



# Volatility in an uncertain World

Asian Print Awards Industry Conference

Nov 2024

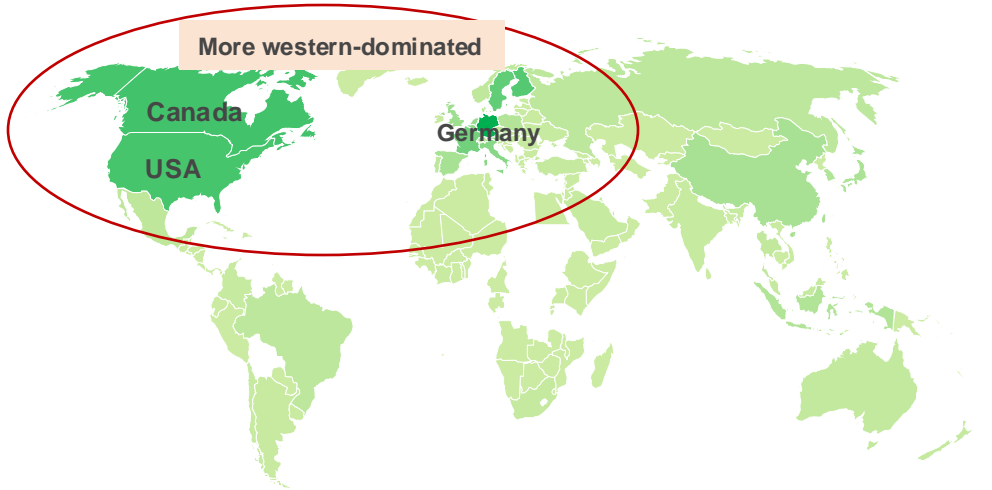


# Challenging external environment

# Asian-influence on global paper trade strengthening during past 20 years

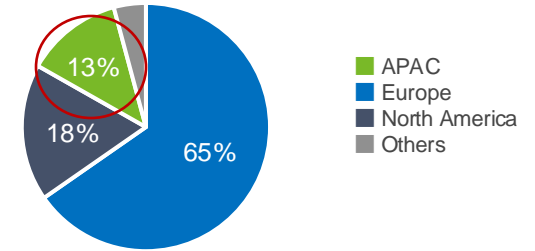


Global suppliers in 2004, by export value, bil USD

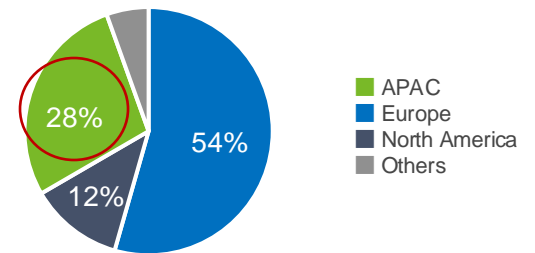


