

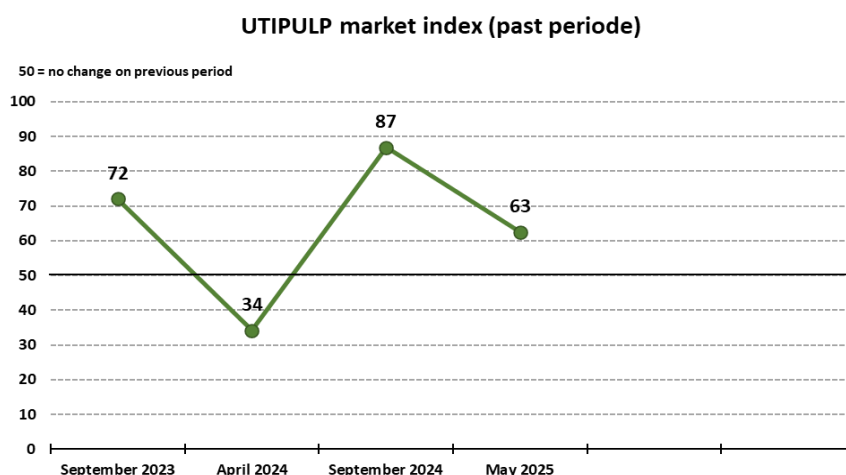
### UTIPULP market questionnaire

May 2025

- 17 answers have been received (19 during the survey of September 2024).
- This synthesis contains 3 parts on: “market index”, “US tariffs” and “EUDR”.

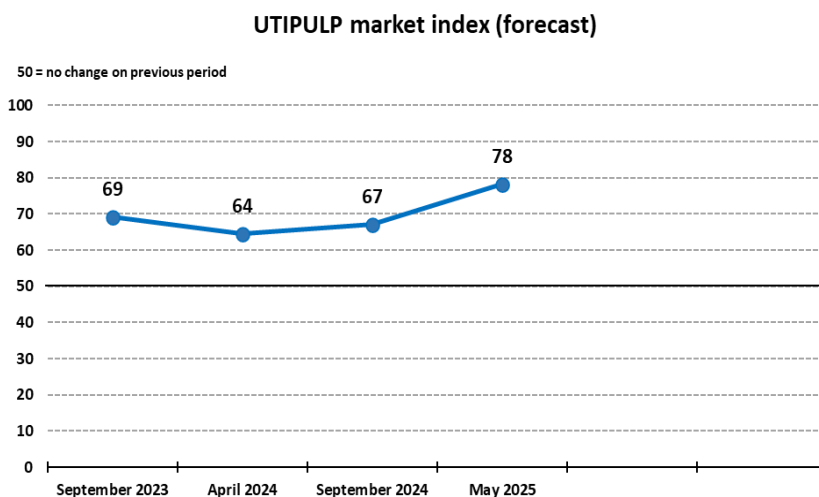
#### A. Market Index

1. Regarding your pulp supply, has the situation improved or worsen since the last meeting (September 2024)?



- Compared to September 2024, respondents have experienced a slight improvement in pulp supply conditions (the index is above 50). In September 2024, the situation had more substantially improved.

2. In H2 2025, according to your forecasts, will the pulp supply improve or worsen?



- Respondents anticipate an improvement in pulp supply conditions (the index is above 50). Answers are more optimistic compared to September 2024.
- Answers rank from “strong improvement” (5 times) to “steady” (3 times). The bulk of the answers is around “slight improvement”.
- None of the respondents anticipate “a slight” or a “strong deterioration”.

### **3. Please specify the reasons of your forecast**

- Most of the respondents report an oversupply of pulp and a low consumption (see below). This combination is expected to lead to improved availability and decreasing prices.
- Regarding the pulp supply:
  - Production capacity of pulp has been steadily increasing over recent years.
  - Multiple maintenance shutdowns in South America are ending, which will result in a gradual return of previously idle production capacity to the market (especially for short fibers).
  - The sharp decline in Chinese demand could lead to a redirection of pulp volumes to Europe.
  - Nonetheless, as pulp costs remain extremely high for Nordic suppliers, should prices begin to decline, several pulp mills may be forced to shut down.
- Regarding the pulp demand, the forecasts are diverse:
  - The general perception is a weakening demand across all major regions.
  - Demand in the pulp and paper sector will continue to shrink. Consumption in major markets remains moderate, and there are no clear indicators of a recovery.
  - Several respondents note a strong drop in Chinese demand, which is coupled with significantly lower pricing levels compared to the European market, for both softwood and hardwood grades.
  - Uncertainty around potential US tariff developments acts as a wildcard, with the potential to impact demand in both positive and negative ways (see below).

