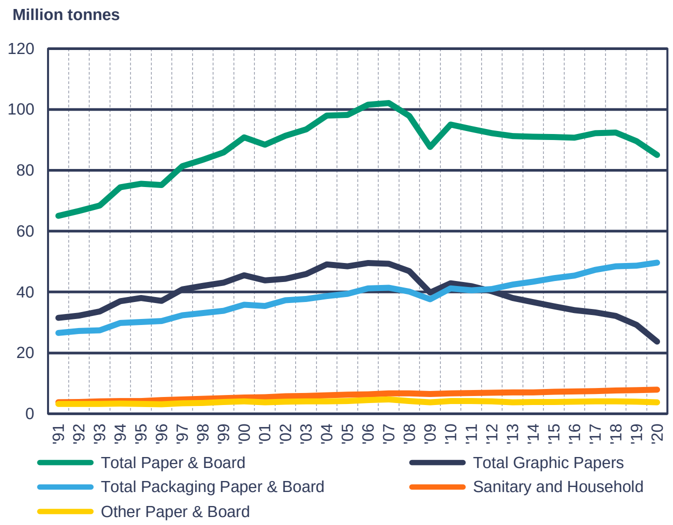
Paper and board production shrinks by 5% in 2020, mainly due to COVID-19 pandemic impacting global demand

Cepi member countries' paper and board production decreased by 5.0% in 2020, compared to the previous year, according to preliminary figures. Total production in 2020 reached 85.1 million tonnes. Despite the slowing down of the European economy and the sanitary restrictions, most of the mills ran; some at a reduced operating rate because of lower levels of demand.

This downward trend was observed in most countries in the world. China, the US, Japan, India, Korea and Canada recorded paper production decline ranging between -2% and -17%. As a result, global paper and board production went down by around 5.0% as well in 2020, according to first estimates.

The European pulp and paper industry's priority has been to ensure that EU citizens can access the products they need for hygiene, health and food purposes. It has been relentlessly working with other industries along the value chain to guarantee security of supply to citizens.

Production of paper and board in Cepi countries



Slight increase in packaging and sanitary and household, sharp decrease in graphics

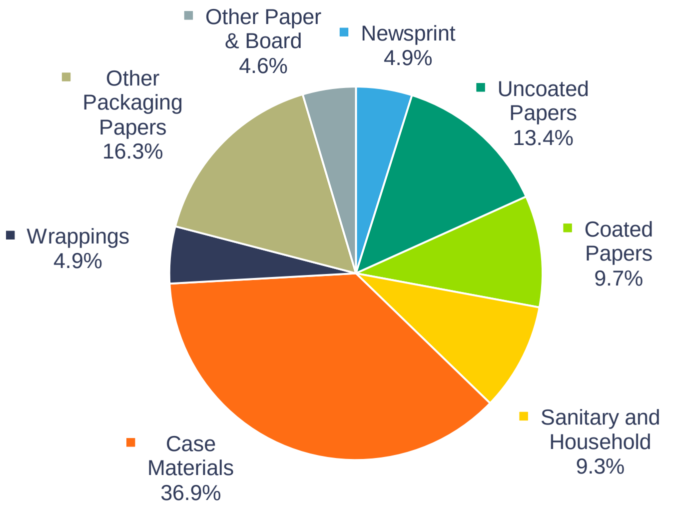
The growing demand for packaging grades continued in 2020, reinforced by the sanitary crisis.

The production of packaging grades is estimated to have increased by 2.1% compared to 2019. Within the packaging grades, case materials – mainly used for transport packaging and corrugated boxes – recorded an increase of 3.3%. The output of carton board plus other packaging board – mainly used for retail packaging – and the production of wrapping grades – used for paper bag production – remained unchanged.

The share of packaging grades accounted for 58.2% (54.1% in 2019) of the total paper and board production, with graphic grades accounting for 27.9% (32.7% in 2019). Output of all other grades of paper and board – mainly for industrial and special purposes – decreased by 3.7%, with a share of 4.6% of total paper and board production.

Sanitary and household paper manufacturers' output increased by about 1.9% compared to 2019 and accounted for 9.3% of total paper and board production.

