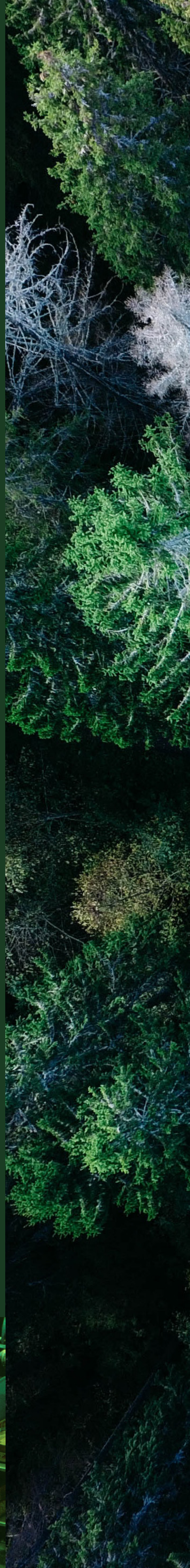
Fastmarkets

Global pulp market 2026: A year of transformation

How capacity closures and demand shifts are reshaping the global pulp market



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> The 2026 pulp market will not be defined by demand recovery alone – but by who can navigate fibre constraints fastest.

01 Executive summary

The global pulp market is entering a period of significant change in 2026. Supply disruptions in Asia are creating new challenges for fiber availability and costs worldwide. A key event is Indonesia's decision to revoke forestry permits for 22 pulpwood plantations, an action that is changing how and where pulp is produced. At the same time, major capacity additions, such as APP's OKI II expansion, face delays and are now expected closer to the end of the year. Now, with the conflict in the Middle East stretching into a third week, energy and freights rates are surging higher threatening to derail progress towards taming inflation and forcing central banks to reconsider rate cuts in 2026.

Together, these factors are expected to compress margins across the industry value chain, leading to an increased risk of capacity closures. Tightening global supply for BHK will help to form a rising tide that can support all markets before the next major wave of capacity expansion arrives in late 2027. We are already seeing early signs of upward pressure in energy, freight and woodchip costs, which will support a higher price floor for pulp in 2026.

What you need to know:

- Oversupply across Asian paper & board markets remain the main barrier to pulp price appreciation
- Current producer inventory levels reveal a major divide between hardwood and softwood pulp.
- Prices will evolve at different speeds for different pulp grades and regions
- Decisions made in 2026 will be crucial for protecting profit margins into 2027 r protecting profit margins into 2027

> “As the war in the Middle East shows little signs of easing, the risk grows for more sustained inflationary pressures to cascade across the global economy, including in key components of the pulp & paper cost structure: transportation, energy, chemicals and fiber costs

02 Market context: Why 2026 marks a pivotal shift

From cyclical volatility to structural constraint

Profitability across the pulp & paper industry has trended lower for three consecutive years, and unlike previous cycles that saw profitability swinging between buyers and sellers of pulp, this downcycle is being felt across the value chain. This development points to structural over capacity, and is not isolated to only the Chinese market, but also across the Asia Pacific region and in Europe.

For market pulp producers the import share of demand in the Chinese market has declined steadily since 2021. Despite this development, driven by a rapid increase in integrated pulp capacity, the volume of market pulp demand continues to grow as the steady demand for virgin fiber in China leaves room for growth in domestic chip markets, imported chip markets and also for imported pulp.

