

# **WORLD NEWSPRINT MARKET: THE PERFECT STORM OF 2018**

**WORLD PRINTERS FORUM CONFERENCE**

**7<sup>TH</sup> OCTOBER 2019**

**BERLIN**



# 2018 – PERFECT STORM

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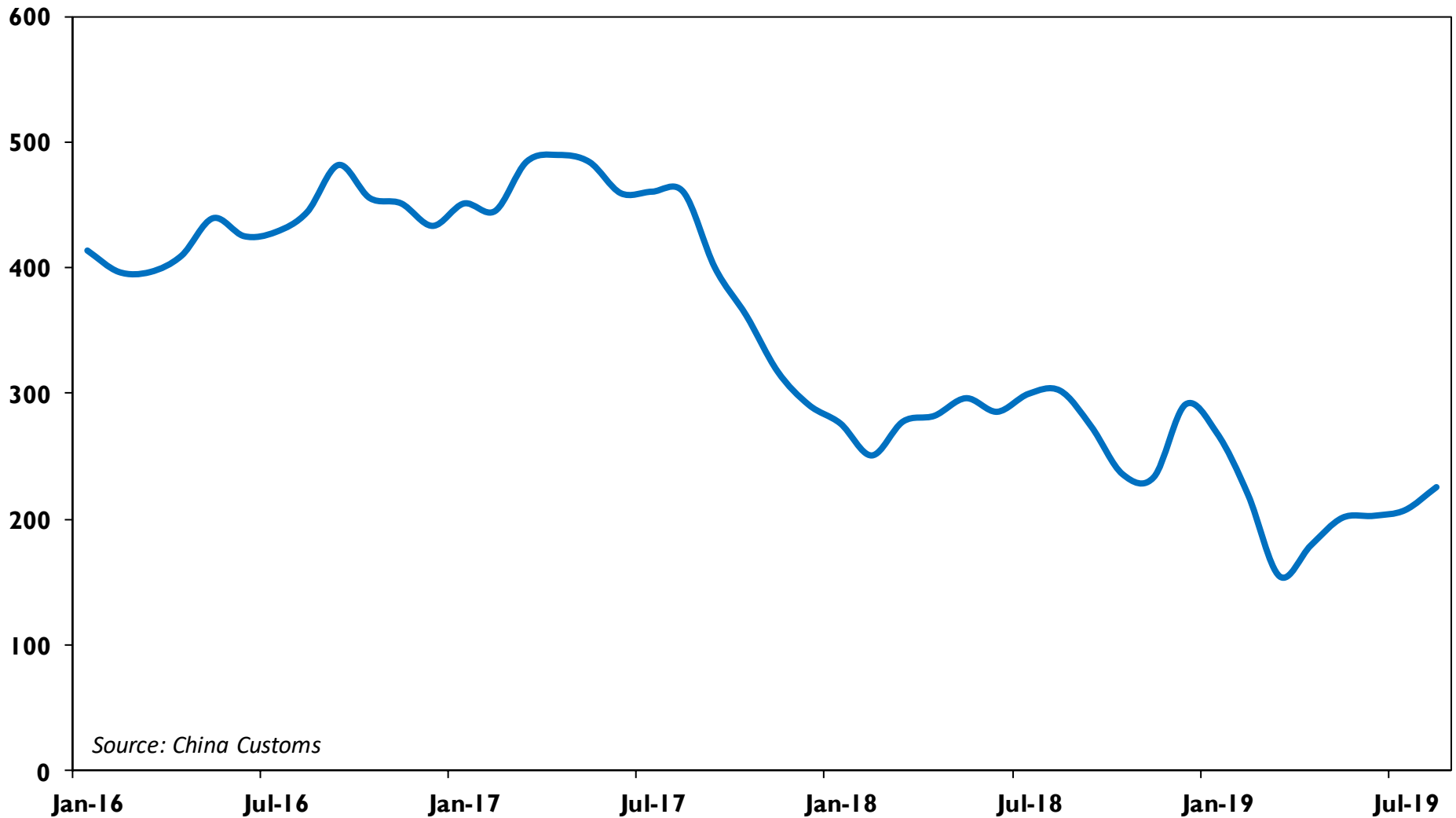
- 11 major newsprint capacity cuts in 2017 (13 PMs)
- China reduces newsprint capacity
- China restricts wastepaper imports
- US puts duties on Newsprint imports from Canada
- India misjudges market
- Panic buying occurs

# NEWSPRINT CAPACITY CHANGES (2017)

Country	Company	Mill	Machine	Capacity	Date
USA	Nippon Paper Industries	Port Angeles	Mill	-60	Jan-17
Canada	Kruger	Trois-Rivières	PM10	-220	Feb-17
Korea	Resolute Forest Products	Mokpo	Mill	-200	Mar-17
Canada	Resolute Forest Products	Thorold	Mill	-200	Mar-17
Korea	Paper Corea	Gunsan	PM2	-130	Apr-17
Spain	International Paper (ex-Holmen Paper)	Madrid	Mill	-330	Sep-17
USA	Resolute Forest Products	Calhoun	PM5	-100	Sep-17
Germany	LEIPA (ex-UPM)	Schwedt	Mill	-280	Oct-17
China	Chenming Paper	Shouguang	PM4	-400	Oct-17
South Africa	Mondi Shanduka	Merebank	Mill	-120	Dec-17
Switzerland	Utzenstorf Papier	Utzenstorf	Mill	-155	Dec-17
<b>TOTAL</b>				<b>-2.2 mil. t. (9% of world cap.)</b>	

