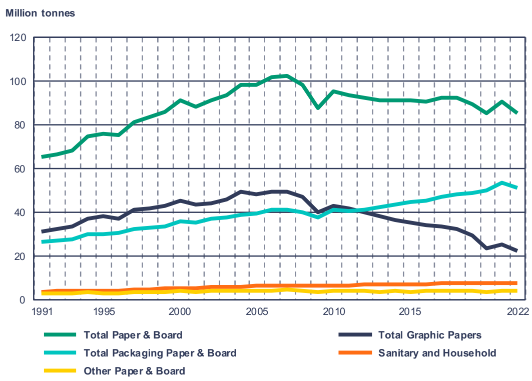
PRELIMINARY STATISTICS 2022

European pulp & paper industry

CONSUMPTION OF PAPER IN EUROPE SHOWED RESILIENCE IN 2022, WHILE PAPER PRODUCTION DECREASED BY 5.9%, IMPACTED BY EXTERNAL FACTORS.

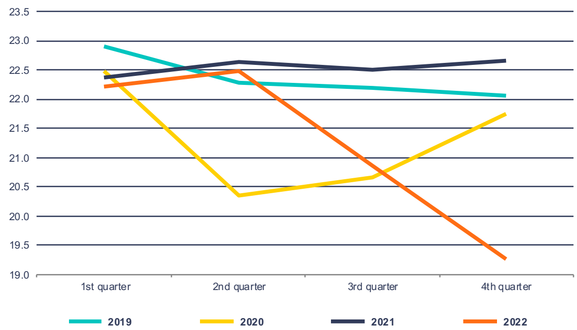
Cepi member countries' paper and board production decreased by 5.9% in 2022 compared to the previous year, according to preliminary figures, reflecting the heavy impact on the industry of high energy prices and an abrupt slowdown of the European economy during the second half of the past year. Total production in 2022 reached 84.8 million tonnes, with a decrease reported in almost all paper and board grades with the notable exception of household and sanitary grades. At the same time, consumption of paper has remained stable in spite of the EU's economic slowdown, its GDP growing by 0.3% in the third quarter and stagnating during the last quarter of 2022 according to the latest estimates. The EU economy is now forecast to grow only by 0.8% in 2023 and by 1.6% in 2024.

Production of paper and board in Cepi countries in 2022



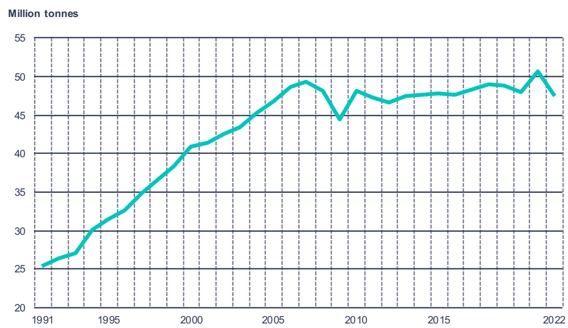
The difference between a decreased production and a stable consumption resulted in a strong erosion of the paper trade balance. However, the decrease in production was also observed in the largest producing countries worldwide. Canada, Japan, the United States and South Korea, recorded paper production falls ranging between 0.5% and 3.5%. In Europe, the downward trend can be attributed to a number of factors, chief amongst them being the cost of energy, which has forced many mills to temporary stop their machines.

Quarterly production of paper and board in Cepi countries in 2022



In terms of individual paper grades, the structural divergence in the production trends for graphic grades and packaging as well as sanitary and household grades continued in 2022. The utilisation of paper for recycling by companies in the geographic area covered by Cepi members[1] decreased by 6.4% compared to 2021. High electricity and gas prices have significantly affected recycling mills and non-integrated paper mills especially in the second half of 2022. Paper recycling is even more than before performed in Europe, with 96% of European paper for recycling being recycled by European paper mills, while at the same time exports went down by close to 10%, partly due to extended lockdowns in Asia.

Utilisation of paper for recycling in Cepi countries in 2022



[1] Cepi members are associations based in the following European countries: Austria, Belgium, Czech Republic, Finland, France, Germany, Hungary, Italy, Norway, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden, the Netherlands, and the United Kingdom.

Overall paper and board consumption remained stable

The overall consumption of paper and board in Cepi countries in 2022 remained stable compared to 2021, based on the latest data available. It benefited from the favourable economic environment observed during the first half of the year, which was then followed by the abrupt slowing down of the economy during the second half. As a result of recent consumption patterns changes, demand for sanitary and household grades has grown by3.6% in 2022.

Demand for graphic paper remained was negatively impacted in 2022 (-1.8%), because of the declining demand observed in printing and publishing. Packaging paper and board demand remained relatively stable (+0.5%) based on figures available for the first 9 months of the past year.

Decrease in production of all paper and board grades except sanitary and household

The production of packaging grades is estimated to have decreased by 4.6% compared to 2021. Within packaging grades, case materials – mainly used for transport packaging and corrugated boxes recorded a decrease of 4.8%. The output of carton board plus other packaging board – mainly used for retail packaging – decreased by 4.1%. The production of wrapping grades – used for paper bag production – decreased by 5.2%.

The share of packaging grades accounted for 59,8% (59.1% in 2021) of the total paper and board production, with graphic grades accounting for 26.1% (27.7% in 2021). Output of all other grades of paper and board – mainly for industrial and special purposes – decreased by 6.1%, with a share of 4.8% of total paper and board production.