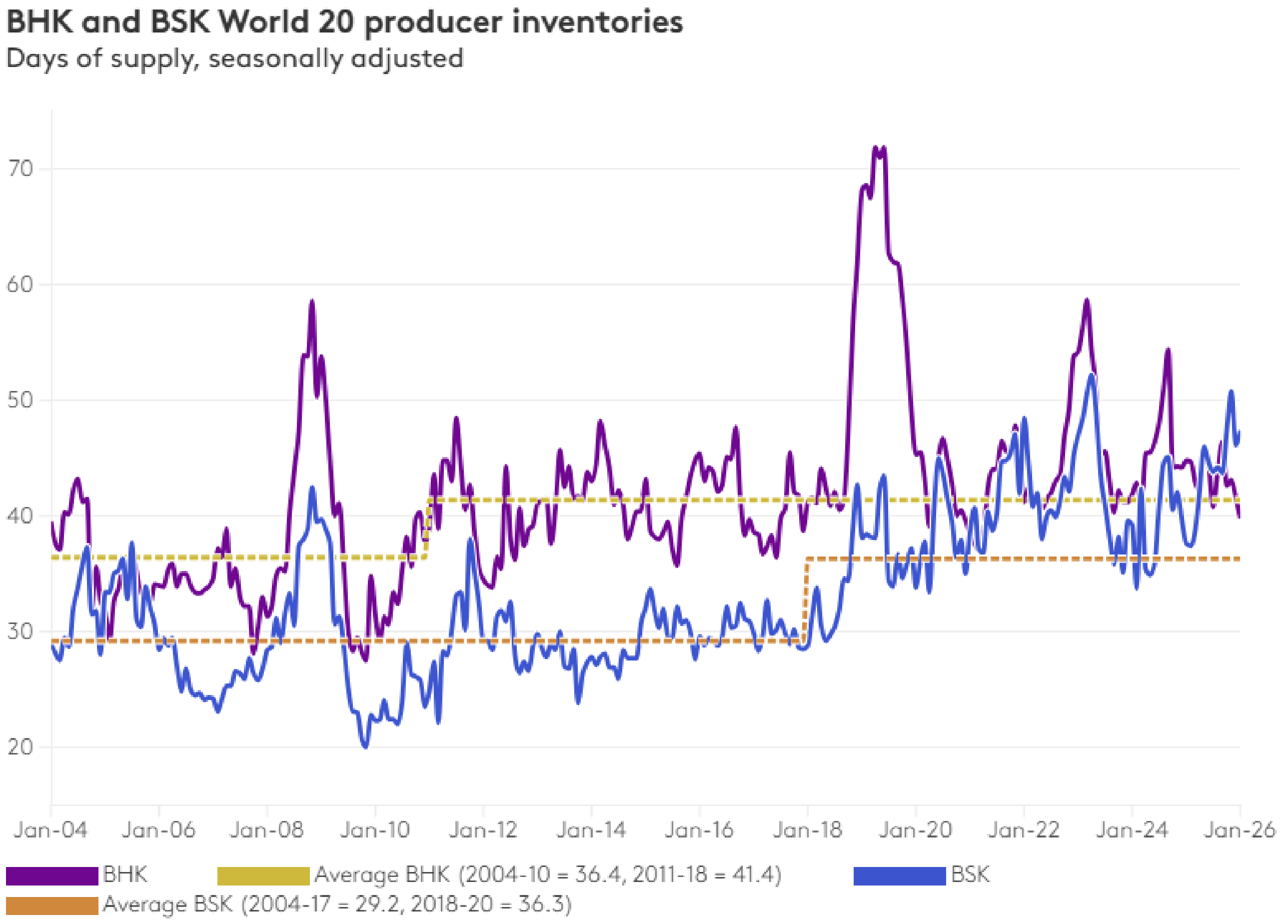
> Investment in integrated capacity in China is weighing on average profitability for market pulp producers around the world, but demand for market pulp continues to increase.

03 Unveiling hidden pressures in supply and inventory

Global chemical pulp inventories have diverged since the fourth quarter of 2025, revealing stark differences between softwood and hardwood.

As strong shipments to China picked up in the further quarter and into early 2026, BHK producers were able to offload inventory, resulting in producer inventories falling below the balanced point, indicating a tight producer inventory position.

On the other hand, BSK inventories of moved steadily higher, revealing a declining trend for BSK demand that has not been matched with capacity closures.



Source: PPPC, Fastmarkets

Demand weakened slightly compared to October. November shipments were nearly 4.6 million tonnes, down 1.3% from the previous month. Still, total shipments for the year remained 3.7% higher thanks to strong BHK shipments and high demand from China. Chemical pulp operating rates hit 88% in November, up slightly from October but below the 93% seen a year earlier.

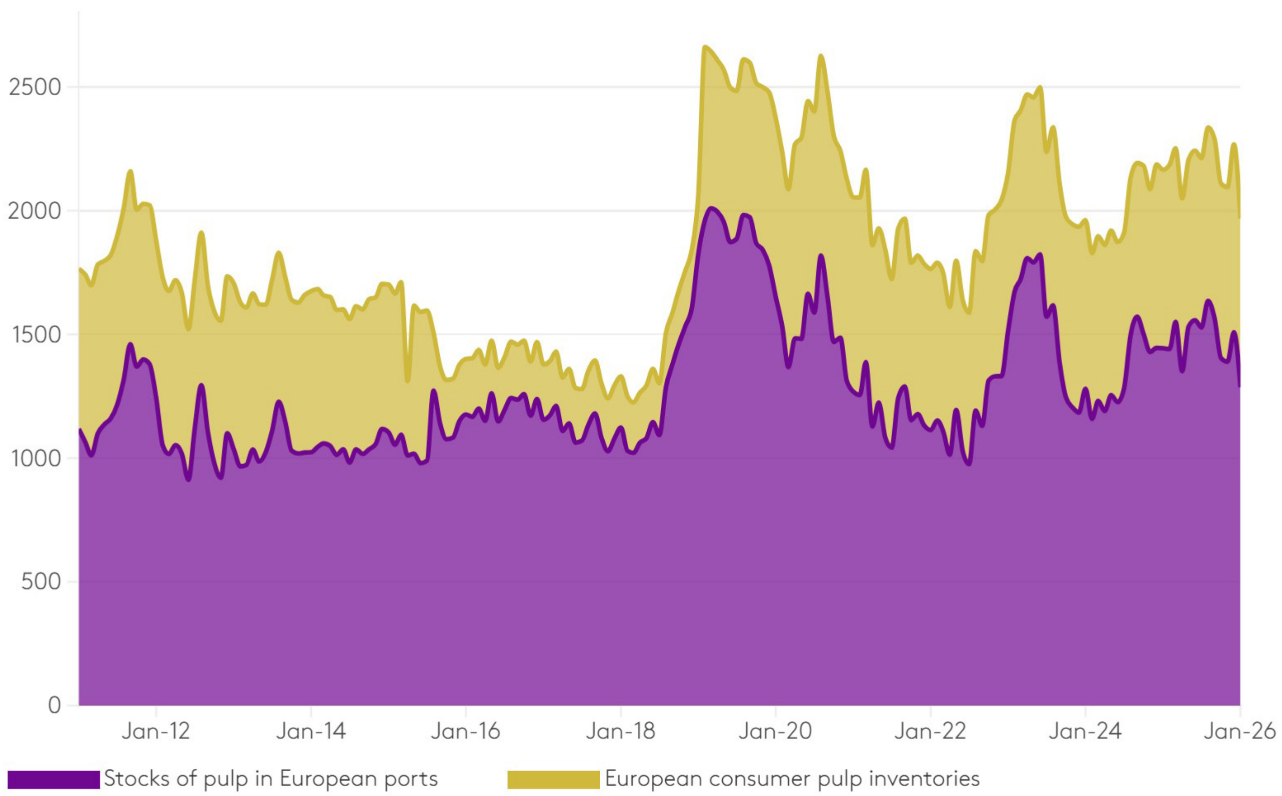
The latest data from Europulp shows that pulp inventories at major European ports increased by 8.6% in December to 1.51 million tonnes. This increase broke a three-month decline and brought inventory levels back to where they were in the third quarter of 2025.

