

# PPI Asia

PAPER, PACKAGING AND FIBER MARKET NEWS AND PRICES FOR ASIA

## China-driven demand bumps prices for US OCC imports into Southeast Asia, Taiwan

Solid demand from China-affiliated recycled pulp and paperboard plants in Southeast Asia have prompted suppliers to push for price rises for imports of old corrugated containers (OCC) in the region, apparently reversing the price decline that had lasted for several months until mid-November.

In the two weeks to Thursday November 28, vendors inflated offer prices for OCC imports from the US by \$10 per tonne and by \$5 per tonne for brown grades from Europe in Southeast Asia and Taiwan.

The rises took offer levels for US double-sorted OCC (DS OCC 12) to \$180-185 per tonne, to China-based buyers and customers in Indonesia and Malaysia, and to \$175-180 per tonne in Thailand, Vietnam and Taiwan.

European OCC 98/2 was offered at \$145-150 per tonne in Thailand, Vietnam and Taiwan, and \$5 per tonne higher in Indonesia and Malaysia.

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## Metsä Fibre extends downtime at Kemi plant in Finland to four weeks, not affecting pulp deliveries

Metsä Fibre has extended the maintenance downtime that started on November 8 at its Kemi pulp and bioproduct mill in northern Finland from one week to four weeks. But the protracted stoppage will not affect the company's customer deliveries, for which China is its major market.

The company found during the routine maintenance a part of the recovery boiler at the site needed to be repaired, thus extending the shut, Metsä Fibre said.

A company spokesman said that the facility, which has a capacity of 1.5 million tonnes per year of bleached and unbleached softwood and hardwood kraft pulp, has maintained a higher-than-average level of stocks and thus ensured customer deliveries were executed in a timely fashion.

He added that Metsä Fibre would maintain the same inventory strategy because the Kemi mill would be shut for two months in June-July 2025 to install new evaporators to replace the one damaged in an explosion on March 21, which resulted in a shutdown that lasted for three months.

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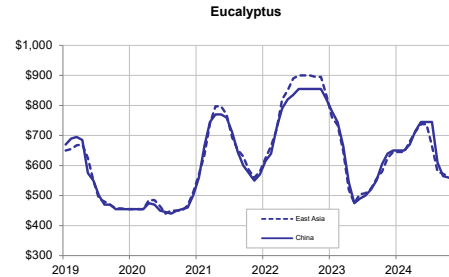
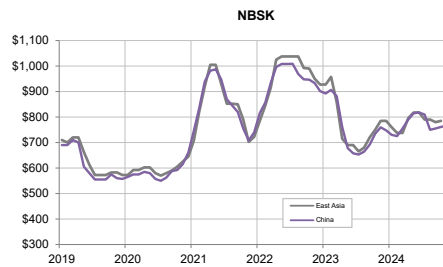
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# PRICE WATCH: Pulp

For specifications and details on how RISI determines prices, see [www.risiinfo.com/approach/methodology](http://www.risiinfo.com/approach/methodology)



## CHINA - Imports

Net prices, US\$/tonne, CIF, except as otherwise noted.

	current prices			month ago	year ago	y-o-y change <sup>1</sup>	
	29 Nov	22 Nov	15 Nov	1 Nov 2024	1 Dec 2023		
<b>WEEKLY</b>							
<b>Bleached softwood kraft</b>							
NBSK (from N. Amer. and Scand.)	\$765	765	765	765	765	-	-
<b>BI-WEEKLY</b>							
<b>Bleached softwood kraft</b>							
Radiata pine (Chile)	760 - 780	760 - 780	760 - 780	765 - 780	750 - 780	+5	+0.7%
Russian BSK <sup>2</sup>	700 - 720	700 - 720	700 - 720	700 - 720	720 - 750	-25	-3.4%
<b>Bleached hardwood kraft</b>							
Eucalyptus	540 - 550	540 - 550	550 - 560	550 - 560	640 - 660	-105	-16.2%
Russian BHK <sup>2</sup>	530 - 550	530 - 550	530 - 570	530 - 560	620 - 640	-90	-14.3%
<b>Unbleached softwood kraft</b>							
From Chile and N. Amer.	580 - 670	580 - 670	580 - 670	580 - 670	660 - 740	-75	-10.7%
Russian	500 - 550	500 - 550	500 - 550	500 - 550	640 - 700	-145	-21.6%
<b>BCTMP</b>							
Hardwood (80° brightness)	440 - 450	440 - 450	440 - 450	440 - 450	550 - 560	-110	-19.8%
Softwood (75° brightness)	430 - 450	430 - 450	430 - 450	430 - 450	550 - 570	-120	-21.4%
<b>MONTHLY</b>							
<b>Specialty Grades</b>							
Fluff (US southern kraft)	850 - 890	850 - 890	850 - 890	850 - 890	880 - 920	-30	-3.3%

## CHINA - Domestic prices (WEEKLY)

Net prices, RMB/tonne, trader's warehouse, including 13% VAT

	current prices			month ago	year ago	y-o-y change	
	29 Nov	22 Nov	15 Nov	1 Nov 2024	1 Dec 2023		
<b>Bleached softwood kraft</b>							
NBSK (from N. Amer. and Scand.)	RMB 6402	6415	6360	6377	6042	+360	+6.0%
Radiata pine (from Chile)	6240	6300	6250	6230	5950	+290	+4.9%
Russian BSK	5813	5847	5767	5783	5607	+206	+3.7%
<b>Bleached hardwood kraft</b>							
Eucalyptus	4442	4474	4474	4542	5280	-838	-15.9%
Russian BHK	4450	4480	4480	4550	5160	-774	-13.8%
Chinese BHK <sup>3</sup>	4510	4510	4510	4720	5480	-710	-17.7%
<b>Unbleached softwood kraft</b>							
From Chile and N. Amer.	5600	5600	5550	5550	5900	-970	-5.1%
<b>Nonwood pulp</b>							
Chinese bamboo	4900	4900	4900	4880	5900	-300	-16.9%
Chinese bagasse	4630	4630	4630	4800	4750	-650	-2.5%

## EAST ASIA (S Korea, Japan, Taiwan, SE Asia) - Imports (MONTHLY)

Net prices, US\$/tonne, CIF, to main ports in Taiwan, Japan, South Korea, Southeast Asia.

	current prices	month ago	year ago	y-o-y change	
	Oct 2024	Sep 2024	Oct 2023		
Bleached softwood kraft					
NBSK (from N. Amer. and Scand.)	\$760 - 810	760 - 800	730 - 770	+35	+4.7%
Radiata pine (from Chile)	720 - 790	720 - 780	690 - 740	+40	+5.6%
Southern pine (USA)	740 - 750	720 - 740	650 - 720	+60	+7.2%
Bleached hardwood kraft					
Eucalyptus	555 - 570	565 - 580	570 - 590	-18	-3.0%
Acacia (Indonesia)	540 - 550	550 - 560	560 - 580	-25	-4.4%
Northern mixed hardwood	550 - 560	560 - 570	570 - 590	-25	-4.3%
Southern mixed hardwood	550 - 560	560 - 570	570 - 590	-25	-4.3%
Unbleached softwood kraft					
From Chile and N. Amer.	610 - 675	630 - 695	660 - 700	-38	-5.5%
BCTMP					
Aspen	460 - 510	480 - 520	510 - 560	-50	-9.3%
Spruce	460 - 510	480 - 520	510 - 560	-50	-9.3%

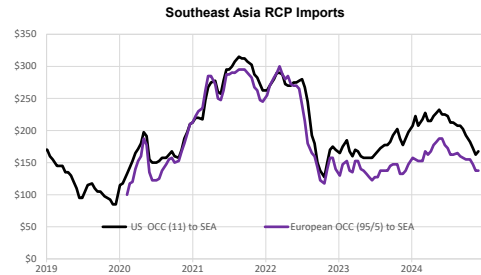
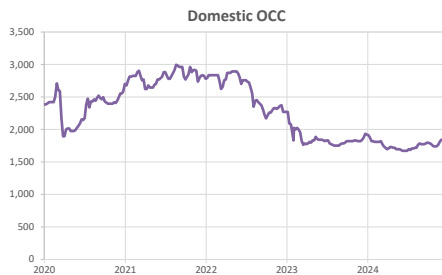
### NOTES

1. Changes calculated based on the midpoint of price ranges. 2. Russian BSK and BHK are CIF levels to Chinese main ports. 3. Made from a mix of eucalyptus, acacia and poplar wood.