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2004 Exporter shares



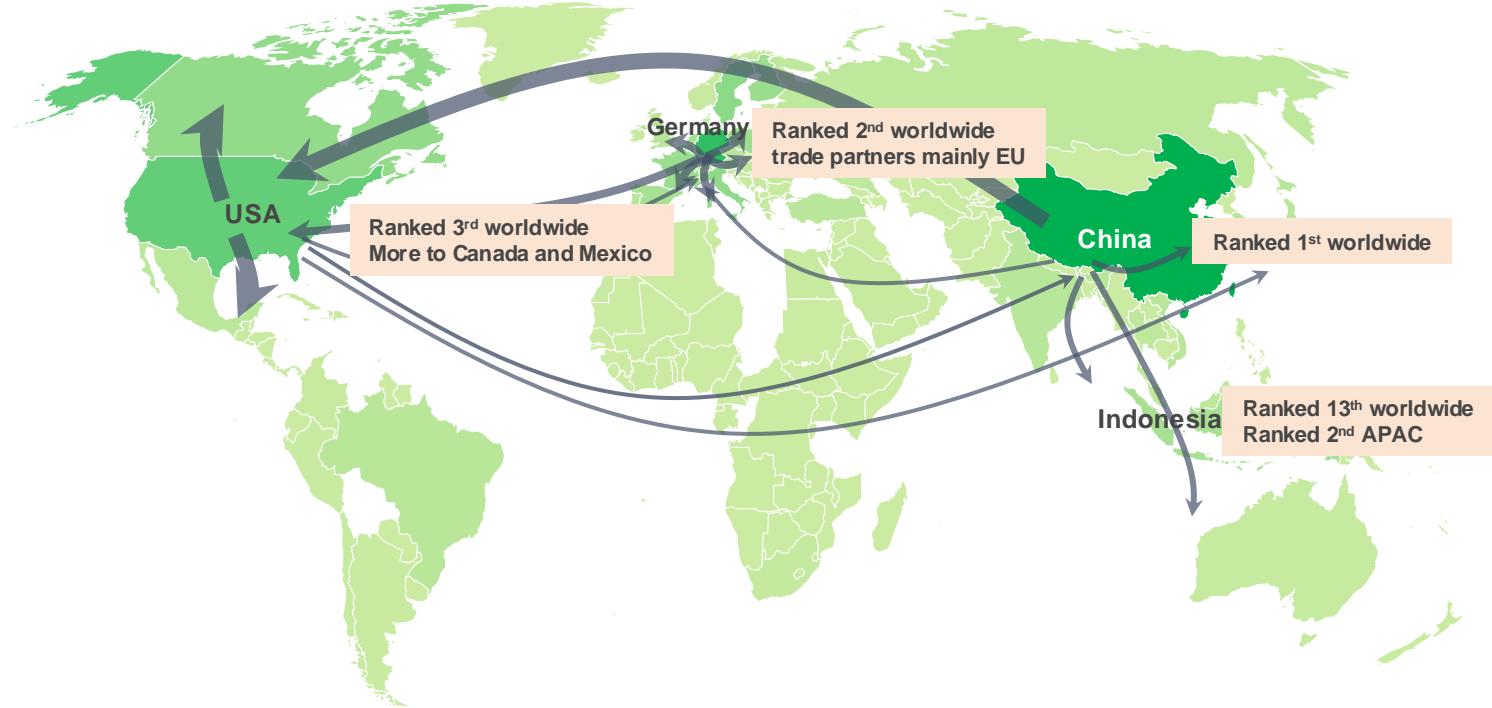
2023 Exporter shares



# China, Germany and U.S. are now the biggest paper exporters worldwide



Global suppliers in 2023, by export value, bil USD





# China and Indonesia are the top 2 paper exporters in APAC



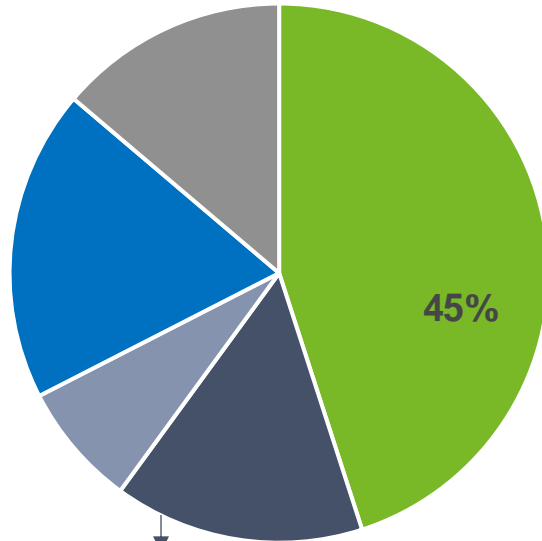
# China is a more global paper trader while Indonesia is more concentrated