Port inventories were up 4% compared to a year ago and 12% above the five-year average.

According to the latest Utipulp report, chemical market pulp consumption by its European members fell 11% in December. This was expected as demand reached the seasonally weak holiday period.

At the same time, European consumer inventories rose about 8% in December to 760,000 tonnes, sitting 2% higher than a year ago.

European inventories
Thousand tonnes



Source: Europulp, UTIPULP

04 China’s role in shaping demand trends

4.1 Paper, board and tissue demand

Downstream demand in China is mixed as we enter 2026.

Uncoated paper markets are stable but quiet. Weak commercial printing activity and distributors reducing stock before the Lunar New Year are constraining this segment.

Tissue markets, however, have shown more strength, supported by seasonal stock building and export demand.

- **Uncoated paper:** Prices in China held steady in January amid weak demand. With school-related orders complete and destocking underway for the Lunar New Year, producers had little room to raise prices.
- **Ivory board:** The market saw small price changes in January despite producers trying to implement a 200 yuan per tonne increase. Prices for commodity grades rose slightly but premium grades were stable. Softer sales suggest that distributors are not willing to absorb more increases. The sector continues to face challenges from past expansion, new machines starting up, idled machines restarting and extreme price competition.
- **Tissue:** Jumbo roll prices in Baoding rose by 180 yuan per tonne in January. As the Lunar New Year approached, seasonal stock building created room for a small price increase. Improved orders from both domestic and export markets have helped producers keep operating rates high and for tissue prices to rise in response to higher pulp costs.

4.2 Import trends and fibre flows

China’s import data for all of 2025 shows significant growth in pulp imports across all grades. This was driven by rising demand for virgin fiber. There were clear regional differences. South America was the dominant supplier of BHK imports, while US imports dropped sharply due to tariffs and changing market dynamics.

Total pulp imports to China grew 7.1% in 2025, an increase of 1.85 million tonnes. This highlights how steady growth in virgin fiber demand is being met by both higher domestic production and a continued need for imported pulp.

+7.1%

Total pulp imports to China grew 7.1% in 2025, an increase of 1.85 million tonnes