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While these prices have been obtained from sources believed to be reliable, Fastmarkets RISI does not warrant or guarantee the accuracy and completeness of the information. All prices are best estimates of prices before regular volume and contract discounts and are composite prices as opposed to median or average prices. Actual transaction prices may vary.

# PRICE WATCH: Recovered Paper



## CHINA - imports (MONTHLY)

Net prices, US\$/tonne, CIF, to main ports in China

	current prices			year ago	current price - change <sup>1</sup> vs...		
	Oct. 2024	Sep. 2024	Aug. 2024	Oct. 2023	month ago	year ago	
<b>Recycled brown pulp<sup>2</sup></b>							
US recycled pulp	290	300	300	305	-10	-15	-4.9%
Asia recycled pulp	250	275	285	285	-25	-35	-12.3%

## CHINA - domestic (WEEKLY)

Net prices, domestic collections except as noted, RMB/tonne, delivered to buyer's warehouse in East China<sup>6</sup>, including 13% VAT

	current prices			year ago	current price - change <sup>1</sup> vs...		
	29 Nov	22 Nov	15 Nov	1 Dec	week ago	month ago	year ago
<b>Mixed paper &amp; corrugated board<sup>3</sup></b>	RMB 1582	1559	1514	1582	+23	+68	-
<b>Old newspapers</b>	2543	2543	2543	3017	-	-	-474 -15.7%
<b>Old corrugated containers</b>							
Post-consumer <sup>4</sup>	1729	1706	1661	1706	+23	+68	+23 +1.3%
Pre-consumer and imports <sup>5</sup>	1842	1808	1763	1819	+34	+79	+23 +1.3%

## SOUTHEAST ASIA - Imports (BI-WEEKLY)

Net prices, US\$/tonne, CIF, to main ports in Taiwan and Southeast Asia

	current prices			year ago	current price - change <sup>1</sup> vs...		
	29 Nov	15 Nov	1 Nov	1 Dec 2023	2 weeks ago	month ago	year ago
<b>Mixed Paper &amp; Board</b>							
Mixed Paper (premium) from the US <sup>7</sup>	\$120 - 125	\$120 - 125	\$130 - 135	130 - 135	-	-10	-10 -7.5%
Mixed Paper (standard) from the US <sup>8</sup>	90 - 100	90 - 100	100 - 105	100 - 110	-	-8	-10 -9.5%
Mixed Paper (premium) From Europe	120 - 125	120 - 125	135 - 140	125 - 130	-	-15	-5 -3.9%
<b>Old Corrugated Containers<sup>9</sup></b>							
OCC (11) from the US	165 - 170	160 - 165	170 - 175	185 - 190	+5	-5	-20 -10.7%
Old Corrugated Containers (90/10) from Europe	130 - 135	130 - 135	140 - 145	130 - 135	-	-10	-
Old Corrugated Containers (95/5) from Europe	135 - 140	135 - 140	145 - 150	135 - 140	-	-10	-
OCC from Japan	160 - 165	160 - 165	165 - 170	150 - 155	-	-5	+10 +6.6%

## INDIA - Imports from the US (Monthly)

Net prices, US\$/tonne, CFR Nhava Sheva

	current prices			year ago	current price - change <sup>1</sup> vs...		
	Nov. 2024	Oct. 2024	Sep. 2024	Nov. 2023	month ago	year ago	
<b>Old Corrugated Containers<sup>10</sup></b>							
OCC (11)	\$192 - 195	\$202 - 205	\$227 - 230	\$187 - 190	-10	+5	+2.7%
Double-sorted OCC (12)	\$202 - 205	\$212 - 215	\$237 - 240	\$197 - 200	-10	+5	+2.5%

1 Changes calculated based on the midpoint of price ranges.

2 Prices originally published by UM Paper on the last Wednesday of the month.

3 Mixed paper and corrugated board comprises a minimum of 60% OCC; the rest is other paper and board. The OCC content is mainly old boxes made from recycled containerboard manufactured in China. The grade is mostly collected from households in residential areas.

4 Old corrugated containers (post-consumer) has a minimum of 90% OCC; the remainder is other paper and board. The grade is mainly collected from supermarkets.

5 Old corrugated containers (pre-consumer and imports) comprises a minimum of 90% OCC; the rest is other paper and board. The OCC content includes pre-consumer boxes and offcuts from converting plants, as well as some imported boxes made from kraftliner and collected in industrial areas.

6 East China includes Zhejiang and Jiangsu provinces, as well as Shanghai municipality.

7 Premium denotes material with less than 2% contaminants and min. 25-30% OCC.

8 Standard denotes material with contaminants of 2-5%.

9 The maximum allowable contamination level is 0.5% in Indonesia and 1% in other Southeast Asian countries and Taiwan. Prices in Indonesia are higher by \$5-15 per tonne than other Southeast Asian countries due to extra costs for carrying out pre-shipment cargoes in the countries of origin. They are therefore excluded from the assessments.

10 Originally published in Pulp & Paper Week on or just after the 5th of the month.

## Rising OCC collections in Vietnam, Thailand and Taiwan depress EOCC imports

>>> continued from page 1

Inbound recovered paper (RCP) imports in Indonesia and Malaysia require pre-shipment inspections in the countries of origin, and prices in the two countries are higher by \$5-15 per tonne than other countries in the region due to the extra costs.

A surge in exports of consumer goods from the US to China before the US President-elect Donald Trump takes office again on January 20, 2025, has boosted consumption of packaging materials in China.

The packaging uptick has led to major containerboard producers in China scaling-up production at the recycled pulp plants they run and contract in Southeast Asia, particularly Thailand, a recycled pulp producer said.

These board producers have shipped the recycled pulp output back to feed the machines at their mills in China for manufacturing kraft-top liner, used in the packaging of consumer goods for exports.

Sources reported that two mainland Chinese producers snatched up around 20,000 tonnes of recycled pulp stocks kept at the recycled pulp plants

operated by other firms in Thailand, in addition to the products of their own facilities.

Besides the pickup spurred by recycled pulp, contacts also pointed the proposed US OCC price rises to an increase in ocean freight rates for shipping RCP cargoes from the US to Southeast Asia and Taiwan.

Market sources told Fastmarkets that US shipping companies believed that the China export surge would diminish drastically after January, and was reducing vessel space on the route from Asia to the US.

With shipping companies not rushing to move back containers loaded with consumer goods from China after offloading in the US, ocean freight rates for RCP cargoes from the US to Asia rose, rather than dropping as RCP vendors expected, according to both sellers and buyers. They added that this was a sign of the ephemeral existence of the China export boom.

But local board mills in Southeast Asia and Taiwan have pushed back against the OCC rise, saying the region is swamped with testliner and recycled corrugating medium sold by China-based containerboard mills in Southeast Asia, and adding

that the import OCC rebound was expected to be short-lived.

On November 28, Fastmarkets assessed the price of US DS OCC at \$170-175 per tonne in Thailand, Vietnam and Taiwan, and \$5 per tonne more in Indonesia and Malaysia.

Benchmark US OCC 11 was sold for \$165-170 per tonne in the non-inspection countries, edging up by \$5 per tonne from a fortnight earlier.

China-affiliated recycled pulp producers buy chiefly US OCC, and their purchasing has shored up prices for the grade.

Regional mills have opted to slash US OCC volumes and turned to cheaper materials, such as local OCC collections and European OCC.

But when suppliers raised European OCC prices, regional buyers brushed these aside and chose domestic OCC supplies.