## By country

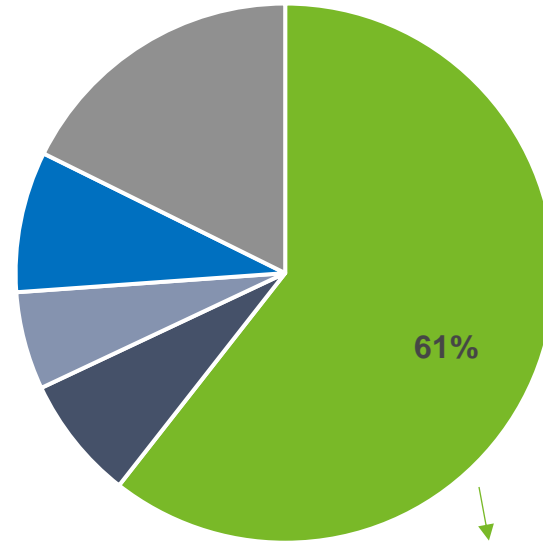
### China

- APAC
- North America
- Latin America
- Europe
- Others



USA as top 1 trade partner, 13%

### Indonesia



CHN as top 1 trade partner, 10%

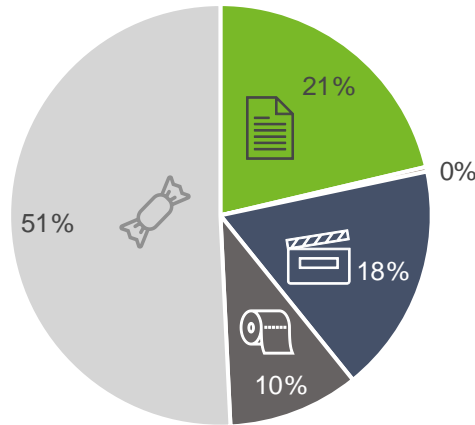
# Due to tariff pressures, China's paper trade focuses more on paper products