Chinese pulp imports by supplying region

Thousand tonnes

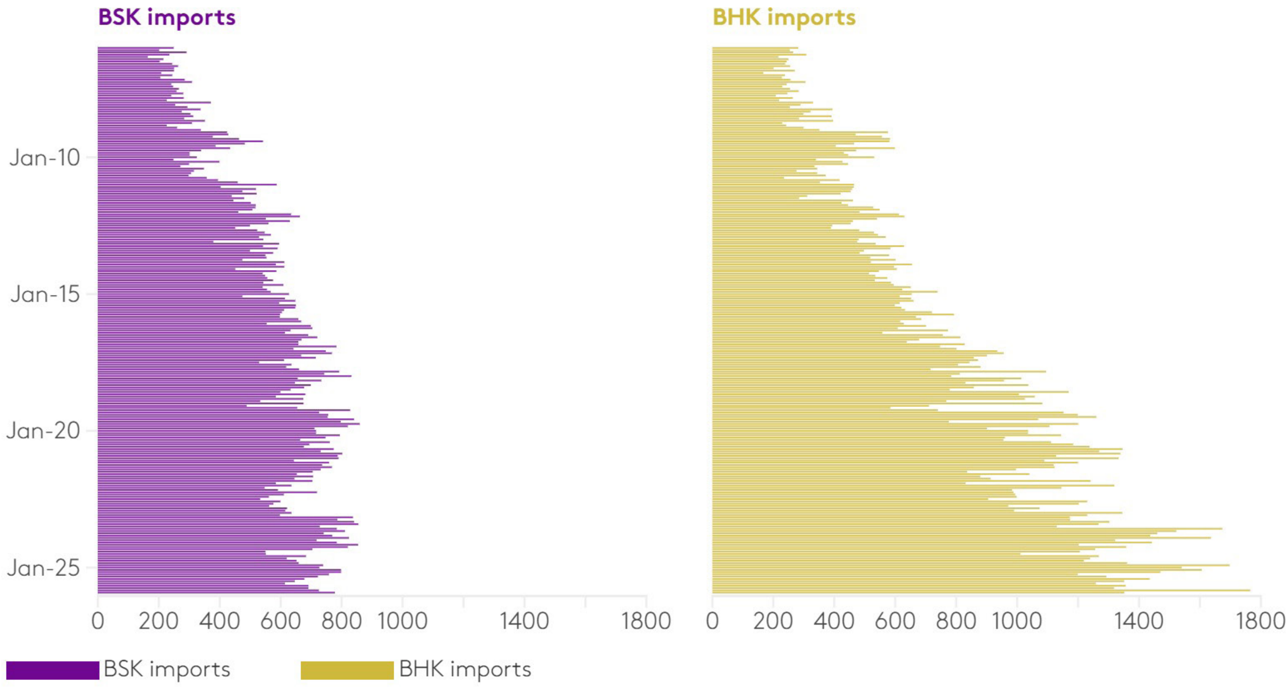
	Jun 2025	Jul 2025	Aug 2025	Sep 2025	Oct 2025	Nov 2025	Dec 2025	YTD 2025	YTD 2025	% ch	12-mo total[1]
BSK											
Total	678.00	646.00	614.00	691.00	691.00	725.00	778.00	8,626.00	8,332.00	4.00	8,626.00
Canada	131.00	160.00	177.00	183.00	168.00	158.00	177.00	1,975.00	2,052.00	-4.00	1,975.00
South America	138.00	120.00	152.00	120.00	124.00	144.00	126.00	1,527.00	1,494.00	2.00	1,527.00
United States	32.00	22.00	26.00	34.00	53.00	71.00	74.00	690.00	1,043.00	-34.00	690.00
Russia	87.00	115.00	88.00	143.00	106.00	112.00	142.00	1,359.00	1,204.00	13.00	1,359.00
Western Europe	284.00	220.00	169.00	202.00	231.00	231.00	241.00	2,934.00	2,396.00	22.00	2,934.00
Oceania/Asia/Africa	4.00	9.00	1.00	8.00	7.00	10.00	17.00	142.00	142.00	0.00	142.00
BHK											
Total	1,435.00	1,351.00	1,258.00	1,356.00	1,318.00	1,765.00	1,352.00	16,943.00	15,581.00	9.00	16,943.00
South America	923.00	919.00	837.00	834.00	856.00	1,074.00	861.00	10,875.00	9,543.00	14.00	10,875.00
Oceania/Asia/Africa	498.00	399.00	393.00	482.00	430.00	627.00	412.00	5,513.00	5,419.00	2.00	5,513.00
Eastern Europe	5.00	17.00	8.00	11.00	7.00	18.00	15.00	147.00	171.00	-14.00	147.00
Canada	7.00	14.00	19.00	23.00	13.00	33.00	47.00	285.00	280.00	2.00	285.00
United States	2.00	1.00	0.00	2.00	3.00	3.00	2.00	35.00	132.00	-74.00	35.00
Western Europe	2.00	1.00	0.00	6.00	13.00	12.00	18.00	123.00	169.00	-27.00	123.00
MEC											
Total	129.00	83.00	60.00	79.00	96.00	105.00	128.00	1,281.00	1,234.00	4.00	1,281.00
Canada	69.00	28.00	22.00	19.00	35.00	63.00	70.00	705.00	943.00	-25.00	705.00
Oceania/Asia/Africa	44.00	48.00	32.00	58.00	57.00	38.00	53.00	468.00	97.00	382.00	468.00
Eastern Europe	2.00	0.00	0.00	1.00	0.00	0.00	2.00	26.00	72.00	-63.00	26.00
Western Europe	14.00	7.00	6.00	2.00	4.00	4.00	2.00	80.00	96.00	-16.00	80.00
United States	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	25.00	-97.00	1.00
South America	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	-97.00	0.00
UKP											
Total	78.00	79.00	91.00	72.00	89.00	100.00	119.00	1,122.00	976.00	15.00	1,122.00
Eastern Europe	32.00	21.00	36.00	28.00	30.00	34.00	29.00	380.00	343.00	11.00	380.00
South America	7.00	17.00	12.00	10.00	16.00	12.00	27.00	190.00	150.00	27.00	190.00
Oceania/Asia/Africa	7.00	7.00	11.00	8.00	15.00	14.00	15.00	125.00	93.00	35.00	125.00
United States	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15.00	18.00	-19.00	15.00
Canada	12.00	9.00	14.00	11.00	13.00	15.00	24.00	176.00	135.00	30.00	176.00
Western Europe	21.00	25.00	17.00	16.00	15.00	24.00	24.00	236.00	237.00	0.00	236.00

Source: Fastmarkets

BHK imports saw the most growth, increasing by 1.36 million tonnes or 9%. South America accounted for nearly all of this increase. In contrast, BHK imports from the United States were down 74%. BSK imports also showed large regional differences.

While total imports were up 4%, shipments from Western Europe grew 22% while imports from the US dropped 34%. This drop reflects the rapid rise of fluff pulp alternatives in China and the ongoing US-China trade war.

Bleached kraft pulp imports into China
Thousand tonnes per month, not seasonally adjusted



+22%

While total imports were up 4%, shipments from Western Europe grew 22% while imports from the US dropped 34%.

05 Navigating supply shocks and capacity changes

5.1 Indonesia: The structural shock

The suspension of licenses for 22 forestry companies in Indonesia has triggered major supply disruptions. These unexpected changes are reshaping the global pulp industry and affecting production worldwide.