In Thailand, Vietnam and Taiwan, customers stressed that prices for local OCC were reasonably low, and volumes were readily available due to soft demand for finished products in the domestic markets.

As a result, prices for European OCC were steady, with European

### US recovered paper exports to Asia: 3rd quarter 2024 (tonnes)

Destination	News	Deinking	Pulp			3Q 2024 Total	2Q 2024 Total	% change Q-on-Q	3Q 2023 Total	%change Y-on-Y
			substitute	Corrugated	Mixed					
China	3,069	243	159	86,362	21,936	111,769	109,622	2.0%	125,313	-10.8%
India	7,163	24,276	3,774	385,585	128,813	549,611	543,249	1.2%	629,407	-12.7%
Indonesia	18,940	204	163	30,412	54,187	103,906	87,213	19.1%	117,499	-11.6%
Malaysia	49,270	3,438	-	338,577	53,863	445,148	473,161	-5.9%	315,695	41.0%
South Korea	8,996	17,950	108	89,752	1,764	118,570	125,009	-5.2%	143,890	-17.6%
Taiwan	3,823	-	-	91,580	11,070	106,473	201,953	-47.3%	184,287	-42.2%
Thailand	1,412	1,316	500	406,549	6,633	416,410	278,141	49.7%	527,948	-21.1%
Vietnam	1,873	1,894	184	273,590	3,880	281,421	322,624	-12.8%	360,861	-22.0%
<b>Total</b>	<b>94,546</b>	<b>49,321</b>	<b>4,888</b>	<b>1,702,407</b>	<b>282,146</b>	<b>2,133,308</b>	<b>2,140,972</b>	<b>-0.4%</b>	<b>2,404,900</b>	<b>-11.3%</b>

NA = Not available. Source: US Dept of Commerce, Bureau of Census, PPI Pulp & Paper Week.

OCC 98/2 at \$140-145 per tonne in non-inspection countries and \$5 per tonne higher in Indonesia and Malaysia.

Benchmark European OCC 95/5 prices stayed flat accordingly, at \$135-140 per tonne in non-inspection countries and \$5 per tonne higher in Indonesia and Malaysia.

Japanese OCC levels were also stable at \$160-165 per tonne.

#### Mandated closures in Vietnam:

The Vietnam Pulp and Paper Association reported there were 194 small mills in northern Vietnam forced to shut down on orders from the government this year due to environmental concerns, and the closures amounted to 1 million tonnes per year of mostly packaging grades.

A major Vietnamese producer said that the massive shutdown led to a big increase in the

supply of OCC collected domestically, enabling Vietnamese mills to cut back on OCC imports, especially from Europe and Japan.

#### China's OCC kept rising:

Chinese OCC prices changed with demand over the past two weeks, with generation remaining high.

Fastmarkets assessed the price of premium brown grade, pre-

#### Japanese recovered paper statistics: September 2024 (tonnes)

	Collection				Consumption				Exports			
	Sept 2024	%change 2024/2023	Jan-Sept 2024	%change 2024/2023	Sept 2024	%change 2024/2023	Jan-Sept 2024	%change 2024/2023	Sept 2024	%change 2024/2023	Jan-Sept 2024	%change 2024/2023
Old newspapers	137,642	-16.3	1,317,661	-13.8	145,363	-14.2	1,377,449	-9.1	6,141	-6.1	115,536	8.3
Old magazines	149,353	-3.2	1,438,846	-1.3	150,979	-6.4	1,447,161	-1.1	21,763	-6.0	313,180	-3.3
Old corrugated containers	757,096	1.4	6,692,819	0.0	761,768	-0.9	6,671,426	-0.4	95,887	-32.1	1,052,796	-6.5
Others	157,361	-3.8	1,404,097	-5.2	166,200	0.6	1,432,147	-2.5	10,473	5.1	117,153	5.0
<b>Total</b>	<b>1,201,452</b>	<b>-2.2</b>	<b>10,853,423</b>	<b>-2.7</b>	<b>1,224,310</b>	<b>-3.1</b>	<b>10,928,183</b>	<b>-1.9</b>	<b>134,264</b>	<b>-25.7</b>	<b>1,598,665</b>	<b>-4.2</b>

Source: Paper Recycling Promotion Center.

#### Taiwanese recovered paper imports: September 2024 (tonnes)

Origin	Grade	Volume Sept	% change 2024/2023	% change Sept/Aug	Value (US\$) September	% change 2024/2023	% change Sept/Aug	Volume Jan-Sept	% change 2024/2023	Value (US\$) Jan-Sept	% change 2024/2023
USA	OCC	17,081	-33.2	-24.5	3,685,480	-18.5	-27.6	208,125	-48.1	45,668,011	-32.3
	Kraft	0	-100.0	nm	0	-100.0	nm	669	-60.1	170,338	-50.6
	Deinking grades	0	nm	nm	0	nm	nm	306	nm	51,841	nm
	Pulp substitutes	0	nm	nm	0	nm	nm	0	-100.0	0	-100.0
	ONP	0	nm	nm	0	nm	nm	0	nm	0	nm
	OMG	0	nm	nm	0	nm	nm	203	nm	32,816	nm
	Mixed and other grades	3,358	-58.6	7.1	461,565	-38.4	2.9	68,064	-26.4	9,159,095	-4.2
	<b>Total</b>	<b>20,439</b>	<b>-39.4</b>	<b>-20.7</b>	<b>4,147,045</b>	<b>-21.5</b>	<b>-25.1</b>	<b>277,367</b>	<b>-44.1</b>	<b>55,082,101</b>	<b>-4.2</b>
Europe	OCC	9,279	-10.2	32.4	1,705,812	26.5	28.6	34,912	-6.6	6,147,413	17.5
	Kraft	0	nm	nm	0	nm	nm	0	nm	0	nm
	Deinking grades	0	nm	nm	0	nm	nm	0	nm	0	nm
	Pulp substitutes	0	nm	nm	0	nm	nm	0	nm	0	nm
	ONP	0	nm	nm	0	nm	nm	0	nm	0	nm
	OMG	0	nm	nm	0	nm	nm	0	nm	0	nm
	Mixed and other grades	0	-100.0	-100.0	0	-100.0	-100.0	2,910	58.8	433,095	74.6
	<b>Total</b>	<b>9,279</b>	<b>-11.7</b>	<b>28.5</b>	<b>1,705,812</b>	<b>24.1</b>	<b>25.0</b>	<b>37,822</b>	<b>-3.5</b>	<b>6,580,508</b>	<b>20.1</b>
Japan, Australasia and others	OCC	34,375	48.7	-8.8	6,684,482	103.7	-12.2	413,271	12.6	76,477,170	39.0
	Kraft	42	nm	-66.1	9,988	nm	-66.3	453	1,062.0	108,417	1,088.0
	Deinking grades	153	-51.4	75.9	24,179	-46.9	91.8	5,148	32.3	877,468	22.9
	Pulp substitutes	0	nm	nm	0	nm	nm	20	-56.5	3,926	-70.1
	ONP	0	-100.0	nm	0	-100.0	nm	389	58.8	94,957	54.4
	OMG	559	69.9	83.3	83,802	103.9	83.4	4,183	52.2	663,943	92.2
	Mixed and other grades	1,664	-54.9	-32.3	265,924	-44.5	-34.0	14,286	26.8	2,275,358	52.6
	<b>Total</b>	<b>36,793</b>	<b>33.8</b>	<b>-9.5</b>	<b>7,068,375</b>	<b>83.2</b>	<b>-12.8</b>	<b>437,750</b>	<b>13.6</b>	<b>80,501,239</b>	<b>39.6</b>
<b>Grand total</b>		<b>66,511</b>	<b>-7.3</b>	<b>-9.7</b>	<b>12,921,232</b>	<b>22.8</b>	<b>-13.9</b>	<b>752,939</b>	<b>-18.2</b>	<b>142,163,848</b>	<b>1.1</b>

Note: nm = not meaningful.