# CHINESE WASTEPAPER IMPORTS

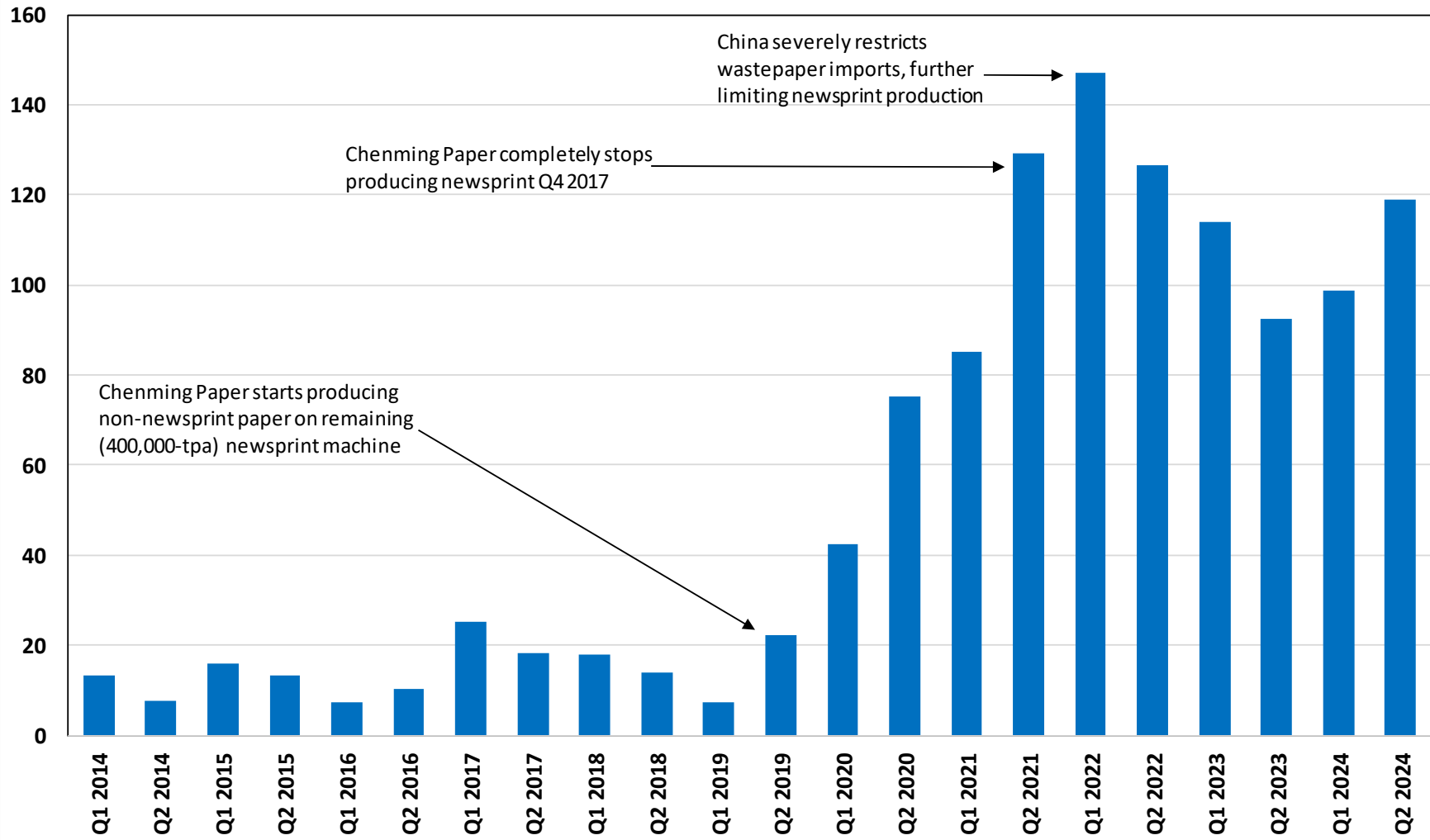
Chinese Old Newspaper (ONP) Imports ('000t), 3mma



Source: China Customs

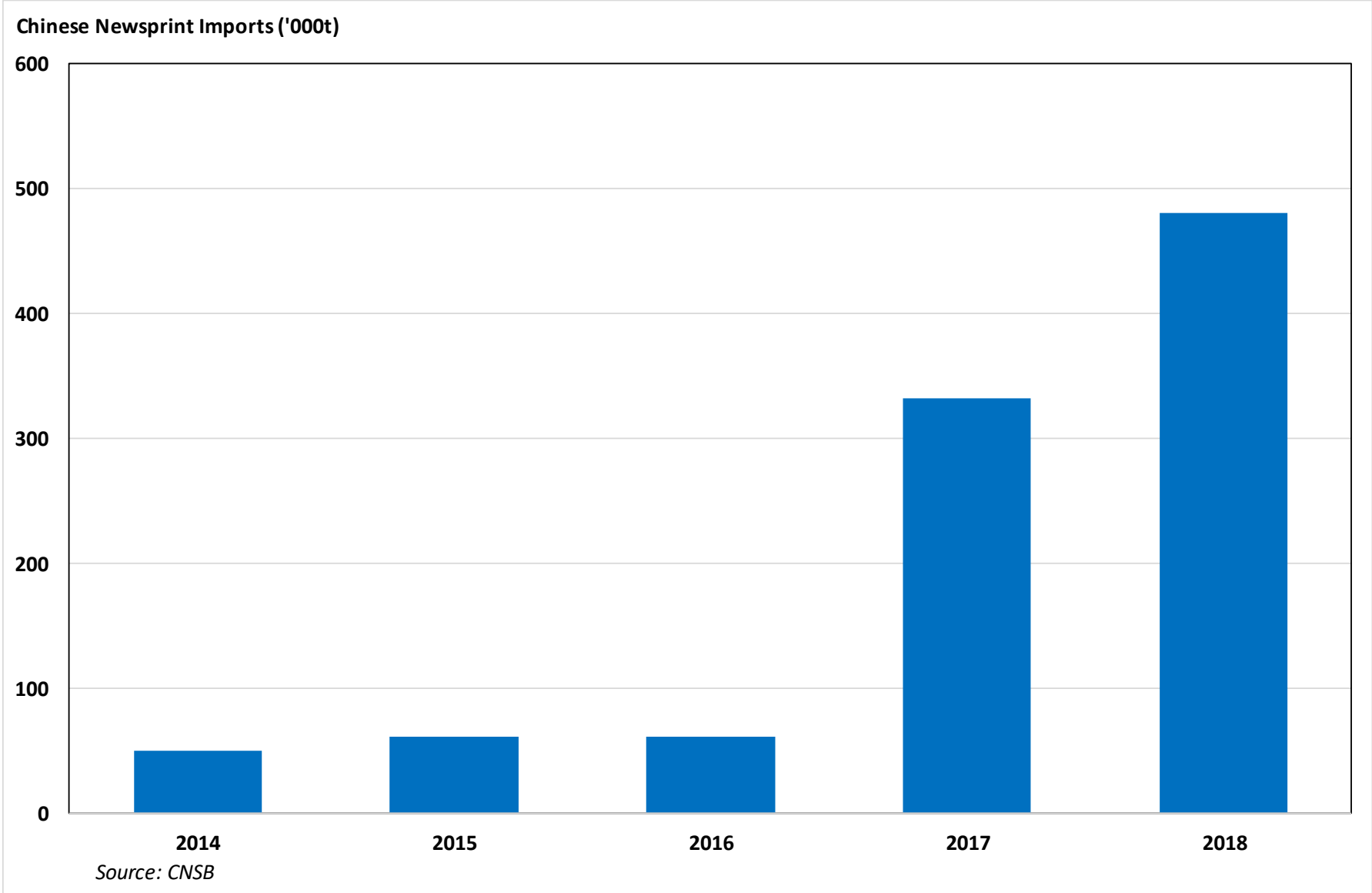
# CHINESE NEWSPRINT IMPORTS

Chinese Newsprint Imports ('000t)