- **Unexpected downtime:** APRIL announced it will remove an estimated 150,000 tonnes of BHK pulp from the market in the first quarter of 2026. This is linked to the pulpwood license suspensions. After accounting for regular maintenance, we estimate the effective supply reduction will be closer to 122,000 tonnes.
- **Chip prices:** Chip prices in China and suppliers in Vietnam and Australia are increasing chip prices in response to the developments in Indonesia. BHK production costs in China have increased $50 per tonne as a result, with more upside now possible with energy related surcharges in play.
- **OKI delayed:** APP has decided to delay the startup of its new 1.4 million tonne BHK line at its OKI mill. As a result, supply that the market expected to enter in June will now be absent until the end of this year or early 2027. This represents a further supply-side shock for BHK markets.

5.2 Delayed capacity and global ripple effects

Recent announcements reveal significant shifts in the global pulp and paper market. Major projects are being delayed, cancelled or repurposed. These changes reflect evolving market conditions including weaker demand and strategic repositioning by key players.

- **Europe:** Billerud has withdrawn from a BCTMP project in Norway, citing permitting delays and weaker market conditions. Elsewhere, companies like Mercer International have completed efficiency upgrades to lower costs. Others, including Nordic Paper and Södra, have announced job cuts in response to weaker demand without reducing pulp capacity.
- **Asia:** APP has reportedly delayed the start-up of its 1.4-million-tonne-per-year BHK market pulp line until the end of the year. The project was originally expected to start in June.
- **North America:** uction to focus entirely on NBSK. International Paper finalized its exit from market pulp to concentrate on packaging. White Birch Paper has permanently closed a newsprint mill in Québec after months of uncertainty.

Market pulp capacity downtime, 2025[1]

Thousand tonnes

Company	Mill	Location	Comment	Grade	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD 2026	YTD 2025	% ch
APRIL	Kerinci	Indonesia	Extended downtime	BAK	6	55	61	27	28	27	28	28	27	28	27	28			
Suzano	Systemwide	Brazil	Economic downtime	BEK	41	37	41	39	41	39	41	41	39	41	39	41			
Södra Cell	Värö	Finland	Boiler leak	NBSK	11	—	—	—	—	—	—	—	—	—	—	—			
Metsä Fibre	Rauma	Finland	Economic downtime	NBSK	12	—	—	—	—	—	—	—	—	—	—	—			
Ence	Navia	Spain	Labor strike	BEK	11	11	—	—	—	—	—	—	—	—	—	—			
Woodland Pulp	Baileyville	US	Mechanical incident	NBHK	2	22	—	—	—	—	—	—	—	—	—	—			
Svilosa	Svishtov	Bulgaria	Economic downtime	SBHK	13	12	13	—	—	—	—	—	—	—	—	—			
Heinzel	Kunda	Estonia	Economic downtime	MEC	6	6	6	—	—	—	—	—	—	—	—	—			
GP Cellulose	Brunswick	US	Freeze disruption	Fluff	—	15	—	—	—	—	—	—	—	—	—	—			
Fibre Excellence	Provence (Tarascon)	France	Economic downtime	UKP	—	—	8	—	—	—	—	—	—	—	—	—			
GFC	Port Wentworth	US	Extended downtime	Fluff	—	—	11	—	—	—	—	—	—	—	—	—			
GFC	Port Wentworth	US	Extended downtime	SBSK	—	—	1	—	—	—	—	—	—	—	—	—			
Metsä Fibre	Joutseno	Finland	Economic downtime	NBHK	—	—	—	57	59	55	—	—	—	—	—	—			
				Total	102	158	141	123	128	121	69	69	66	69	66	69	260.00	71.00	266.00
				BSK	23	15	12	—	—	—	—	—	—	—	—	—	38.00	55.00	-31.00
				NBSK	23	—	—	—	—	—	—	—	—	—	—	—	23.00		
				SBSK	—	—	1	—	—	—	—	—	—	—	—	—	0.00		
				RAD	—	—	—	—	—	—	—	—	—	—	—	—	0.00		
				Fluff	—	15	11	—	—	—	—	—	—	—	—	—	15.00		
				BHK	73	137	115	123	128	121	69	69	66	69	66	69	210.00	13.00	1,515.00
				BEK	52	48	41	39	41	39	41	41	39	41	39	41			
				BAK	6	55	61	27	28	27	28	28	27	28	27	28			
				NBHK	2	22	—	57	59	55	—	—	—	—	—	—			
				SBHK	13	12	13	—	—	—	—	—	—	—	—	—			
				Other	6	6	14	—	—	—	—	—	—	—	—	—	12.00	3.00	300.00
				UKP	—	—	8	—	—	—	—	—	—	—	—	—			
				MEC	6	6	6	—	—	—	—	—	—	—	—	—			
				NON	—	—	—	—	—	—	—	—	—	—	—	—			

Source: Fastmarkets

06 Price outlook: Forecasting a fragile and uneven recovery

The global pulp market is at a critical point. A complex mix of supply disruptions, cost pressures, shifting demand and inventory pressures is all at play.

Recent events in Indonesia have helped to support paper and board prices in China, but waning seasonal demand will test end market resolve and place downward pressure on pulp prices over the summer months.