Source: Taiwan Paper Industry Association.

consumer and imports OCC up by RMB 79 per tonne from a fortnight earlier to RMB 1,842 (\$254) per tonne, including 13% value-added tax (VAT).

Robust sales of finished paper driven by the surge in exports of consumer goods have contributed to the local OCC price rise in the face of seasonally improved OCC generation.

Prices for finished paper have risen nearly every week this month, while mills' inventories of finished paper have declined.

But it seems that only mills that produce packaging materials used in consumer products for exports to the US have benefited from the country's export surge.

"We have not seen a significant increase in orders of boxes from domestic end-users. But converters are likely to stock up on packaging materials in the belief that prices have already hit bottom," a leading Chinese converter said.

Recycled pulp in China. Over the past two weeks, demand for imported recycled pulp in China has shown a modest uptick. The price of recycled pulp from Southeast Asia remained steady at \$250 per tonne net CIF delivered to China.

"A top Chinese paper and board producer recently purchased existing recycled pulp stocks in the Thai market," a trader said. "Concurrently, some smaller mills in China, particularly those that had suspended their purchases of recycled pulp over the past few months, have been actively making inquiries and placing orders. Several scattered deals have been concluded in the trading market."

The recovery in demand for recycled pulp has been ascribed to the rise in Chinese OCC prices and the stabilization of US OCC prices prior to their rises over the past two weeks. Currently, recycled pulp prices are considered low, prompting Chinese buyers to make purchases.

But it was still uncertain whether orders for recycled pulp in China will continue to grow. Market contacts indicate that, in Southeast Asia, only two recycled pulp mills have plans to increase production. Meanwhile, major Chinese paper mills have not yet increased their processing orders.

"Currently, the finished product inventory at Southeast Asian recycled pulp plants is nearly depleted, which may lead to some purchasing demand for US OCC. However, their price acceptance level remains low," a contact said.

**New BM in Malaysia:** On November 22, Zhejiang Jingxing Paper said, during a conference call with investment institutions, that the company was in preparation for the building of a 600,000 tonnes per year recycled containerboard machine at its mill in Selangor, Malaysia.

The firm placed an order with Voith for the BM earlier this year, which will have a width of 8.66 meters and a design speed of 1,200 meters per minute, with startup scheduled for 2026.

Once commissioned, the BM's products will be marketed across China and Southeast Asia, the company added.

The site in Selangor already operates two 400,000 tpy recycled pulp lines. Most of the

output has been shipped back to China to feed the machines at the company's mills there producing kraft-top liner, with a small amount of the surplus sold on the Chinese market.

### **Prices for major P&B grades up or steady in China in November**

Prices for recycled board grades have gone up in China in November as packaging demand has been spurred by a wave of US buyers racing to hoard Chinese goods in anticipation of hefty tariffs. The revelation of Shandong Chenming's debt crisis and its suspension of production has shored up prices for fine paper and ivory board.

US president-elect Donald Trump had pledged to slap tariffs of 60% on all imports from China on his campaign trail. His victory in early November triggered US importers from retailers to tech firms to place last-minute orders for Chinese consumer goods or components and urge their Chinese suppliers to expedite shipments to get ahead of the possible tariff hikes, which might be put in place as soon as Trump returns to the White House on January 20 2025.

The moves gave a big boost to China's exports and related packaging demand, especially in the eastern and southern coastal provinces where exporters are concentrated.

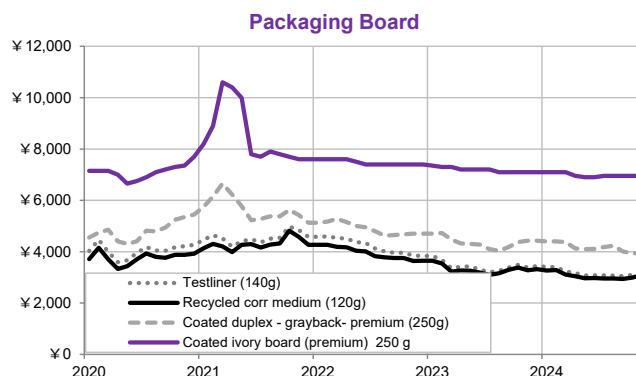
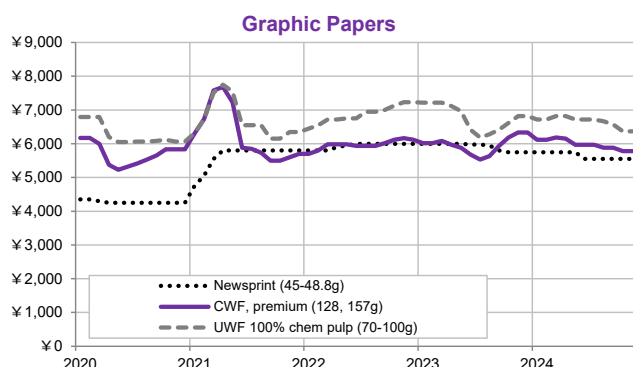
While packaging demand saw a spurt since early November, many recycled packaging board mills in China sat on relatively low inventories of their finished products due to the widespread downtime taken around the National Day holiday that ran from October 1 to October 7 and the following pickup in board



# PRICE WATCH: Paper & Board China

For specifications and details on how RISI determines prices, see [www.risi.com/methodology](http://www.risi.com/methodology)

Prior to January 2011, prices were collected quarterly.



## GRAPHIC PAPERS

Prices are for domestic grades, RMB/tonne, delivered China<sup>2</sup>, including taxes.

	basis weight	current prices		year ago	current price - change1 vs...		
		Nov 2024	Oct 2024	Nov 2023	month ago	year ago	
<b>Newsprint</b>							
Standard newsprint	45-48.8g	RMB 5500-5600	5500 - 5600	5700 - 5800	-	-200	-3.5%
<b>Lightweight coated paper</b>							
Reels	58-64g	6700 - 6900	6700 - 6900	6900 - 7100	-	-200	-2.9%
<b>Uncoated woodfree</b>							
Reels (100% chemical pulp)	70-100g	6367	6367	6817	-	-450	-6.6%
Reels (mixed chemical/mechanical pulp)	70-100g	5220	5150	6290	+70	-1070	-17.0%
<b>Coated woodfree (C2S)</b>							
Reels (premium)	128g, 157g	5783	5783	6333	-	-550	-8.7%
Reels (commodity)	128g, 157g	5463	5463	6038	-	-575	-9.5%

## PACKAGING BOARD

Prices are for domestic grades, RMB/tonne, East China<sup>2</sup>, including taxes. Prices are delivered to customers.

	basis weight	current prices		year ago	current price - change1 vs...		
		Nov 2024	Oct 2024	Nov 2023	month ago	year ago	
<b>Virgin fiber-based containerboard</b>							
Kraftliner <sup>3</sup>	175g	\$475 - 600	475 - 600	485 - 525	-	+33	+6.4%
<b>Recycled containerboard</b>							
Testliner	140g	RMB 3213	RMB 3100	RMB 3380	+113	-167	-4.9%
Kraft-top liner	170g	3778	3772	4032	+6	-254	-6.3%
White-top liner	140g	5350	5325	5575	+25	-225	-4.0%
High-strength corrugating medium	120g	3100	2992	3276	+108	-176	-5.4%
<b>Cartonboard</b>							
Coated ivory board (premium)	250g	6950	6950	7100	-	-150	-2.1%
Coated ivory board (commodity)	250g	4300	4210	5158	+90	-858	-16.6%
Grayback coated duplex board (premium)	250g	3960	3935	4425	+25	-465	-10.5%
Grayback coated duplex board (commodity)	250g	3333	3295	3713	+38	-380	-10.2%

### NOTES

1 Changes calculated based on the midpoint of price ranges.

2 East China includes Zhejiang, Jiangsu, Anhui, Jiangxi and Shandong provinces, and Shanghai municipality.

3 Imported mainly from the US, Europe, Russia and Australasia. Prices are in \$/tonne CIF East China ports.

\* Converting reels into sheets costs RMB 100-150/tonne in China, and prices for the grades in sheets can therefore be worked out using prices for reels

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### DISCLAIMER

While the information contained in this price table has been obtained from sources believed to be reliable, RISI does not warrant or guarantee the accuracy and completeness of the information. All prices are best estimates of prices before regular volume and contract discounts and are composite prices as opposed to median or average prices. Actual transaction prices may vary.

sales driven by the Singles' Day online shopping festival which kicked off on October 21 and lasted till November 11.