## By product

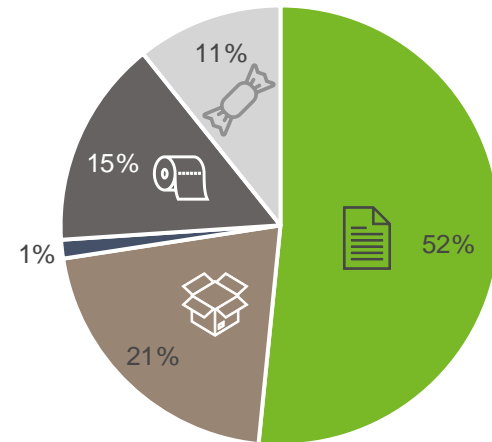
### China

More paper products and specialty grade



### Indonesia

Strong export of graphic paper

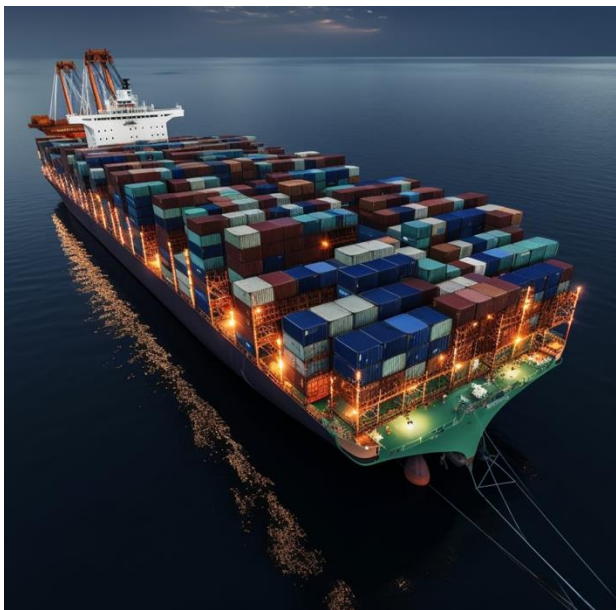


-  Graphic Paper
-  Containerboard
-  Cartonboard
-  Tissue
-  Others

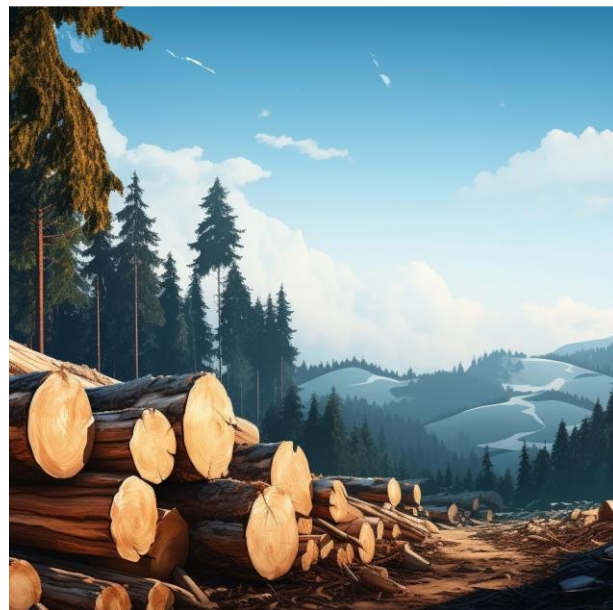
# Volatility mainly comes from shipping rates & market pulp prices



