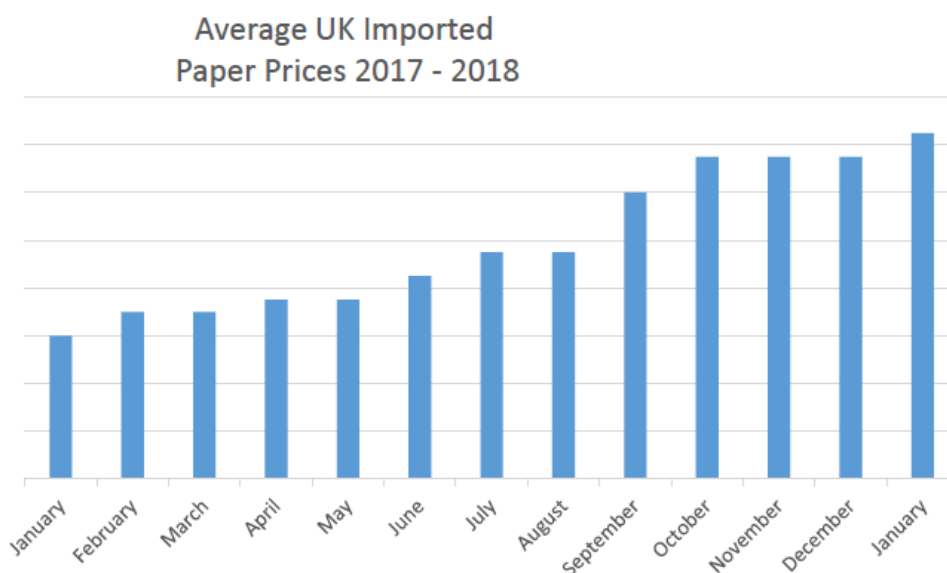


## Pulp & Paper Pricing Report – April 2018

### What's happened to my paper price?

It's not just the effect of Brexit on our currency values, the paper industry has also experienced huge price changes during the last year. The chart below illustrates the trend:



### So what's caused these changes?

Global demand for 'pulp' (used to make paper) has grown rapidly, yet the supply of pulp available has remained static. This means paper mills either have to pay more to buy the pulp... or stop production of paper if they are not prepared to pay the higher price!



Paper mill & plantations

## Why has demand for pulp suddenly increased so much?

There are several reasons:

- China's growing middle class can now afford to use tissues and tissue related products. This is a more profitable product for paper mills to make compared to office papers.



- The Chinese government has banned imports of recycling waste from other countries. The result is more pulp based virgin fibre is being used in China for packaging.



- Plastic... the product we all use without thinking about is now being frowned upon. Pulp based packaging is starting to replace many products that contained plastic e.g. coffee cups, carrier bags, cartons etc.

## So quick, we need more pulp...!

- China was home to a large number of small pulp mills, but due to environmental pollution concerns, many of these smaller pulp mills have been closed down.
- The extra demand for pulp was not forecasted and has taken mills by surprise.
- There are now plans to build more pulp mills worldwide although this will take over 2 years to commence production.

## What else has affected the price?

- Low profits at paper mills has caused the industry to look at alternative products they can manufacture.
- For example, an International paper mill that was devoted to producing paper for copiers and printing presses, has now reduced their paper production to just 10%

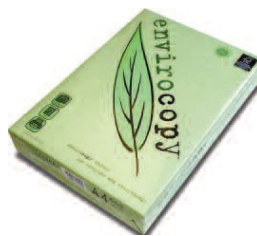
of their capacity; with 90% now dedicated to unrelated products like pill capsules, sausage skins, viscose, tissue and many more!



This trend is common in most major paper mills, further impacting the availability and prices of paper.

## Value for money?

Interestingly, paper still costs less per ream today than it did over 40 years ago, when the average house price was under £5,000 and a pack of Polo mints was 7p!



## Our advice

Maple Leaf are keen to help make your budget go further. One of our friendly team is available to assist in identifying where we can stabilise costs on your regular purchases.

## Deals that are too good to be true?

These paper price increases have affected all merchants, worldwide. Please be careful in taking up 'amazing deals' on pre-paid stock orders. Is the quality right? And are they still honouring these 'amazing' prices quoted once the goods are actually invoiced.

We have recently heard of situations where customers who set up pre-paid long term call-off orders having their usual paper switched to other inferior grades to complete a call-off order, or where these now, loss-making prices, are not honoured and goods are invoiced at a much higher price after supply.