### **4. What key changes will influence pulp consumption in your country during the 12 coming months (new paper mills/capacities, closures...)?**

- Most of the respondents expect a stable pulp consumption in the coming year, with 2025 demand anticipated to be comparable to that of 2024. Potential mill closures and expected production downtimes at paper mills could reduce the need for pulp.
- A deteriorating economic environment, combined with uncertainty around potential US trade duties, may create additional volatility in consumption trends.

- The tissue segment will remain stable or below expectations (depending on the respondent).
- Concerns are expressed for some specialty papers (thermal paper ...). For these specialty papers, the current oversupply raises questions about how this surplus will be distributed across markets and its possible effects on pulp demand.
- The start-up of new capacities is mentioned, such as Velvet CARE's new tissue machine (Poland, +60 kt), expected to start in Q4 2025, and the Norske Skog Golbey project, although the latter is expected to involve only marginal volumes of virgin pulp.
- In the UK, two new tissue mill projects underway that will start to produce in late 2025/early 2026 (ICT and Shotton) both in north Wales.
- Papermakers with a reduced access to the U.S. market will turn to Europe, intensifying competition in the region.

## B. US Tariffs

### 1. Has the announcement made by the US on tariffs already have consequences on the pulp market? If yes, could you specify?

- Most of the respondents observe no impact (for the time being) and emphasize that the situation is still evolving, and its full consequences remain unclear.
- 40% of respondents indicate that the recent U.S. announcement on tariffs has already had an impact on the pulp market.
- Regarding the noted impacts:
  - Some report that orders from the U.S. have been cancelled, leading to a reduced need for pulp in Europe.
  - Some companies adopt a cautious approach and hesitate to commit to new shipments.

### 2. If we assume that the US will apply tariffs of 20% on the market pulp they import as of July 9 (from most of the countries), what consequences do you anticipate on the market pulp supply of the European paper mills?

- Many respondents anticipate a positive effect on pulp supply in Europe.
- A significant number expect that more volumes, particularly Nordic softwood pulp, will remain on the European market, rather than being exported to the U.S. This shift could lead to increased availability and downward pressure on prices, benefitting European paper mills in terms of both access and cost.
- Some respondents mention that hardwood availability may also be indirectly affected.

- A few participants pointed out the possibility of fluff pulp supply disruptions, which could have longer-term effects on the demand for related end-products in Europe.
- Despite these views, a minority of respondents believe the tariffs may not lead to major changes, as the measures would apply broadly to all exporting countries, thereby preserving a level playing field.

3. **So far, among the pulp grades, only mechanical pulp coming from the US will be subject to tariffs applied by the EU as retaliation. What is your viewpoint if the EU, in the future, decides to apply tariff to other pulp grades (chemical, CTMP ...)?**

- When asked whether they would agree with the EU applying tariffs to other pulp grades (such as chemical pulp or CTMP) in the future, 53% of respondents would agree, while 47% would not.
- Remark: this question is outdated, as the “EU list for retaliation” has evolved.

### C. EUDR

1. **Considering a scale of 0 to 10, do you consider that your market pulp suppliers are ready to fulfill the requirement of the EUDR (0 = not ready at all, 10 = absolutely no problem to provide all the requested information).**



- Answers are rather heterogeneous and rank from “5” (2 times) to “8” (5 times).
- While not all suppliers are fully ready yet, the general expectation is that they will be within the coming months. Some noted that smaller European suppliers appear less prepared, and while progress is being made, it is viewed by some as too slow.

**2. Do you think that there should be a stronger lobbying effort aiming at the simplification of the EUDR?**

- A large majority of respondents express strong support for increased lobbying efforts to simplify the EUDR, with many emphasizing the need for a more realistic and progressive implementation.
- A few also advocate for the complete elimination of the regulation, citing excessive bureaucracy.
- Only a small minority express doubts about the effectiveness of such efforts.

**3. Do you think UTIPULP should take a position so that the pulp suppliers “go live” with the EUDR in advance to the official date (e.g : 1 September)?**

- Most of the respondents support UTIPULP taking a position to encourage pulp suppliers to begin EUDR implementation ahead of the official deadline, viewing it as a useful way to test the Information System and better prepare paper producers.
- Some also suggest that UTIPULP could offer guidance on unclear aspects of the regulation.
- However, a minority either opposes early implementation or prefers to delay or eliminate the regulation altogether.

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