## 1 Logistics – impact CHN/IDN

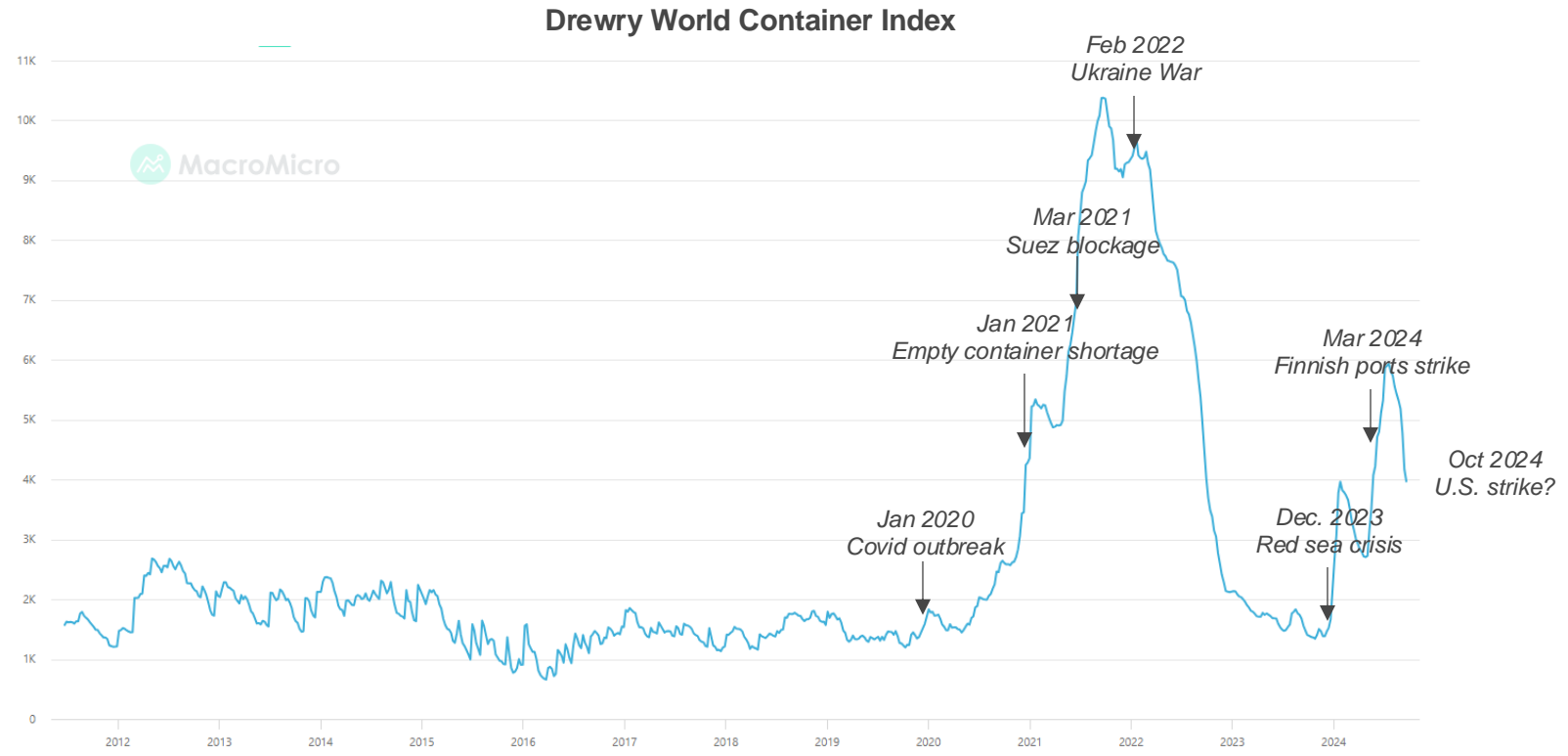


## 2 Pulp – impact CHN



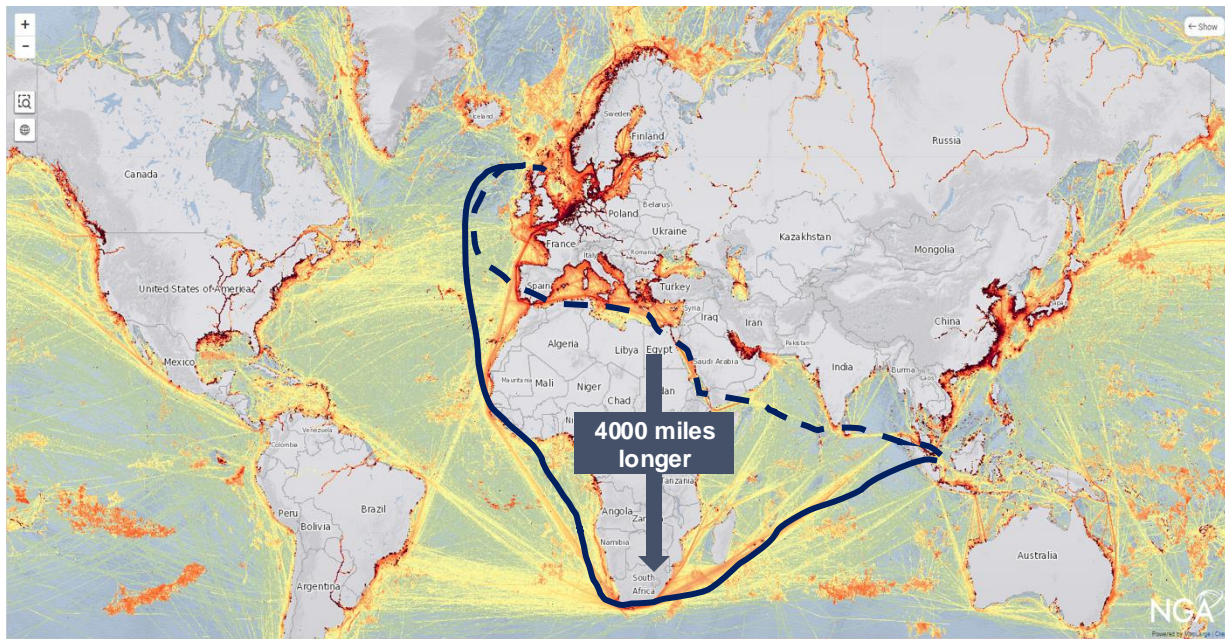


# 1 Global container transportation market has been increasingly volatile since covid



1

# Red sea shipping crisis led to a 4000 miles longer journey



- **17000 ships** go through the Suez Canal each year
- **12% of annual global trade** passes through the Red Sea
- **1 trillion USD** worth of goods
- **4000 miles** longer distance
- **30%** longer time