The market's focus shifted to Indonesia in January. The fallout from Cyclone Senyar continued as the government revoked forestry concessions. We believe these developments will have several impacts:

- The loss of these permits has reduced the availability of domestic pulpwood in Indonesia.
- Toba Pulp Lestari has temporarily closed its dissolving pulp mill in North Sumatra
- APRIL has announced 150,000 tonnes of temporary BHK downtime at its Kerinci mill in the first quarter. This, combined with the delay of APP's OKI II project, will result in lower-than-expected supply of BHK. Our current estimate is near 650,000 tonnes, with more downtime expected at Kerinci if the permits remain revoked.
- Woodchip prices in China have increased as the damage in Indonesia has been assessed. This points to a relatively tight market that responds quickly to supply shocks, while also supporting a higher price floor for market pulp.

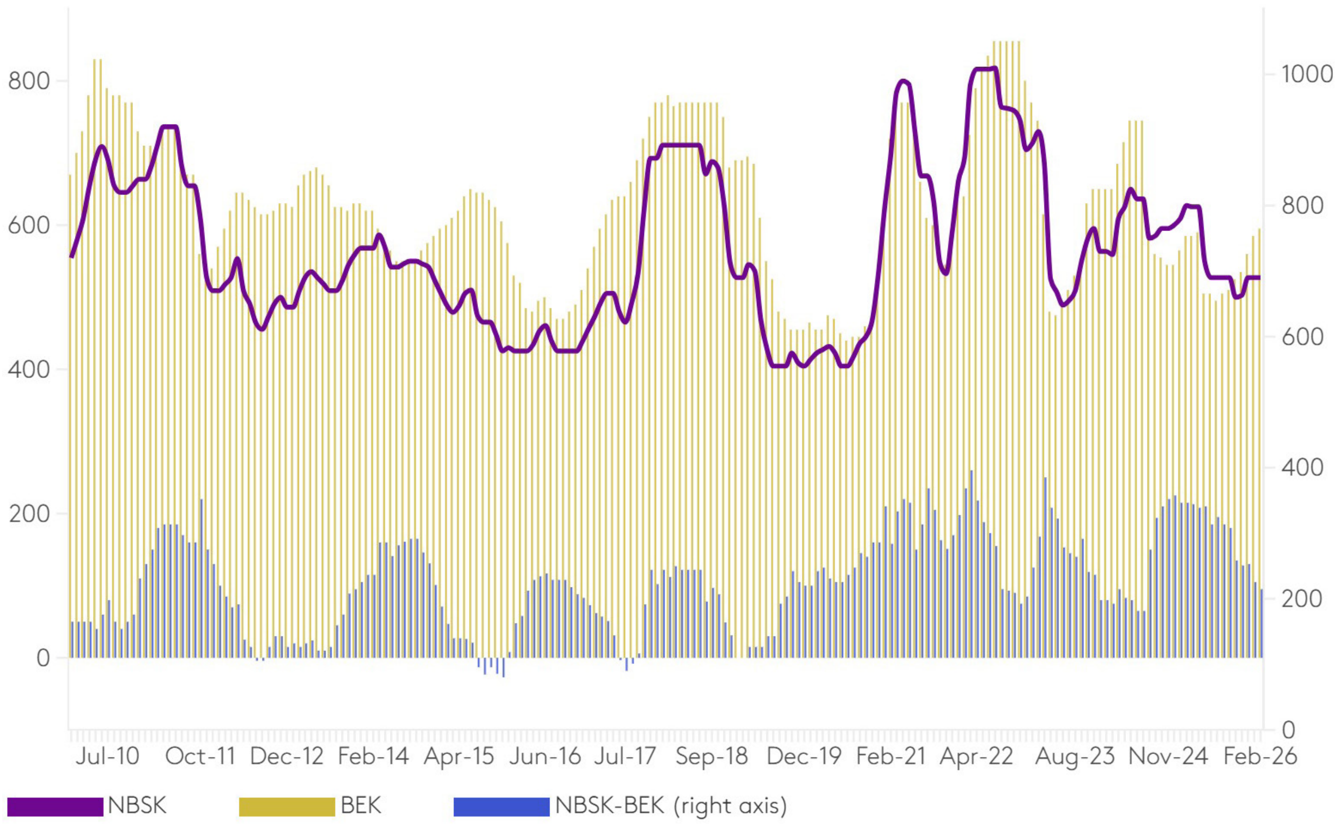
Still, the market faces challenges. The Lunar New Year lull is set to cool demand and increase inventory pressure on pulp producers. If Chinese demand is weak after the holiday, we expect prices could soften later in the second quarter.

However, with the OKI II expansion delayed and BHK supply shifting to dissolving pulp, we only expect prices to soften, not drop to cash costs. We forecast prices will begin moving higher again in the fourth quarter. Our average BEK price forecast for 2026 stands at $600 per tonne.

$600

Our average BEK price forecast for 2026 stands at $600 per tonne

NBSK and BEK net import price comparison, delivered to China



Source: Fastmarkets

For NBSK, our average forecast for China stands at $705 per tonne in 2026. The spread between NBSK and BEK is smaller than in previous years for several reasons.

The market reaction to the Crofton mill closure has been minimal, pointing to ongoing oversupply that will continue to weight on NBSK prices.

In the Nordic regions, storm impacts and ongoing rolling pulp mill downtimes will likely add downward pressure on pulpwood prices, providing cost relief to producers.