Buoyed up by the improved demand and low inventory level, recycled containerboard producers pushed through two to three round of price increases, each by RMB 30-50 (\$4.1-6.9) per tonne, mostly for high strength corrugating medium and testliner, in November.

In eastern China, the average price for high-strength corrugating medium jumped from RMB 2,992 per tonne in late October to RMB 3,100 per tonne as of Wednesday November 27.

The average price for testliner rose from RMB 3,100 per tonne a month ago to RMB 3,214 per tonne this week.

Kraft-top liner's average price edged up from RMB 3,772 per tonne in late October to RMB 3,775 this week.

The average price for white-top liner climbed by RMB 25 per tonne to RMB 5,350 per tonne.

China Customs data shows that the country's imports of recycled containerboard remained in the contraction territory in October. Imports of recycled linerboard were nearly 290,000 tonnes in October, down 24.95% year-on-year, while medium imports slumped by 40.22% to around 193,000 tonnes in that month.

Chinese traders appeared to have stuck to their cautious approach in buying imported board in November despite the sizable price increases for domestic testliner and medium. Renminbi's continued depreciation against the US dollar was still the major put-

off. The onshore renminbi traded at 7.25 per dollar on Wednesday November 27, weakening by 1.83% since the beginning of the month.

Trader contacts also worried that the ongoing sugar rush could wear off quickly around mid-December after which Chinese cargoes might not be able to reach the US before the hypothetical tariffs are instituted and demand from the US might go into a free fall.

**KLB imports prices largely stable:** The price range for new orders of virgin fiber-based kraftliner (KLB) imports remained at \$475-600 per tonne CIF in November, unchanged from the levels in October.

Russia's Ilim announced a hike of RMB 50 per tonne for KLB produced at both Bratsk and Ust-Ilimsk mills, but the markup in renminbi was offset by renminbi's depreciation against the US dollar.

Resale prices for Russian KLB went up by around RMB 250 per tonne on the Chinese spot market over the past two months, with products with a basis weight of 115-175 g/m<sup>2</sup> reaching RMB 4,300-4,350 per tonne (delivered, taxes included). The uptrend was largely fueled by low inventories at Chinese traders due to difficulties in making cross-border payments to Russia and delayed deliveries in the past two to three months, but the problems have eased in November.

Oji Fibre Solutions is proposing a permanent shutdown of its sole KLB production line at the Kinleith mill in New Zealand by the end of June 2025, the company announced earlier this month.

According to China Customs data, the country imported around 7,000 tonnes of KLB from New Zealand in the first 10 months of this year, down 19.4% from the previous year. Most of the tonnage was believed to have been sourced from the Kinleith mill.

As of November 28, five of the largest North American containerboard producers have announced domestic price hikes of \$60-90 per short tonne for their linerboard and medium products, effective with shipments in January 2025.

The substantial domestic hike plans in North America have not affected the pricing for US KLB exports to Asian markets, including China.

"Prices [for US KLB] are already quite high and if US suppliers want to implement similar hikes in China early next year, we have no choice but to further cut our purchases. And if the new [US] administration really goes ahead with proposed tariffs on imports from China, there is a chance that US KLB would be subject to extra duties in China as part of the countermeasures. We had seen this in the Sino-US trade war during Trump's first term," said a Chinese trader.

#### **Cartonboard prices up:**

Similar to the trend in the corrugated packaging sector, the cartonboard sector also witnessed improvement in demand in November, but the more remarkable change happened to the supply side as Shandong Chenming's debt crisis went public (No. 44, p.1).

The company announced on November 19 that it had idled 7.03 million tonnes per year of pulp and paper (P&P) capacity,



about 71.7% of its total capacity, because of substantial overdue debts. Fastmarkets learned from multiple sources that as of Wednesday November 27 almost all of the company's P&P capacity, including 2.05 million tpy of virgin cartonboard, was out of operation due to a broken capital chain.

The suspension of production at Chenming has instantly boosted the sentiment in the Chinese coated ivory board market as the oversupply issue in the sector is expected to ease temporarily.

The commodity coated ivory board's average price climbed from RMB 4,210 per tonne in late October to RMB 4,300 per tonne in the week to Friday. The average price for the premium coated ivory board remained stable at RMB 6,950 per tonne.

The rebound in commodity coated ivory board prices also supported the uptrend in the prices for recycled fiber-based coated duplex board.

The premium grade of grayback coated duplex board saw its average price move up from RMB 3,935 per tonne a month ago to RMB 3,960 per tonne this week. The average price for the commodity grade edged

up from RMB 3,295 per tonne to RMB 3,333 per tonne.

#### **Fine paper prices stabilize:**

Shandong Chenming is also one of the largest fine paper producers in China, boasting around 2.8 million tpy of uncoated fine paper (CFP) and 1.2 million tpy of coated fine paper (CFP) capacity.

Its halt also helped stabilize fine paper prices, which had been under downward pressure since the second half of the year.

The average price for both commodity and premium grades of CPF remained unchanged in November, sitting at RMB 5,463 per tonne and RMB 5,783 per tonne respectively.

The average price for UFP furnished with a mixture of chemical and mechanical pulp edged up from RMB 5,150 per tonne in late October to RMB 5,220 per tonne during the week to Friday. The average price for high-end UFP furnished with 100% chemical pulp was found at RMB 6,367 per tonne this week, unchanged from a month ago.

Market participants from both paper producers and downstream distributors expect to see more price hikes being

pushed through if Chenming is not going to resume production anytime soon.

#### **Most listed Japanese P&B companies' profits down in fiscal H1 2024**

The majority of the nine leading Japanese paper and board (P&B) producers surveyed posted positive year-on-year growths in their net sales in the six months ended September 30 2024, but their profits were dragged mostly by rising labor and logistics costs.

**Oji to cut P&B capacity:** Oji Holdings' net sales reached at ¥922.9 billion (\$5.98 billion) in the first half of the current financial year started April 1 2024, up by 8.9% from the same period last year.

The company attributed the gains to the consolidation of Walki Holding Oy, which is a Finland-based supplier of sustainable and high-performing packaging and engineered materials solutions, in April. Other factors include the restoration of operations at the saw mill and bleached chemi-thermomechanical pulp (BCTMP) mill at its indirect subsidiary Pan Pac Forest Products in New Zealand, as

#### **Japanese paper industry's financial results: April to September 2024\* (million yen)**

	Net sales	% change 2024/2023	Operating income	% change 2024/2023	Net income	% change 2024/2023
Oji Holdings	922,887	8.9	37,232	-4.1	24,227	-23.4
Nippon Paper Industries	584,539	0.1	2,056	-57.6	-12,353	nm
Rengo	495,134	9.3	19,798	-22.9	18,883	2.6
Daio Paper	333,650	0.7	3,708	-50.1	-3,467	nm
Hokuetsu Corporation	149,358	-0.5	9,004	-25.5	6,281	-33.2
Mitsubishi Paper	88,400	-8.6	934	-53.2	-232	nm
Chuetsu Pulp & Paper	55,572	5.9	3,126	-5.4	2,044	-20.4
Tokushu-Tokai	46,572	9.3	1,873	139.1	2,096	-10.0
Tomoegawa Paper	17,229	4.4	922	16.0	759	76.0

nm = not meaningful.

\* The Japanese financial year runs from April 1, 2024 to March 31, 2025.

well as higher revenues from overseas sales due to the impact of the yen's depreciation against the US dollar

Meanwhile, Oji saw its operating profit slip by 4.1% year-on-year to ¥37.23 billion, which was largely due to increases in distribution and personnel costs, according to the company.