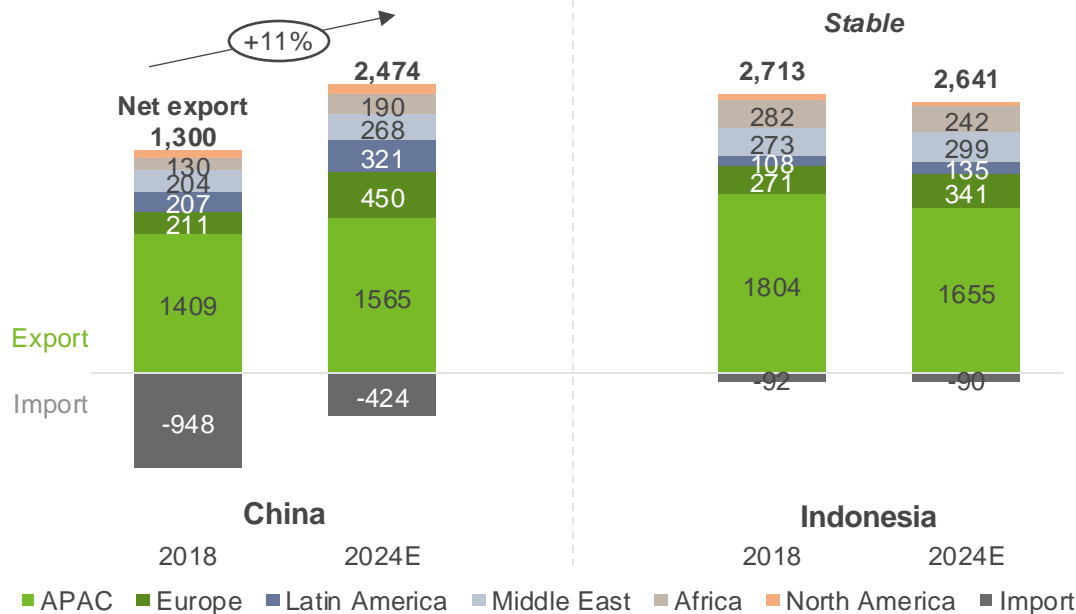
## 2 Pulp price and its volatility goes up



# Despite volatile external environment, China and Indonesia fine paper trade remains robust



China vs Indonesia fine paper trade volume, kt



- China net export has been growing **at 11%** from 2018 to 2024e
- Indonesia kept fine paper net export **stable at high level**
- By product, growth in China export mainly comes from **graphic paper**
- By country, growth in China mainly comes from **UAE/Saudi(106kt), Vietnam(103kt)**, Turkey(90kt) and India (86kt)

# Appendix - U.S. tariff on fine paper

Reporting country	Exporting country	Grade	Duties	Range of individual margins (major exporters) %	Range of applied rate if different All other rates (Smaller producers not exporting currently)%	Inforce	Initiation date	Measure in force from	Paper grade including
USA	Indonesia	Coated paper	AD	20	20	Yes	2009/10/20	2010/11/17	481019/481022/481029
			CVD	/	18	Yes	2009/10/20	2010/11/17	
		Uncoated paper	AD	67	2	Yes	2015/2/18	2016/3/3	480256/480257/480262/480269/481190
			CVD	21~109	21	Yes	2015/2/18	2016/3/3	
	China	Coated paper	AD	8	136	Yes	2009/10/20	2010/11/17	481014/481019/481022/481029
			CVD	19~203	19	Yes	2009/10/20	2010/11/17	
			Additional duties	25	25		Since US against China trade war		
		Uncoated paper	AD	84~149	/	Yes	2015/2/18	2016/3/3	480256/480257/480262/480269/481190
			CVD	6~126	6	Yes	2015/2/18	2016/3/3	
			Additional duties	25	25		Since US against China trade war		

# EU Deforestation Regulation (EUDR)

- Objective of the regulation is to halt and reverse EU-driven global deforestation based on **mandatory due diligence**
- Entered into force on 29 June 2023 → **Transition period of 18 months until 30 December 2024**
- Prohibition to **place relevant products on the EU market or export them** unless
  - They are deforestation free
  - They have been produced in accordance with the relevant legislation of the country of production
  - They are covered by a due diligence statement
- Commodities covered are cattle, cocoa, coffee, palm oil, rubber, soya and **wood**