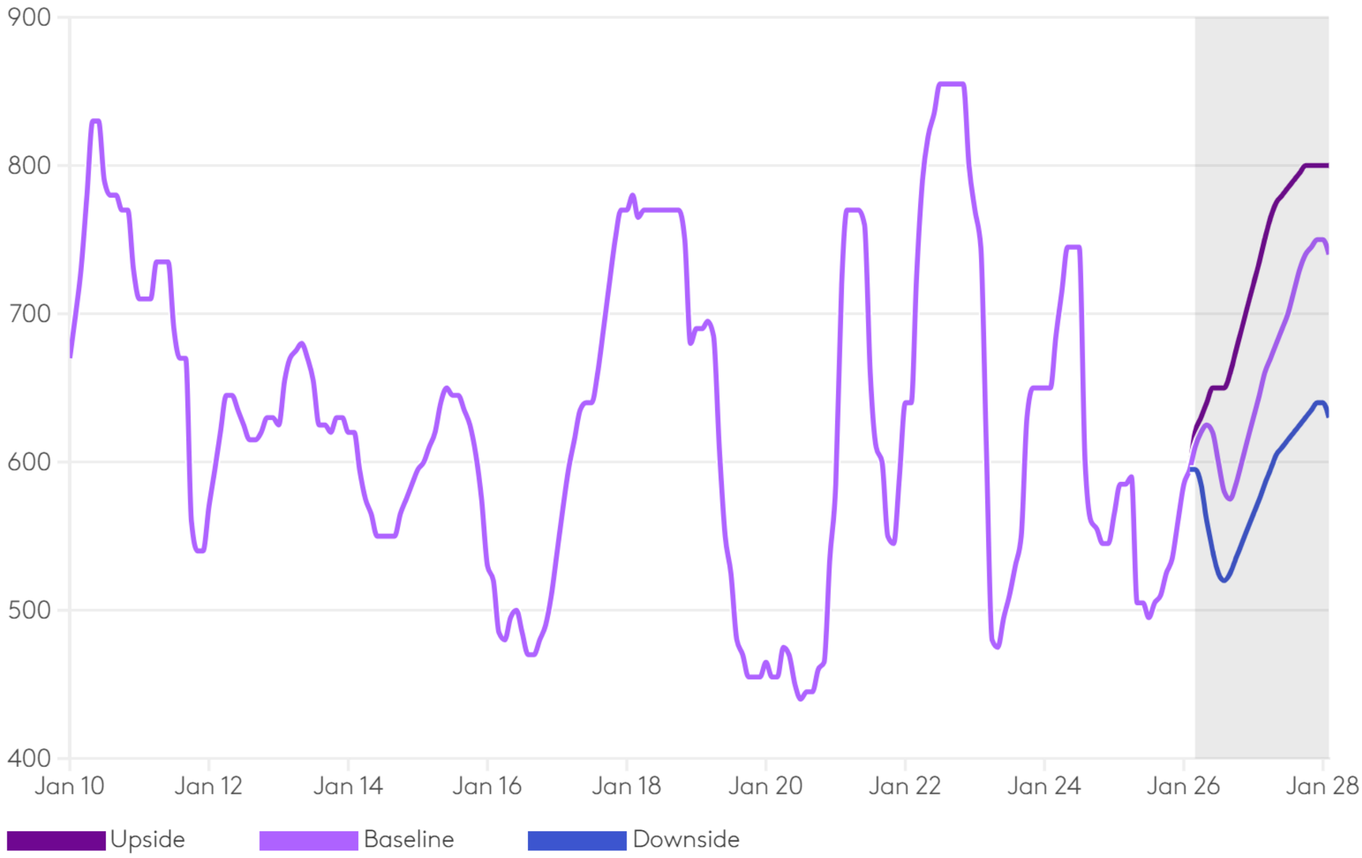
However, BSK producer inventories showed clear excess in January, showing there is still supply that needs to be trimmed from system. The potential closure of high cost capacity will flatten the BSK cost curve, helping to make a more competitive spread to BEK a reality.

07 Potential scenarios that could reshape the market

Upside scenario

Supply shocks continue in the short term and higher energy costs begin to be passed along in higher prices. A relatively short-lived conflict allows for a quick reversal that avoids the worst inflationary pressures and restores consumer confidence, helping to drive sustained price increases into 2027. If forestry permit revocations in Indonesia become permanent, it would reduce woodchip supply and support higher pulp prices.