Major companies in Japan agreed to hike wages by 5.1% for the fiscal year starting April 2024, the highest pay bump in 33 years.

Japanese unions are now aiming for pay rises of least 5% for the next financial year, with negotiations set to kick off in early 2025.

Apart from the solid wage rises, new legislation in Japan that limits each truck driver's overtime hours to 960 hours a year from the beginning of April has resulted in a squeeze on trucking capacity and shored up expenses on logistics.

Oji's household and industrial materials division, which oversees its packaging, tissue and hygiene product business, generated ¥418.3 billion or around 45.3% of the company's net sales in the six months ended September 30. The amount was 4.8% higher compared to the same period in 2023

The company said its domestic business saw a recovery in demand for boxboard and packaging paper, while the launch of a new corrugated box plant in Vinh Phuc, Vietnam boosted its sales of corrugated containers overseas. Its overseas business also recorded year-on-year growth in sales of containerboard grades in yen terms due to the impact from the exchange rate fluctuations.

But the household and industrial materials division posted a 33% year-on-year slump to ¥3.8 billion in its operating profit during the same period. Apart from the higher expenses on labor and logistics in Japan, Oji also pointed to the hefty costs of raw materials and fuels in New Zealand as a key reason behind its weakened profitability.

Oji Fibre Solutions (OjiFS), a wholly owned subsidiary of Oji Holdings, announced the permanent closure of its 85,000 tonne per year recycled board mill in Penrose, Auckland, New Zealand in September. The shutdown was attributed to a three-year pattern of losses with no prospect of the situation improving caused by several issues, including but not limited to, dramatically rising energy costs.

For similar reasons, OjiFS announced on Wednesday November 20 its proposal to cease production on the sole board machine at its Kinleith mill in Tokoroa in June 2025. If the proposed shut goes ahead, it will wipe out around 340,000 tpy of containerboard capacity in New Zealand.

Oji's net sales in the printing and communications media segment, which covers its newsprint and its printing and writing paper business, totaled ¥146.2 billion in the six months ended September 30, down by 1.9% from a year earlier. The operating profit of this segment plummeted by 42.5% year-on-year to ¥4.1 billion.

In response to the structural decline in graphic paper demand, Oji Paper, which is the Oji Holdings subsidiary overseeing the Japanese giant's graphic paper business, will permanently shut an 83,000 tpy coated paper machine at its mill in Tomakomai city in southern Hokkaido by March 2025.

Oji said it had permanently shut 21 graphic paper production lines with a combined capacity of 1.78 million tpy since 2008, reducing its total capacity in the sector by 53%.

#### **NPI's net sales almost flat:**

Nippon Paper Industries (NPI) recorded ¥584.5 billion in net sales in the six months ended September 30, almost flat compared to the same period in 2023.

Gains in sales of tissue, healthcare products and chemicals offset the losses in sales of graphic paper. Its operating income slumped 57.6% year-on-year to ¥2.1 billion in the reporting period.

The company said the plunge in its operating income was primarily due to the impact of large-scale maintenance work carried out at Nippon Dynawave Packaging (NDP), which is its US subsidiary for liquid packaging board production.

NPI's P&B business contributed ¥283.1 billion, or approximately 48.4% of the company's net sales in the first half of the current fiscal year starting April 1. The amount was 1.1% lower compared to a year ago, mostly due to sluggish demand in the domestic market. The company said it sold 994,000 tonnes of paper and 924,000 tonnes of board in the Japanese market in the reporting period, down 7.4% and 2.2% respectively from a year earlier.

The operating profit in NPI's P&B sector dropped by 8.8% year-on-year to ¥3.5 billion in the six months ended September 30. The company attributed the dip to higher personnel and logistics costs and elevated ocean freight rates. Price hikes in woodchips and recovered paper were also contributing factors to the drop in profit.

Most major paper producers in Japan announced price hikes of at least 5% for printing and communication paper products in the domestic market earlier this year, citing higher costs of labor and logistics. The majority of these planned increases were took effect from October or November.

But NPI, which is the largest graphic paper producer in Japan, has not laid out any new price revision plan for its printing and communication paper products since the start of the calendar year 2024. The company said that it would respond appropriately should costs continue to climb, but added that there was still uncertainty over trends in prices for raw materials and fuels as well as the yen's outlook for the time being.

NPI also reiterated its commitment to streamlining its graphic paper production system to deal with the shrinking demand in the sector. Since 2021, the company has revealed its decisions to shut down six graphic paper machines with a combined capacity of around 870,000 tpy in Japan, which is equivalent to about 30% of its total in 2020.

The six affected PMs include a 232,000 tpy newsprint machine the Yatsushiro mill in Kumamoto and a 64,000 tpy unit that produces uncoated fine paper and bleached kraft paper at the Shiraoi mill in Hokkaido, which NPI has scheduled to cease production in 2025.

### High OCC prices weigh on

**Rengo:** Packaging giant Rengo's net sales reached to ¥495.1 billion in the six months ended September 30, up 9.3% from the same period in 2023, driven by an increase in the number of its consolidated subsidiaries and the impact of

the yen's depreciation on foreign currency-denominated sales.

But the company's operating income totaled ¥19.8 billion, down by ¥5.9 billion or 22.9% from the same period a year earlier, largely due to lower profits generated by its board and corrugated packaging business.

Rengo produced 1.1 million tonnes of board in the first half of the current fiscal year, almost unchanged from a year earlier. The company produced 2,235 million square meters of corrugated sheets, down by 0.4% year-on-year.

With the volumes largely stable, the board and corrugated packaging business contributed ¥256.4 billion or 51.8% of Rengo's total net sales in the reporting period, 0.6% higher than the amount posted between April and September 2023, but the segment saw a ¥6.1 billion year-on-year decline in operating income, due to higher personnel expenses, more expensive recovered paper and spiking freight costs as the main drag.

The higher prices for old corrugated containers (OCC), which is the key fiber resource for recycled containerboard production, alone were responsible for a ¥1.4 billion yen year-on-year decrease in its operating income, according to Rengo. While a lower domestic consumption of corrugated packaging resulted in a decline in OCC collections in Japan, the country's OCC exports remained high, which led to a tightened domestic OCC supply and shored up the prices, according to Rengo.

### Daio Paper's profit halved:

Daio Paper recorded net sales of ¥333.7 billion in the first half of the fiscal year starting April

1, up 0.7% from the previous year. Its operating profit plunged by 50.1% to ¥3.7 billion.

Net sales in its P&B segment dropped by 0.4% year-on-year to ¥147 billion in the reporting period. While its sales of newsprint and containerboard both dipped amid soft demand, its sales of printing and communication paper remained largely stable as the decrease in the domestic market was evened out by the increase in exports. The operating income in the P&B sector shrank to ¥2.6 billion in the six months ended September 30, down by ¥6 billion from a year earlier.

Daio's home and personal care business posted net sales of ¥148.8 billion in the six months ended September 30, up 3.1% year-on-year, by virtue of the effect of price hikes and its full-scale entry into the pet care product sector.

The home and personal care business recorded a negative operating income of ¥200 million in the reporting period, primarily due to rising labor and logistics costs as well as well as sluggish business in China. But the latest figure marked an improvement from the \$2.6 billion operating loss recorded a year ago, thanks to price and product mix adjustments.

## General News

### Yueyang Forest & Paper to acquire Hunan Juntai

Yueyang Forest & Paper plans to acquire a 100% stake in Hunan Juntai New Material Technology for RMB 1.28 billion (\$176.5 million).

The two companies are both subsidiaries of stated-owned company Tiger Forest & Paper.

Hunan Juntai has long been China's largest bleached softwood (BSK) pulp mill with a capacity of 400,000 tonnes per year. Its sole fiber line can also swing to dissolving pulp production at a rate of 300,000 tpy.

In an announcement on Wednesday November 27, Yueyang Forest & Paper said that the acquisition will enhance its core competitiveness and profitability.