# EUDR

# UPM High level EUDR project plan

## UPM EUDR Project

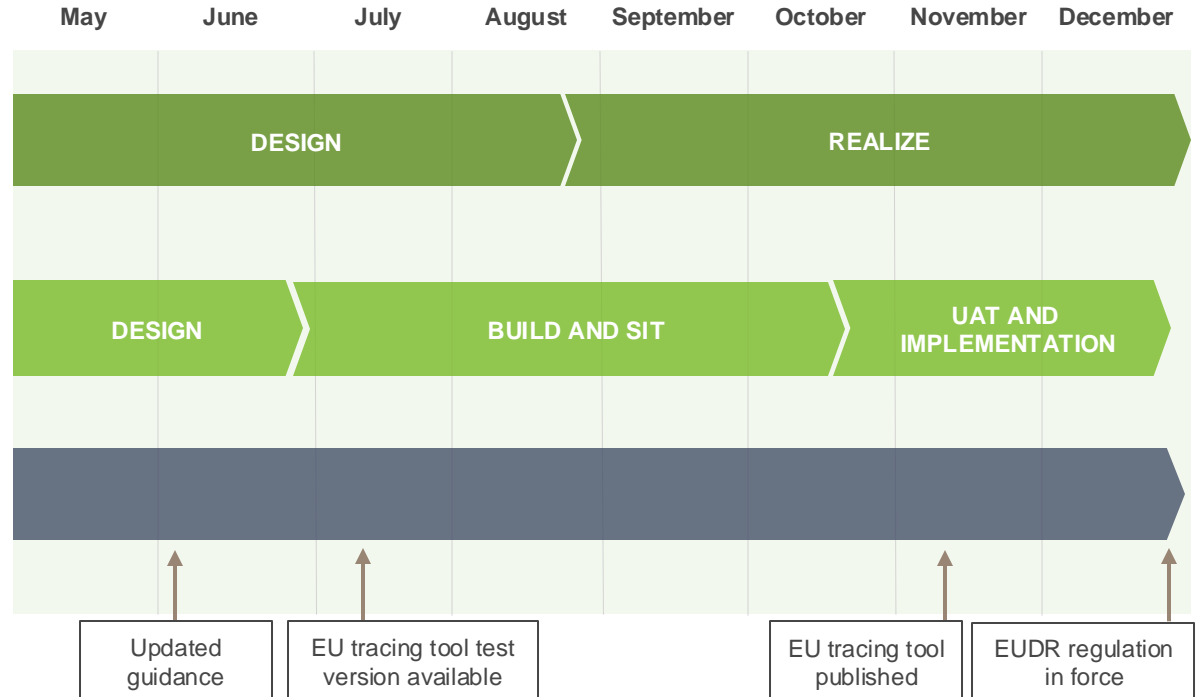
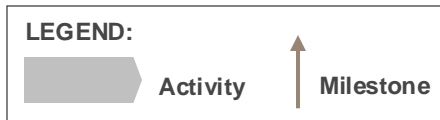
Covering common tools e.g. archiving, customs clearance and UPM level API to Traces

## Paper EUDR Project

Covering Paper specific requirements from Raw material receipt to Customer delivery

## EU process

(regulation & tracing tool)







# UPM Specialty Papers in Brief

# UPM Specialty Papers products

## Fine Papers

For office use as well as papers for publications, books & catalogues



## Packaging Papers

For food & non-food consumer packaging & industrial end-uses



## Label & Release

For food & beverage packaging, VIP labels, logistics & industrial end-uses

# POWER TO YOUR PURPOSE



To UPM Specialty Papers, sustainability is all about empowering our customers to make their purpose come to life. Our products are powered by the forest, amplified by expertise & designed for recycling. All of this helps to transform our customers' materials.



## AMPLIFIED BY EXPERTISE

Reduce your environmental footprint with our expertise in all steps of the value chain.



## POWERED BY THE FOREST

Our value chain starts in the forests. Sustainably managed, they provide renewable materials & sequester carbon.



## DESIGNED FOR RECYCLING

All our solutions are designed for circularity.



## TRANSFORM YOUR MATERIALS

We provide you with transformative materials that help meet your sustainability goals & match your needs from conversion & packaging to store shelves.