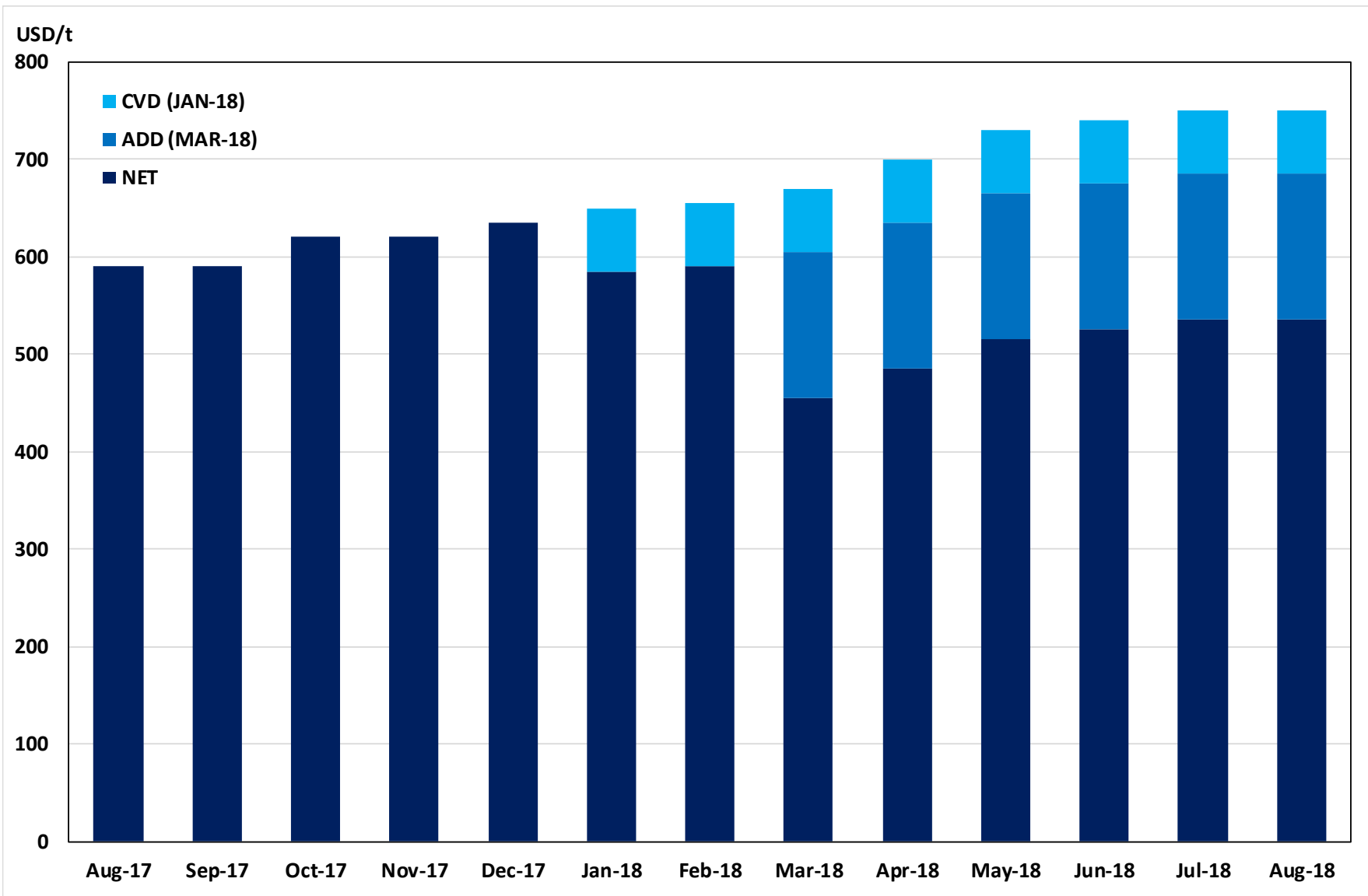


Source: CNSB

# CHINESE NEWSPRINT IMPORTS

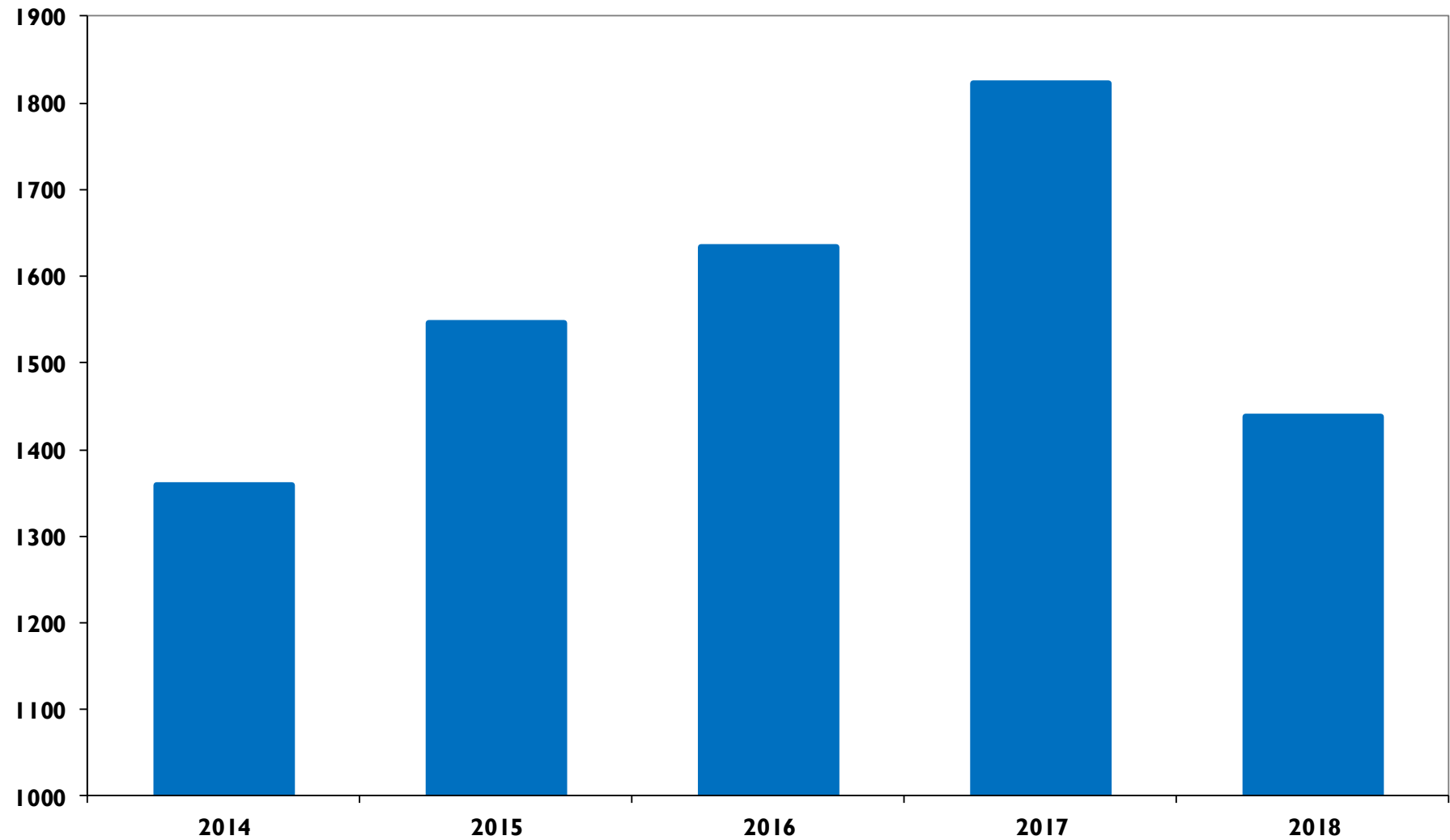


# USA NEWSPRINT IMPORT DUTIES



# INDIAN NEWSPRINT IMPORTS

Indian Newsprint Imports ('000t)