The company plans to invest in the development of new products at the pulp mill and will work to strengthen raw material supply to Hunan Juntai.

In addition, the pulp mill can also help secure fiber furnish to PMs at Yueyang Forest & Paper.

Currently, Yueyang Forest & Paper has a total capacity of around 900,000 tpy including 750,000 tpy uncoated printing and writing paper and 150,000 tpy of kraft paper at its mill in Yueyang city, Hunan province.

The PMs are integrated with three fiber lines with a combined capacity of around 300,000 tpy.

Earlier this month, the producer commenced production on a 200,000 tpy alkaline peroxide mechanical pulp system, which was sourced from its affiliate Yuanjiang Paper's sole mill in Yiyang city, Hunan province.

The fiber line is part of the company's ongoing expansion. A new 600,000 tpy uncoated fine paper machine is to be commissioned in December.

**Hunan Juntai:** In fact, the potential deal will be Yueyang Forest & Paper's second acquisition of the pulp mill.

Earlier in 2011, Yueyang Forest & Paper bought the pulp

producer for RMB 964 million, and increased the subsidiary's capital by RMB 722 million.

But Hunan Juntai started to lose money from 2012, and the parent company had to divest the subsidiary valued at RMB 970 million in 2015 through an asset swap.

Explaining the potential acquisition, Yueyang Forest & Paper said that the pulp mill has improved its performance, and its cost for pulp output has dropped by RMB 600 per tonne compared with the level before the swap.

In 2023, Hunan Juntai posted a net profit of approximately RMB 314 million, and its profits had reached RMB 264 million in the first seven months of this year.

In contrast, Yueyang Forest & Paper posted a loss of RMB 238 million for 2023 and a loss of almost RMB 95 million for the first three quarters of this year.

It seems that the acquisition is expected to boost Yueyang Forest & Paper's performance, but the market had a more negative reaction, and the share price of the Shanghai-listed company plunged by 10% on November 27.

In response, Yueyang Forest & Paper had a conference call with investors later that day.

A spokesperson from the company explained that Hunan Juntai is located in Huaihua city, Hunan province, which has abundant wood resources especially softwood. In addition, Yueyang Forest & Paper is optimistic about the development of the pulp mill due to steady market demand for BSK, and the pulp mill has also developed some valued-added

pulp grades, which has been well recognized by customers.

### **Sunshine Paper chairman takes leadership role in Chenming Holdings**

China Sunshine Paper Holdings chairman Wang Dongxing has taken the role of president of Chenming Holdings, the largest shareholder in Shandong Chenming Paper Holdings.

Wang spoke to more than 400 Shandong Chenming managers at a meeting on Tuesday November 26, intending to boost the morale of the company to deal with current difficulties.

Wang's new role was announced by Shandong Chenming and was believed to be a response to market speculation after it idled capacity for 7.03 million tonnes per year of pulp and paper, about 71.7% of its total capacity, because of substantial overdue debts.

Chenming Holdings is a state-owned company and held a 15.47% stake in Shandong Chenming at the end of September.

Sunshine Paper and Shandong Chenming are both based in Weifang, in Shandong province, less than 20km apart.

Wang had worked at Shandong Chenming between 1985 and 1999, and held a position of deputy general manager.

He founded Sunshine Paper in 2000, and the company went public in Hong Kong in 2007.

Currently, Sunshine Paper has capacity for 1.86 million tpy of recycled containerboard, and 200,000 tpy of coreboard at its mill in Changle, Weifang.

It also has a speciality paper subsidiary, with capacity for 120,000 tpy of base paper for décor paper production at a mill in Shouguang, Weifang.

Sunshine Paper has maintained steady and healthy growth. In 2023, it achieved total revenue of RMB 8.36 billion (\$1.15 billion), and although this was down by 12.4% year on year, its net profit rose by 91.2% year on year to RMB 393 million.

## **Jiangxi Pingfeng Paper starts up 200,000 tpy corrugating medium machine at Pingxiang mill in China**

Jiangxi Pingfeng Paper has started up a new 200,000 tonnes per year corrugating medium machine at its mill in Pingxiang city, Jiangxi province.

The machine, dubbed PM5, came online on Wednesday November 20.

Domestic machinery supplier Huazhang Technology provided some key parts for the machine, which features a trim width of 5.26 meters and has a design speed of 950 meters per minute.

The machine can make corrugating medium in a weight range of 70-200 g/m<sup>2</sup>, and it is integrated with a Kadant-supplied old corrugated container (OCC) line, which has a capacity of processing 720 tonnes of domestic OCC per day.

The mill also houses four other PMs with a combined capacity of around 100,000 tpy.

Jiangxi Pingfeng Paper was established in 2000, and its output is primarily used to make fireworks and crackers. Pingxiang and the nearby cities of Liuyang and Liling in Hunan

province, southern China, have long been a major production area for fireworks in China.

## **Rengo to raise coated white paperboard prices by at least 10% starting 2025**

Leading Japanese packaging producer Rengo has announced that it is going to raise its domestic prices for all coated white paperboard products by no less than 10%, effective on deliveries from January 1, 2025.

The producer said the increases were necessary to absorb the rising costs of raw materials and fuels, as well as higher expenses on personnel and logistics.

The raises apply to a grade of recycled fiber-based boxboard with a white, smooth front side coated with a layer of clay or other coating material and an uncoated backside, often gray in color. The grade is widely used for conversion into folding boxes for consumer goods packaging.

Last time Rengo adjusted prices for white paperboard products was in September 2022, when it announced an increase of at least ¥15 per kg for its entire white paperboard range.

## **Hansol Paper to raise prices by 5% for duplex board exports to Southeast Asian from December 1**

South Korea's Hansol Paper has announced a 5% price increase for its exports of duplex board to the Southeast Asian market, effective with new orders confirmed from December 1 onward.

The company ascribed the planned price adjustment to the substantial challenges

stemming from increased ocean freight costs for Southeast Asian ports as well as rising energy and labor costs in Korea.

## **New Zealand government takes pre-emptive action to boost forestry sector**

New Zealand has announced new measures to support its forestry industry, according to an official statement on Tuesday November 26.

The country has set a target to double its exports - in terms of value - over the next 10 years and intends to partner with domestic primary sector participants, including foresters to produce exports to meet the international market's demand, according to New Zealand's Minister of Forestry Todd McClay.

This would be done via six main pillars: cutting costs and red tape; provide clarity on emissions; improving environmental outcomes; supporting rural communities; embracing new technologies; and boosting trade.

In terms of cutting costs, the government said it would act to halve emissions trading scheme (ETS) charges for post-1989 forestry participants. This affected those with post-1989 forest land, which is land first established after December 31, 1989.

With regards to the ETS charges, New Zealand's Ministry for Primary Industries (MPI) recently concluded its consultation for resetting the ETS annual charge for the forestry industry.

Forest owners would receive a 50% reduction on charges if the changes kick in, which would fall from NZ \$30.25



(\$17.65) per hectare per year to \$14.90 per hectare per year.

If the proposal to halve these charges is successful, forest owners can expect to receive the outcome in early 2025 and regulation changes will also be enforced at that time.

The ETS works by charging foresters for the greenhouse gases their trees emit.

The log traders legislation meant that log traders and forestry advisers were previously required to register before operating. Registration criteria was stringent and included background checks before approval and prerequisites in terms of experience or qualifications.

The legislation was repealed at the end of August, which meant that traders and advisers no longer need to register or meet the registration requirements.

The government has also taken measures to boost trade by working to wipe out NZ \$733 million (about \$427.5 million) in non-tariff trade barriers, with plans to remove an additional \$900 million.

Earlier this month, New Zealand inked an inaugural treaty termed the Agreement on Trade and Sustainability (ACCTS) with Switzerland, Costa Rica and Iceland to remove tariffs from 316 key exports, including recovered paper.

In his November 21 speech delivered at the Auckland Trade and Economic Policy School, Mr McClay noted that the ACCTS was "particularly good" for domestic wood producers.

