Defining the China market for Pulp, Paper and Board

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China accounts for the majority of growth in global paper and board output in recent years, and has supported demand for both market pulp and recovered fibre in an otherwise contracting global industry. Chinese demand for imported pulp accelerated in 2015-17 even as the economy slowed, profitability deteriorated further, and rationalisation of obsolete capacity continued. We are more than half-way through the 13th five-year economic plan, and China remains the key variable for global fibre markets, but the drivers of Chinese demand are changing.

In spite of its importance, market research in China has typically been over-reliant on rudimentary assumptions regarding relationships between GDP per capita and paper consumption. Official statistics of paper production and consumption in China are too general and out of date to be of practical use, and in many cases are contradictory and unreliable.

Although the report incorporates all available published information, this is augmented by extensive primary research throughout the year. The report also identifies and analyses the individual drivers of paper production and imported fibre demand. A key element to the research is to define the production and consumption of higher quality grades of paper and board separately from the production of traditional papers based largely on non-wood fibres and locally collected wastepaper.

The report was first published in March 2003, and we have been encouraged by our subscribers to review and update the research on an annual basis. The report has become recognised by the industry as the most detailed and comprehensive analysis available. It is a vital tool for both strategic planning and sales and marketing. In addition to the report, subscribers benefit from continuous updates on the Chinese market and individual projects on request, throughout the year.

The following pages include a table of contents and list of figures and tables included in a typical Defining the China Market report.

About Hawkins Wright

Hawkins Wright is an independent consultancy providing a range of strategic, forecasting, market intelligence and business information services to the international forest products and bioenergy industries.

Since 1982 Hawkins Wright has provided authoritative and cost-effective services based on in-depth research of the global forest, pulp & paper and bioenergy industries. These services include private consultancy assignments covering a full range of marketing and strategic subjects as well as regular multi-client reports and newsletters.

Our consultancy services build on our global perspective of the macro- and micro-economic trends driving the international forest industry and downstream product markets. Assignments can range from advice on a client’s business development or feedstock sourcing strategies to highly detailed market feasibility assessments of prospective projects.
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Chapter Six
Market pulp

1. The structure of the market

China's paper mills consumed 26.4 million tonnes of wood pulp in 2009, 25.6 million in 2014, and 29 million in 2016. They consumed 100 million tonnes of wood pulp, which is equivalent to the total production of 120 pulp mills. The major producers of these mills are China’s 4 major pulp producers: 3 AHP brands and HPC brands. The latter is also classified as market pulp but around 2.5 million tonnes are not included in this number. The major producers of these mills are China’s 4 major pulp producers: 3 AHP brands and HPC brands. The latter is also classified as market pulp but around 2.5 million tonnes are not included in this number.

The great depressions in 2008 and 2009 saw a sharp decline in pulp consumption, particularly for newsprint. However, since then, the market has recovered and is now growing at a rate of 8-10% per annum.

Figure 6.2 Chinese pulp consumption, 2009-2016

Despite this, the current market pulp consumption in China remains relatively low compared to other major pulp producing countries. This is primarily due to the high cost of production and the limited availability of high-quality raw materials.
Chapter Eight
Capacity expansions

1. Summary

In Table 20 and Figure 14 we summarise the individual investments in pulp, paper and board capacity in China, with data from 2001 to 2017. The total investment in pulp and paper capacity in China increased from 10.2 million tonnes in 2001 to 8.5 million tonnes in 2017. The group controls at least 2.5 million tonnes of pulp capacity, with the largest investments in pulp and paper capacity in China. The group controls at least 2.5 million tonnes of pulp capacity, with the largest investments in pulp and paper capacity in China.
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