Production of paper and board by grade in Cepi countries in 2020



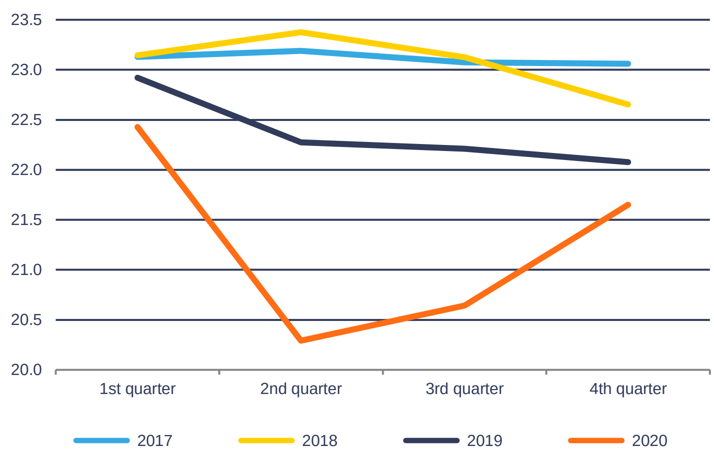
The structural divergence in the production trends for graphic grades and packaging grades continued in 2020, reinforced by the sanitary crisis.

The overall production of graphic grades fell by more than 18.0%. Newsprint and printing & writing papers decreased by 20.5% and 18.4% respectively. The pandemic has accelerated this already well established structural decline. Permanent mill closures or machines conversions have been announced, to adjust to the situation.

The production of printing & writing papers – used for magazines and catalogues, direct mail, directories, etc. –decreased with different trends from one grade to another. Output of coated mechanical paper and uncoated mechanical paper fell by 24.2% and 14.9% respectively. Uncoated woodfree grades - copy paper - have decreased by 11.4%.

Overall, this means that production of coated and uncoated graphic papers decreased by 25.2% and 12.7% respectively. Production of woodfree graphics showed a decrease of 17.4% whilst output of mechanical graphic papers fell by nearly 20%.

Quarterly production of paper and board in Cepi countries

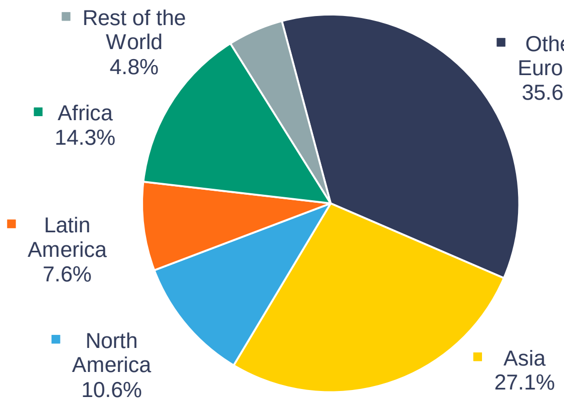


Paper and board deliveries by Cepi countries decreased by 5.6%, with exports recording a limited decline of -2.2%

Based on the first nine months' cumulative data, it is expected that total paper and board deliveries for the year decreased by 5.6% compared to 2019, with a decline of 2.2% in exports outside Cepi. By the end of September 2020, deliveries of graphic grades had decreased by 18.8% whilst deliveries of packaging grades rose by 1.5%.

Exports decreased by 2.2% by the end of September 2020, with exports to European neighbouring countries, North America and Latin America declining by 2.0%, 13.9% and 15.4% respectively. Exports to Asia and other countries of the world increased by 3.9% and 2.8% respectively. The other European countries remain the main markets for exports with 35.6% of total European exports; Asia accounts for 27.1%, North America 10.6%, Latin America 7.6% and all other countries 19.0%.

Exports of paper and board by region in 2020



Preliminary indications show that imports of paper and board into the Cepi area decreased by around 1.8% compared to 2019, resulting from the declining volumes coming from other European countries (-10.5%) and Asia (-14%). Other European countries account for 41.6% of all European imports, North America 29.1%, Asia 12.7%, Latin America 6.1% and the rest of the world 10.5%.