A significant achievement in eradicating trade barriers

was New Zealand's restored log trade with India, which the government said was worth up to \$250 million. The log trade between New Zealand and India hit a large pothole when New Zealand's Environmental Protection Authority (EPA) announced on August 11, 2021 that it would be banning methyl bromide.

This decision followed an assessment that concluded the substance was "toxic and ozone-depleting," according to EPA's statement issued on December 22, 2021. The EPA defines methyl bromide as "a biosecurity tool, used intentionally to kill pests".

The ban also brought log trade between India and New Zealand to a halt, given that India required logs received from New Zealand to be fumigated with methyl bromide. The move raised concerns because India was one of New Zealand's top three export markets for its logs, sources told Fastmarkets.

In early 2022, New Zealand's Forest Owners Association clamored for a delegation of government ministers to visit India urgently in hopes of restoring log trading. Log exports to India crashed to a comparatively paltry \$28 million in 2021 after the ban on methyl bromide.

The MPI trialled a possible solution between September 15 and October 31, 2023. Instead of treating logs before sailing out of New Zealand harbours, the MPI allowed logs to be fumigated upon arrival in India. According to MPI's page pertaining to Indian exports, "methyl bromide fumigation of breakbulk logs in ship holds may be undertaken on arrival".

Changes to these fumigation practices were instrumental

for kicking off a revival in the log market, and shipments began to arrive at Indian ports in March and April this year after the trade drought.

"We need to invest in relational and not transactional relationships," McClay said in his November 21 speech.

"Already, we are seeing this [approach] work with more engagement at all levels across the Indian system," he added.

While not in a recession, New Zealand's economy has been in a slump, with the latest government statistics showing that migration arrivals are on a downtrend while departures are rising. This has made it even more crucial for the government to shore up the pillars of its economic growth, especially its primary sector.

According to the New Zealand government, 80% of its exports come from the country's primary sector, with forestry and wood products making up the country's fourth-biggest export earner.

### **Japan producer JPP's new European subsidiaries to change names by end of November**

Japan Pulp & Paper will be renaming its acquisitions of new Inapa subsidiaries to OVOL ComPlott GmbH and OVOL France, SAS, the company said in a press release on November 20.

JPP announced its acquisition of new Inapa subsidiaries in Europe last month: Inapa Deutschland, Inapa ComPlott and Inapa Packaging in Germany along with Inapa French SAS and JJ LOOS SAS in France.

The Japanese producer then held a Board of Directors



meeting on November 15, after which it decided to change the names of its new business subsidiaries and acquisitions.

In the press release pertaining to JPP's new trade name for its French acquisitions, the company said that "the trade name is being changed to foster a sense of unity within the group."

The name change would also "accelerate the global expansion of our group," the company said. This would be achieved by using the group brand name OVOL under its new management structure.

Originally, the German acquisitions were meant to be named OVOL C&P Deutschland GmbH, but this was not deemed sustainable. In the company's statement issued on November 20, JPP said, "Due to the differences [between the new subsidiaries and their businesses, which range from packaging-related to sign- and display-related products], as well as technical and time constraints related to data retention, transfer, and various new settings at each company, we have decided to... establish a new subsidiary to handle the packaging-related materials sales business."

The company also confirmed that the business of selling packaging-related materials would be transferred to the newly established subsidiary, which would change its trade name to specialize in the business of selling sign- and display-related products.

### **Tasmanian government to invest in \$9.7 mln ship loader at Port of Bell Bay**

The government of Australia's island state of Tasmania

announced on Friday November 22 that it intended to invest A\$15 million (\$9.7 million) in a new ship loader at the Port of Bell Bay.

The news came when the government delivered its 2030 Strong Plan for Tasmania's Future. The loader will "enhance Tasmania's forest exporting capabilities" while strengthening the state's economy, a press release said.

The existing equipment to be replaced is 32 years old, while the new ship loader will have more advanced automation, greater capacity and better biosecurity measures in place.

"This investment... will ensure faster, more efficient loading of larger vessels... and provide benefits such as enhanced safety features, energy efficiencies and cyber security advancements," Tasmania's Minister for Infrastructure, Kerry Vincent, said.

The new ship loader will also have an automatic chip sampler to ease the current workflow, which involves manual sampling. The automated sampling process was expected to enable quicker and more accurate wood chip analysis.

Wood chips will also be able to efficiently undergo fumigation during loading, which will save time.

Tasmania's forestry sector is worth \$1.2 billion per year, and the government is keen to ensure that the Port of Bell Bay retains its position as an exports hub.

Government tenders for constructing the new loader will go out next year, with the new ship loader expected to be installed by 2026.

### **Japanese producer Marubeni announces change of chairman, president and CEO**

Marubeni has appointed Masumi Kakinoki as its new chairman of the board, effective on April 1, 2025 following a meeting of the board of directors on Wednesday November 27, the company said in a statement.

Masumi is Marubeni's current president and chief executive office, and a member of the board. He joined Marubeni in 1980 before taking on the role of president and CEO five years ago in 2019.

The new president and CEO of Marubeni will be Masayuki Omoto, who is currently its managing executive director. Masayuki joined Marubeni in 1992.

Existing chairman of the board Fumiya Kokubu will step down from his role to become a member of the board and honorary corporate advisor on April 1.

In the statement, Marubeni added that Fumiya will then resign as member of the board at the general meeting of shareholders, which has been scheduled for June next year.

In its latest integrated report, Marubeni stated that it was "committed to enhancing medium- to long-term corporate value by focusing efforts on sustaining and improving cash generation and return on equity (ROE), and reducing the cost of equity."

Marubeni was able to achieve an adjusted net profit in excess of 450 billion yen (\$2.93 billion) for a third consecutive year in the fiscal year that ended on March 31.

According to Fastmarkets data, Marubeni has paper mills in Japan and Vietnam, and pulp facilities in Indonesia. It has a total capacity of more than 1.7 million tonnes per year of pulp and paper.

### Marubeni and Osaka Gas sign MOU to evaluate the quality of carbon credits

A memorandum of understanding (MOU) has been inked between Marubeni Corporation's President and CEO Masumi Kakinoki and Osaka Gas Co.'s President and CEO Masataka Fujiwara for a business collaboration to establish a framework for evaluating carbon credit quality.

Carbon credits are also known as carbon offsets, which are used to reduce, remove or avoid greenhouse gas (GHG) emissions. These credits are created when projects are established to reduce or remove carbon from the atmosphere. Those who own carbon credits are therefore allowed a certain amount of emissions.

Osaka Gas developed a system to analyse credit project plans by using generative artificial intelligence (AI). The system will evaluate consistency across plans, with multiple standards to check carbon credit quality.

Marubeni is currently working both domestically and internationally to support and carry out activities that reduce GHG emissions.

Under the agreement, Marubeni will explore how Osaka Gas' AI system can undergo development and expansion.

The collaboration aligns with Japan's announcement in October 2020 that the country plans to achieve carbon neutrality by 2050.

### Japan's Muji brand to use Protego packaging paper from South Korea's Hansol Paper for 11 products

Hansol Paper's Protego flexible packaging paper is to be used by Japanese lifestyle brand Muji for 11 refillable products, such as shampoos, body washes and detergents, the South Korean paper producer said this week.

Protego was developed as a replacement for traditional flexible packaging materials and introduced to the market in early 2021 as a paper alternative to plastic aluminium, according to Hansol Paper.

Protego is disposable as recyclable waste and more than 90% of it is biodegradable.

Protego is treated with a unique coating to insulate it from the effect of exposure to oxygen, heat and moisture, the company said.

The coating is certified by the Food and Drug Administration in the US and Protego has been certified as a green technology product by South Korea's Ministry of Agriculture, Food and Rural Affairs, the company said.

Protego was a winner at the 2025 Worldstar Global Packaging Awards, winning the President and Bronze awards for its suitability as food packaging, for its printability and for integrated functionalities - including its moisture, oxygen and heat barrier.

## PPI Asia

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# Webinar: Lessons learned from London Pulp Week and predictions for 2025

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