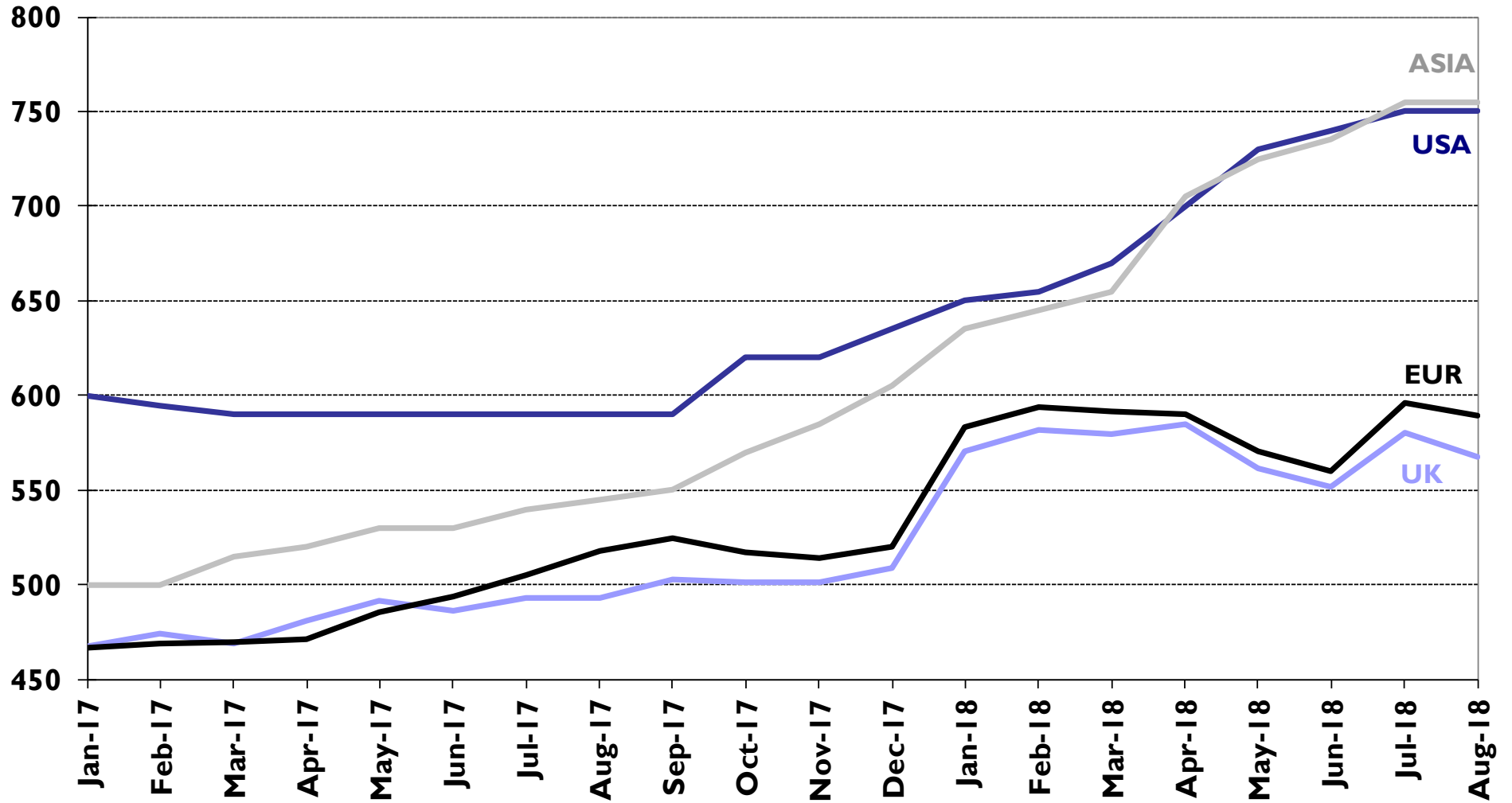


Source: INMA



# NEWSPRINT PRICES

US\$/t (45 gsm)



# NEWSPRINT CAPACITY CHANGES (2018)

Country	Company	Mill	Machine	Capacity	Date
USA	NorPac	Longview	PM1	+215	Feb-18
Japan	Chuetsu Pulp	Futatsuka	PM2	-35	Mar-18
Japan	Nippon Paper Industries	Kitakami	PM3	-15	Jul-18
Russia	JSC Volga	Balakhna	PM5	+105	Autumn-18
USA	White Birch Paper	Bear Island	Mill	+240	Nov-18
India	Various (estimated)			+400	2018
<b>TOTAL</b>				<b>+0.9 mil. t. (4% of world cap.)</b>	

# PERFECT STORM IS NOW OVER

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- Apparent demand is falling steeply again  
(Real consumption was always falling)
- Market is tending towards oversupply
- Even after closures, oversupply likely to return