BEK market pulp net price forecast, delivered to China
US dollars per tonne



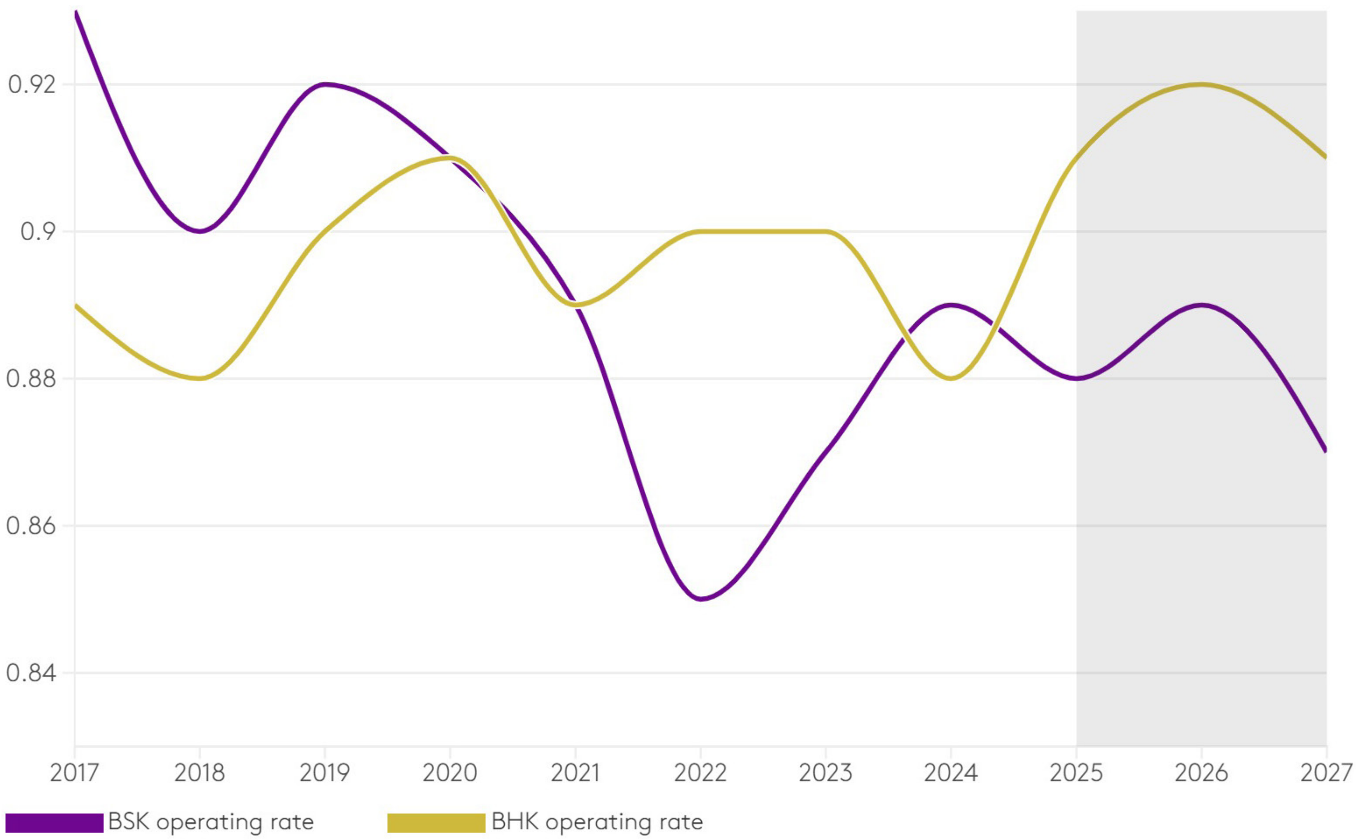
Source: Fastmarkets

Downside scenario

Overcapacity in China's paper and board industry continues to suppress pulp demand. This could force prices back toward cash costs before closures can rebalance the market. If pulp producers are forced to lower prices after the Lunar New Year, it would place a severe strain on their businesses. Additional permanent capacity closures would be highly likely in this scenario.

BHK operating rate moves higher in 2026 on OKI delay. BSK to remain subdued despite closures

Global market pulp utilization rate



Source: Fastmarkets

08 Essential insights for strategic decisions

As the global pulp market undergoes these major shifts, understanding the key dynamics is essential. Here are the critical factors influencing pricing and your strategic decisions for 2026:

1. Geopolitical disruption is the dominant risk factor for 2026

2. Higher levels of integration in Asia are reshaping global trade flows

3. Excess BSK inventory points to a persistent overhang on softwood markets

4. Price recovery will be uneven across different pulp grades and regions

5. Strategic procurement and risk management will be critical through 2027 exchange. This gives you a more precise tool to manage risk, hedge your exposure and make strategic decisions with confidence.

09 Fastmarkets pulp benchmark prices and

In a volatile pulp market, your greatest advantage is understanding where prices truly stand. To navigate the tension between supply, demand and cost pressures through 2026, you need more than just data – you need the industry's most trusted market intelligence.

For over 30 years, producers and buyers across the pulp supply chain have relied on Fastmarkets for the clearest, most independent picture of the market.

Our benchmark prices and expert insights are your essential resource for minimizing risk and maximizing opportunity. By using our assessments for all major grades, you can negotiate more confidently, anticipate market changes and protect your margins.

Fastmarkets' intelligence is so trusted that our new European spot price assessments for NBSK and BEK now power futures contracts on the NOREXECO exchange. This gives you a more precise tool to manage risk, hedge your exposure and make strategic decisions with confidence.

30 years

For over 30 years, producers and buyers across the pulp supply chain have relied on Fastmarkets for the clearest, most independent picture of the market.

We provide independent price assessments, market analysis and forecasts across the global pulp, paper and packaging value chain.

Our methodologies are IOSCO-assured, giving you confidence that our price forecasts and insights are robust, transparent and trusted. Market participants have rely on Fastmarkets to navigate volatility, benchmark contracts and manage risk.

Speak with our experts today to turn market data into a winning strategy and protect your bottom line in 2026

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