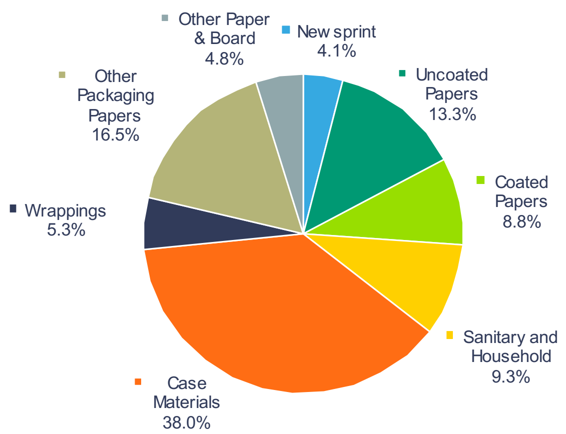
Sanitary and household paper output increased by about 2.2% compared to 2021, to levels close to those reached during the Covid crisis and accounted for 9.3% of total paper and board production.

The production of graphic grades fell by 11.3%. After an uptick in 2021, it seems now back on a downward trend. Newsprint decreased by 9.9% whilst printing and writing papers decreased by 11.5%, as a result of machine closures and conversions.

The production of printing and writing papers – used for magazines and catalogues, direct mail, directories, etc. – decreased at different rates depending on precise grade categories. Output of coated mechanical paper and uncoated mechanical paper decreased by 19.5% and 13.2% respectively. Uncoated woodfree grades - copy paper - have decreased by 5.8%, and coated woodfree grades by 12.0%.

Overall, this means that production of coated and uncoated graphic papers decreased by 15.8% and 8.5% respectively. Production of woodfree graphics showed a decrease of 8.0%, whilst output of mechanical graphic papers fell by 16.3%.

Production of paper and board by grade in Cepi countries in 2022

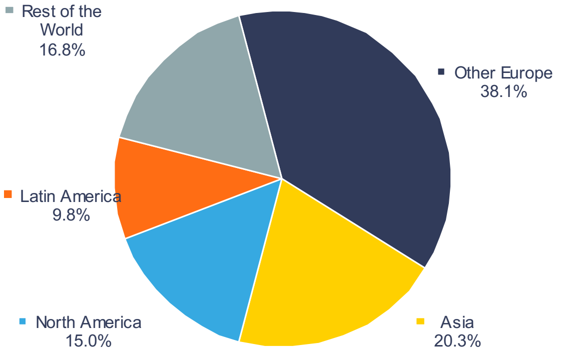


Paper and board deliveries by Cepi countries decreased by 3.3%, with exports falling by 13.3%

Based on cumulative data from the first nine months of 2022, it is expected that total paper and board deliveries for the year decreased by 3.3% compared to 2021, and exports to countries outside of Cepi's membership by 13.3%. This reflects last year's paper production decline in Europe, which particularly impacted exports, and the global slowdown in economic growth. By the end of September 2022, deliveries of graphic grades had decreased by 10.1% whilst deliveries of packaging grades slightly decreased by 1%.

Exports decreased by 13.3% by the end of September 2022, recording a huge decline in almost all regions: European neighbouring countries -10.5%, North America -2.0%, Latin America -8.9%, Asia -27.9%, and other countries of the world -9.7%. In terms of market share, other European countries remain the main markets for exports with 38.1% of total European exports; Asia accounts for 20.3%, North America 15.0%, Latin America 9.8%, and all other countries 16.8%.

Exports of paper and board by country in 2022



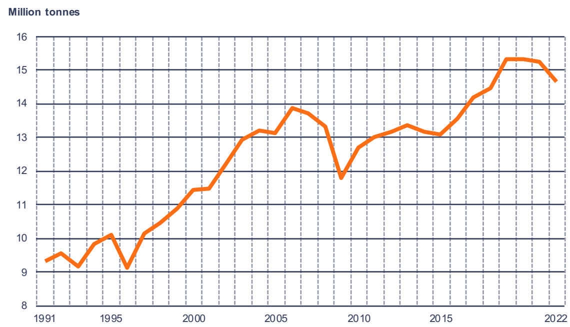
Preliminary indications show that imports of paper and board into Cepi member countries increased by around 6.8% compared to 2021, with increasing volumes coming from other European countries (+21.8%). Other European countries, not represented in Cepi's membership, account for 47.4% of all European imports, North America 23.6%, Asia 16.9%, Latin America 8.0% and the rest of the world 4.1%.

The trade with Russia was impacted by the sanctions adopted by the EU : EU paper exports declined by 68% while paper imports went down by 35%. Overall, the trade balance of paper and board has decreased by 20% compared to 2021, but remains positive.

Both total pulp and market pulp production decreased by 3.7%

The production of pulp (integrated + market) has decreased by 3.7% compared to the previous year, with a total output of approximately 35.9 million tonnes. It was impacted by temporary downtimes and strikes at the beginning of 2022. Output of mechanical pulp decreased by 5.4%, whilst production of chemical pulp fell by 3.3% compared to 2021. Chemical pulp accounts for 77% of total pulp production. Output of market pulp also showed a decrease of 3.7%.

Production of market pulp in Cepi countries in 2022



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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 licensed experts.
Furthermore, Cepi has commissioned Deloitte to issue each year a limited assurance statement on its data quality.
Sustainability statistics will be reported on in another report, to be published in 2023.

Two annual reports are available on Cepi's website: https://www.cepi.org/statistics/
- Preliminary Statistics 2022 - February 2023
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