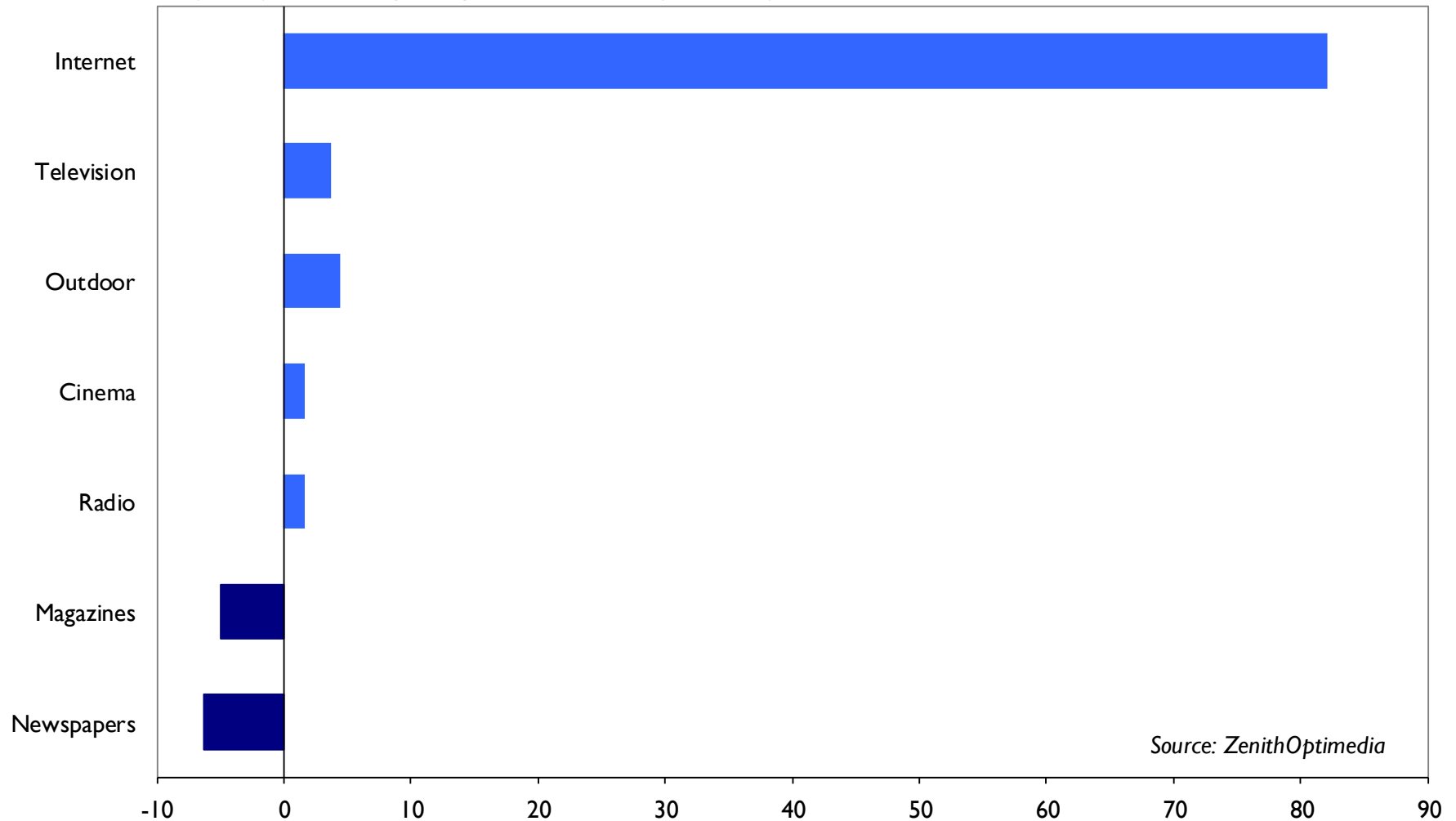
# NEWSPRINT IN LONG-TERM DECLINE



# GLOBAL ADVERTISING EXPENDITURE

## DIGITAL MEDIA DOMINANT

Contribution to global growth in adspend by medium 2018-21 (US\$billion)



Source: ZenithOptimedia

# **MOST PRINT MEDIA ARE IN DECLINE**

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## **Clearly in decline**

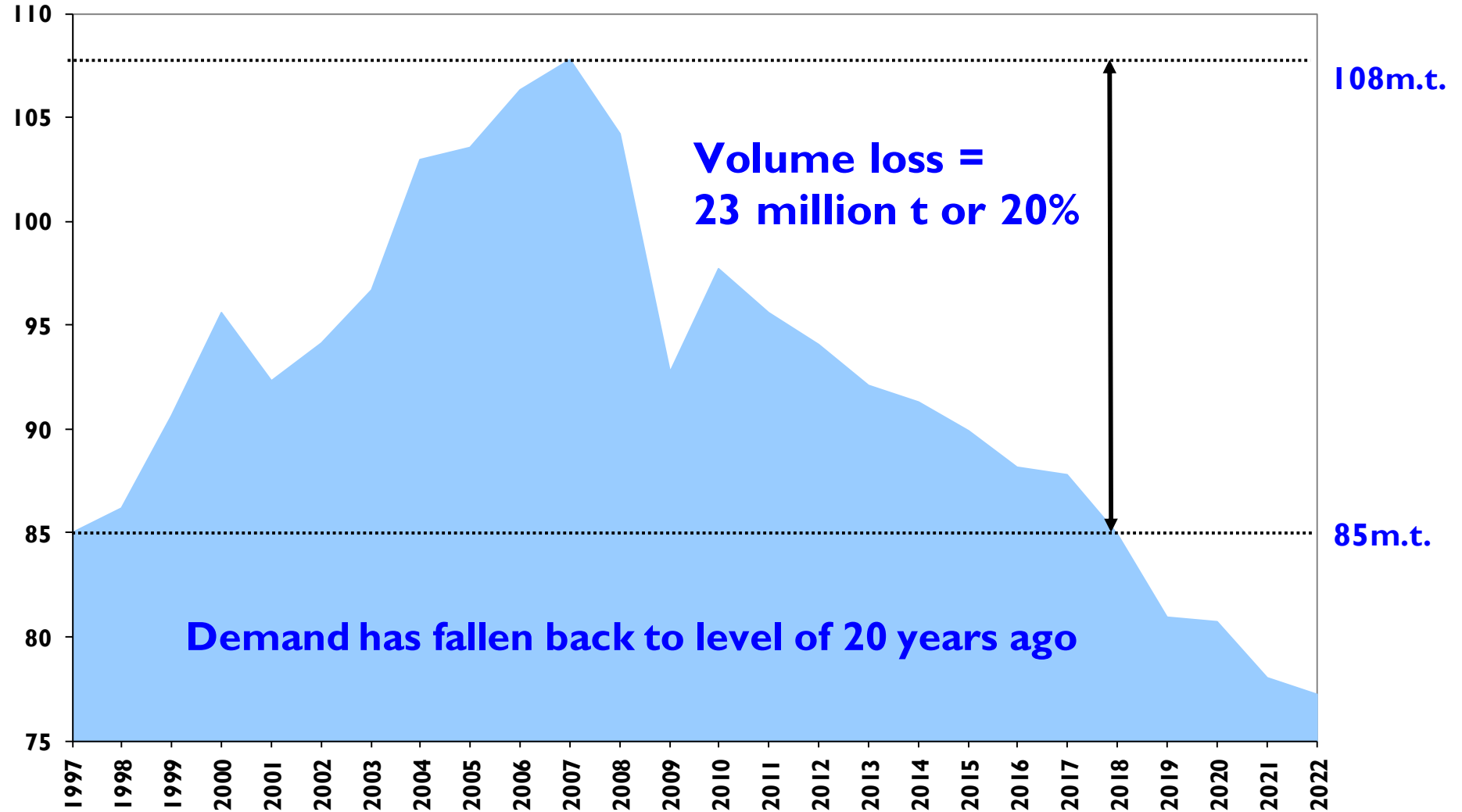
- Mail (i.e. letters and envelopes)
- Office paper
- Magazines
- Newspaper inserts