Overall paper and board consumption was impacted by the economic recession and decreased by around 6.6%

The overall consumption of paper and board in Cepi countries in 2020 decreased by around 6.6% compared to 2019, based on the latest data available. It was directly impacted by the recession of the European economy - 7.4% in 2020, after +1.6% in 2019 - and the less favourable global economic environment. This crisis and the periodical confinements have accelerating consumption patterns change and will have a long-lasting impact.

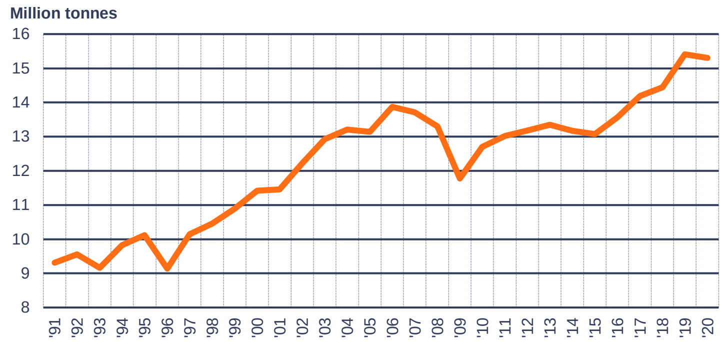
Demand for graphic paper has been very negatively impacted because demand from publishers, offices and commercial printing has declined dramatically. Domestic demand for hygiene papers (tissue, toilet paper, etc.) has been relatively well oriented in 2020, despite the difficulties observed in the 'away-from-home' markets. Tissue and hygiene products are of vital importance to citizens and offer the safest option, particularly to implement the recommendations issued by national governments and the World Health Organization (WHO). Packaging paper and board has benefited from e-commerce growth. It is also essential to transport and deliver all types of food and pharmaceutical supplies, such as medicines, in protective packaging.

EU GDP is expected to record a relatively limited recovery in 2021 - between +3.0% and +4.0% - according to recent forecasts.

Total pulp production decreased by 2.8%, and market pulp production by 0.7%

The production of pulp (integrated + market) has decreased by 2.8% compared to the previous year, with total output of approximately 37.0 million tonnes. Output of mechanical pulp has decreased by 4.9%, and production of chemical pulp fell by 1.9% compared to 2019. Chemical pulp accounts for 75% of total pulp production.

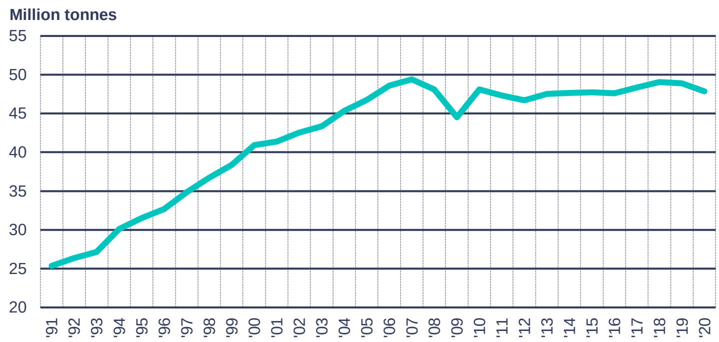
Production of market pulp in Cepi countries



Paper for recycling utilisation was down by 2.1%

The utilisation of paper for recycling by paper companies in the Cepi area decreased by around 2.1% compared to the 2019 level, reaching 47.8 million tonnes. 96% of European paper for recycling utilisation is supplied domestically. The pandemic impacted the availability and quality of paper for recycling throughout 2020. Exports went down by close to 8.4% according to preliminary statistics.

Utilisation of paper for recycling in Cepi countries



Cepi countries in 2020

Austria, Belgium, Czech Republic, Finland, France, Germany, Hungary, Italy, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, United Kingdom

More information on Cepi Statistics

Cepi statistics are collected on a regular basis from our members, the National Associations. The compliance of our statistics reports with EU competition laws is periodically checked by a law firm. Furthermore, Cepi has commissioned Deloitte to issue each year a limited assurance statement on its data quality.

Two annual reports are available on Cepi's website:
Preliminary Statistics 2019 & Key Statistics 2019
https://www.cepi.org/statistics/
More detailed Cepi statistics are available by subscription:
https://www.cepi.org/statistics-order-form/

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