# Our principles of sustainable forestry

100%

traceability with 3<sup>rd</sup> party verification

Target of

100%

of certified wood material by 2030  
already today over 80%

100%

**Regeneration**

50 million new trees planted  
every year, 100 per minute

- 
- **No deforestation, ever.** No use of rainforests.
  - **Sustainable harvesting practices**
  - Preservation of all forest **ecosystem services**

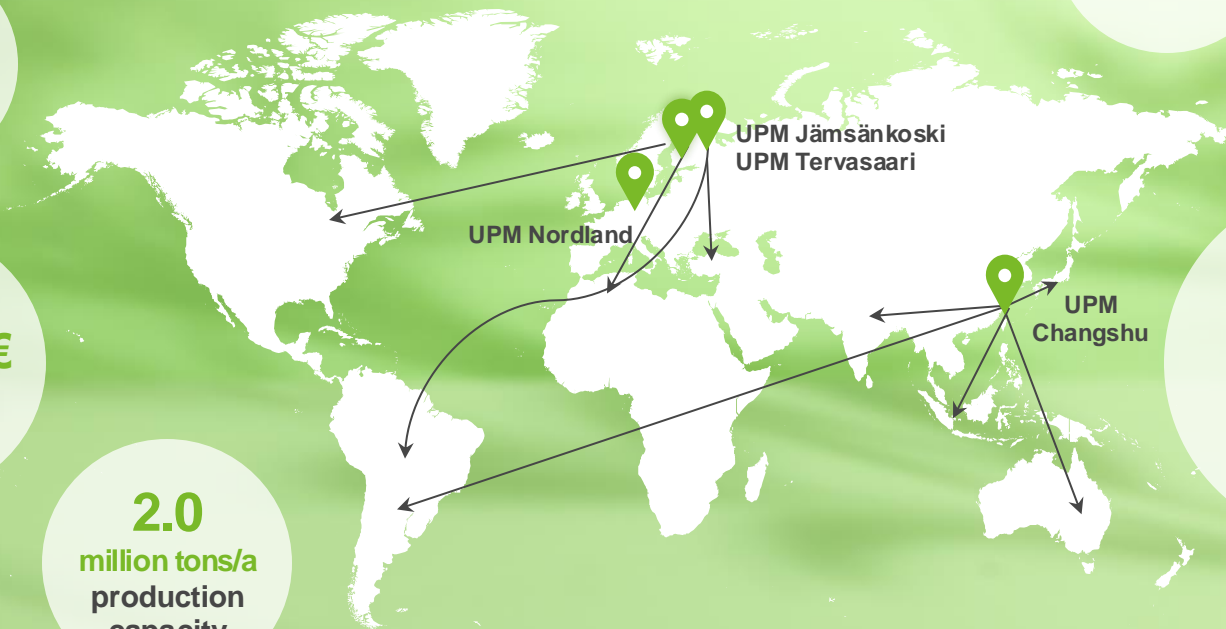
# This is UPM Specialty Papers

**2,000**  
experts

**4 mills**

**1,485 M€**  
in sales  
(2023)

**2.0**  
million tons/a  
production  
capacity



**Global top-rated service network & customer service specialists**

# UPM Specialty Papers

## Fine papers



- Changshu mill, China
- Products:
  - Graphic papers
  - Office Papers
- Strong regional service footprint in APAC

KOREA  
JAPAN  
CHINA

- 
- Mill
  - Sales offices & representatives
  - Customer service centre
  - Regional warehouse
  - Supply chain centre

AUSTRALIA

# UPM Changshu Mill



## Facts & Figures

- Invested in 1998
- Specialty papers produced since 2015
- Production lines: PM1 and PM2 and PM3, Cut-size line
- Products: WFC, WFU, glassine, specialty packaging
- Grammage: 40-120 g/m<sup>2</sup>



## Certifications

- EMAS, ISO 14001, ISO 9001
- ISO 45001, ISO 50001
- ISO 22000/FSSC 22000 (PM3)
- FSC™ (C-014719) / PEFC (02-31-80) Chain of Custody

UPM **BIOFORE-BEYOND** FOSSILS



# Most sustainable office papers in APAC

## In China



UPM Jetset® Presentation



UPM Jetset®



UPM Copykid®



UPM Yes®



UPM Future®



UPM Office®



UPM Colour Max®



UPM Jincopy®



SOHO



Horizon



Excellent Print

## In Asia Pacific



UPM Yes®



UPM Office®



New Future Opti



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