## **Not so bad**

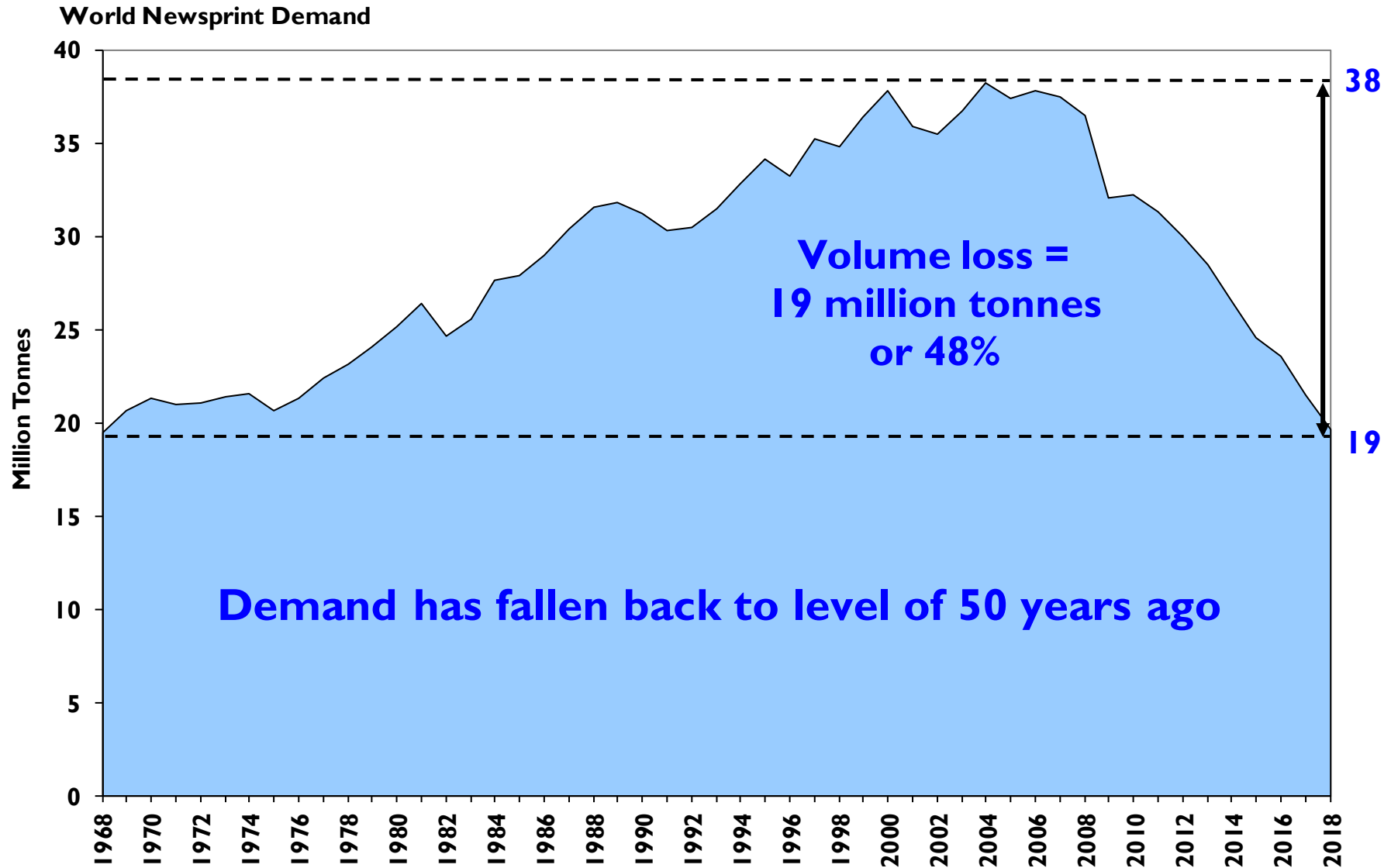
- Books
- Labels

# GLOBAL PR/WR PAPER DEMAND

World Pr/Wr Paper Demand (Million Tonnes)



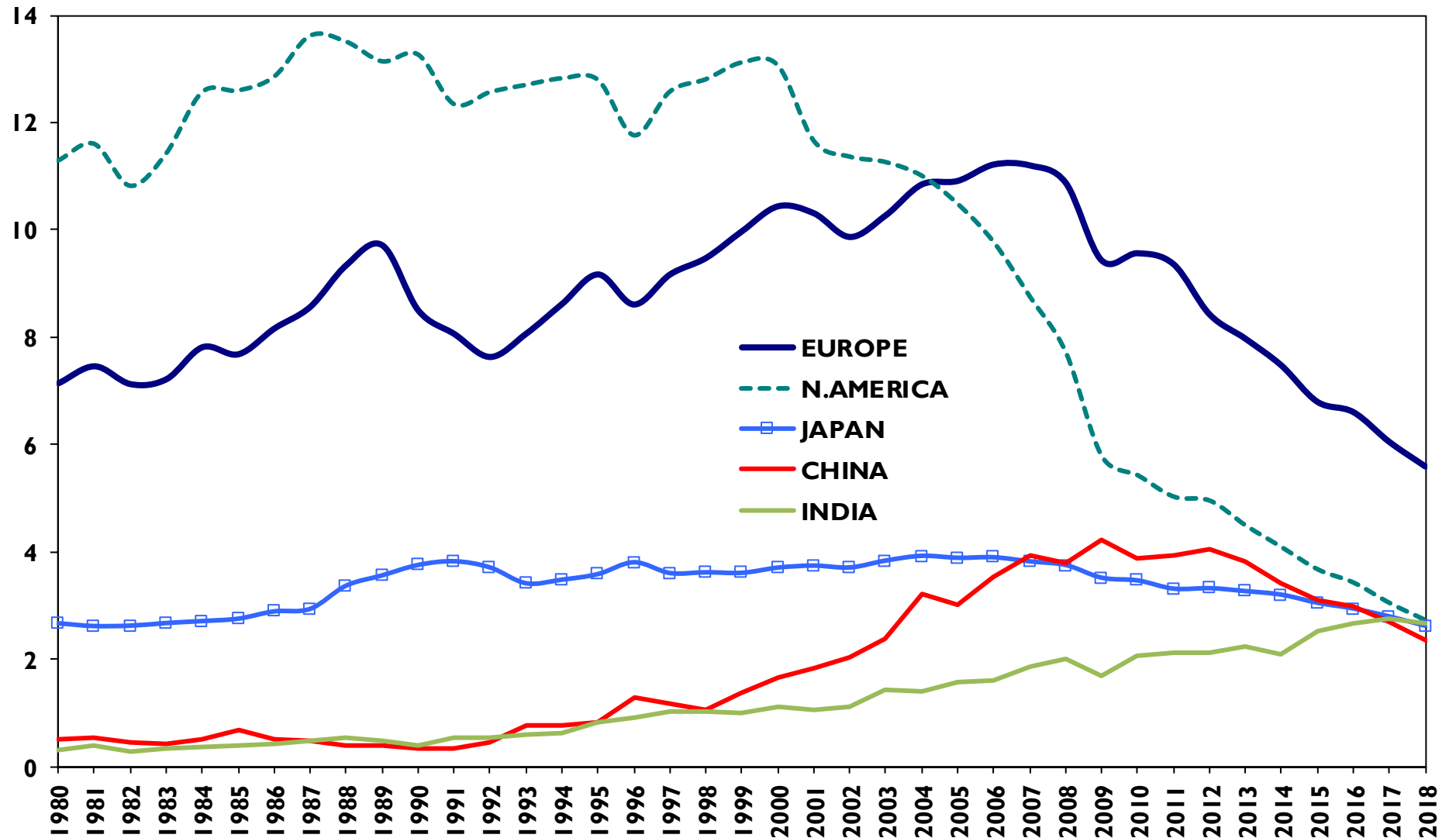
# GLOBAL NEWSPRINT DEMAND





# GLOBAL NEWSPRINT DEMAND BY REGION

Million Tonnes

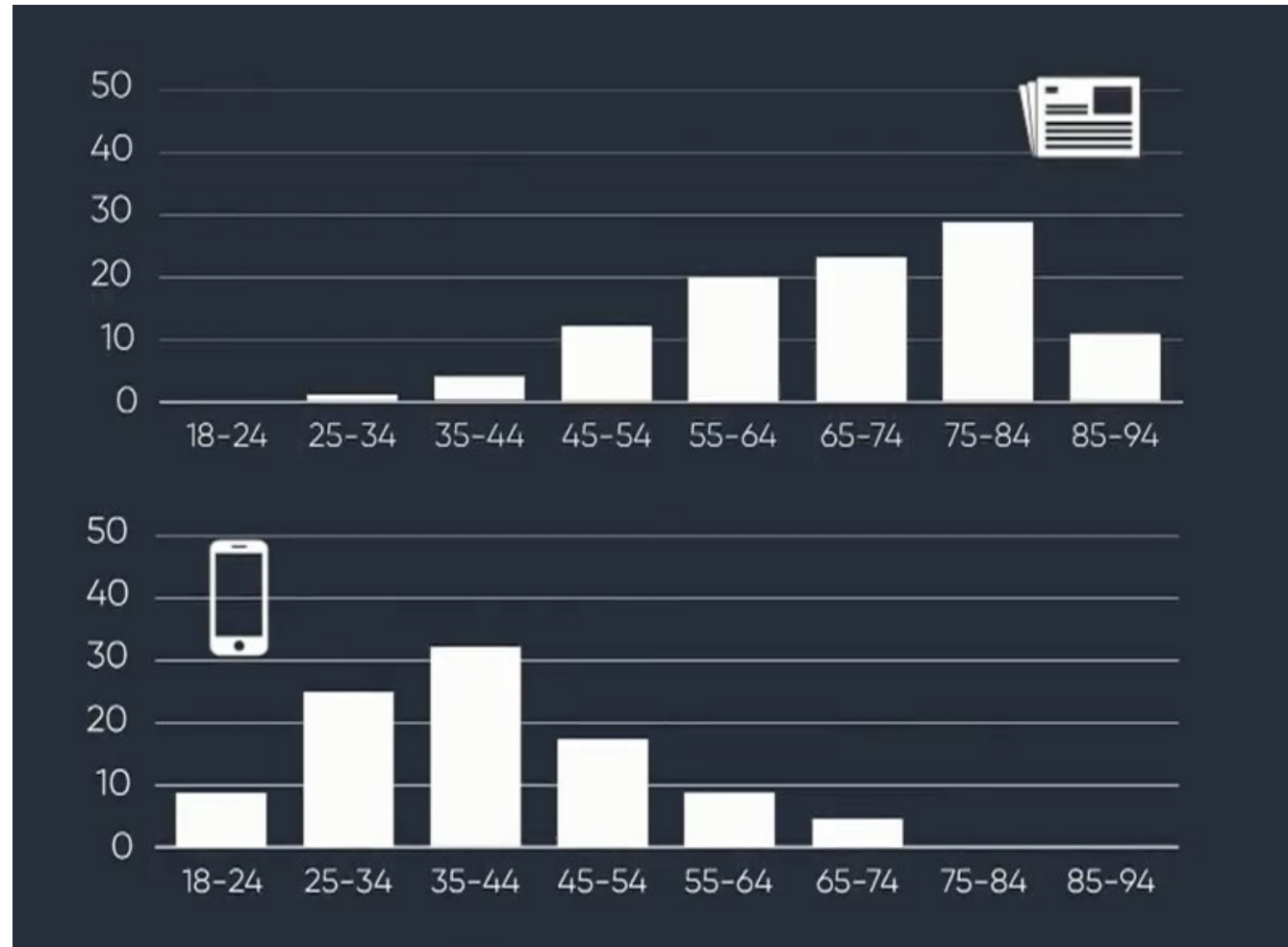


# NEWSPAPER CIRCULATION

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- Newspaper circulation and advertising falling
- Almost all markets in decline (except possibly India)

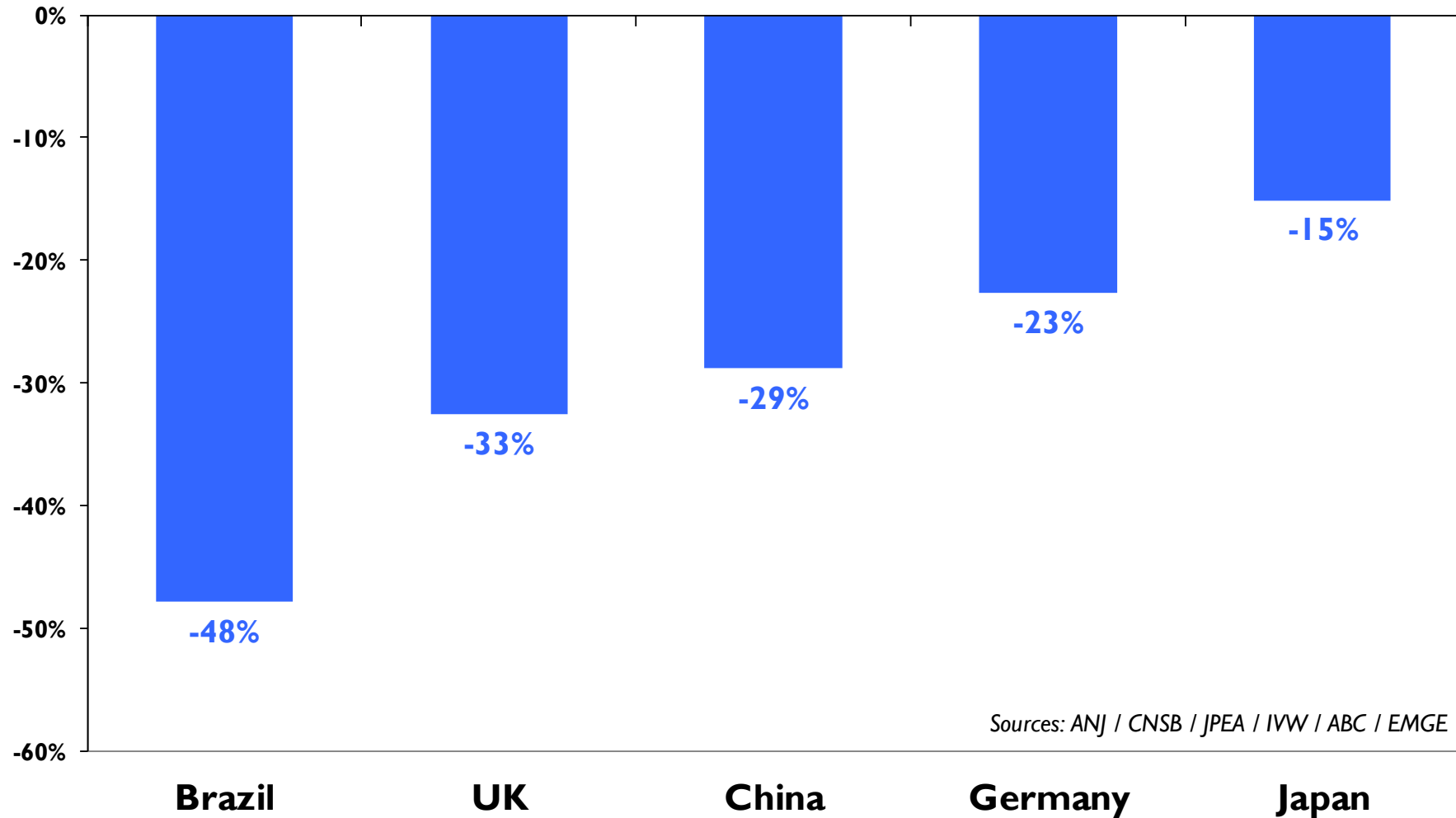
# NEWSPAPER CIRCULATION



- **Source: Sächsische Zeitung**

# NEWSPAPER CIRCULATION

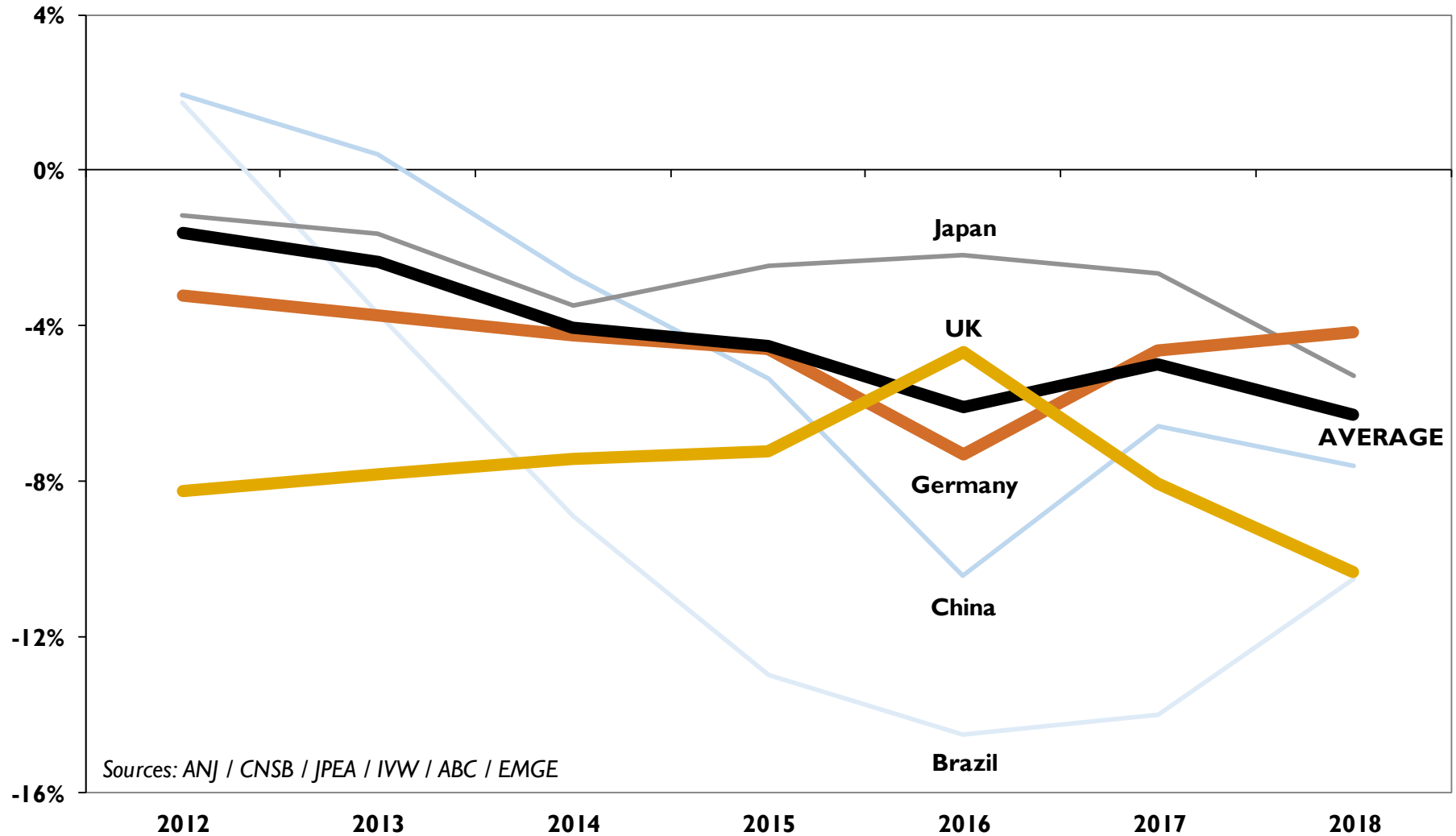
Newspaper Circulation (2013-18)



Sources: ANJ / CNSB / JPEA / IVW / ABC / EMGE

# NEWSPAPER CIRCULATION

Newspaper Circulation Growth (%pa)



Sources: ANJ / CNSB / JPEA / IVW / ABC / EMGE

# NEWSPAPER CIRCULATION

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US newspaper circulation fell  
by -12% to -13% in 2019.

- *Pew Research estimates*

# NEWSPAPER CIRCULATION

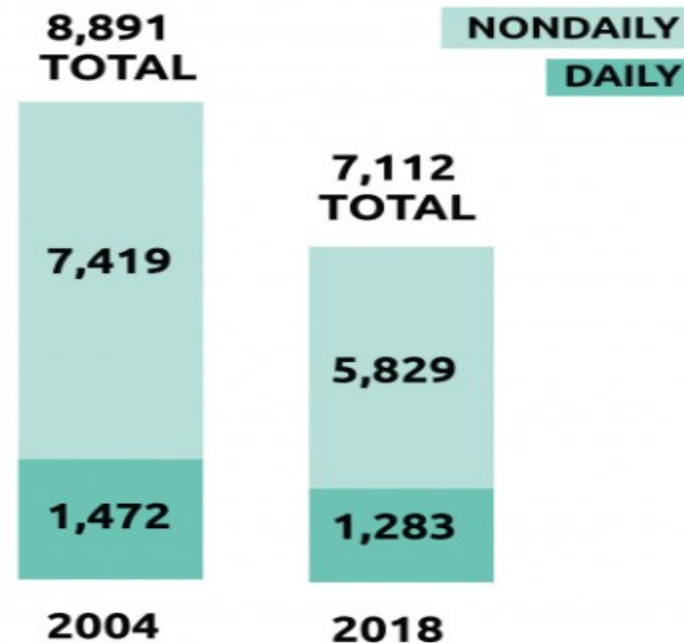
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From 2005-2018 there was a net loss of 245 local news titles in the UK.

- *Press Gazette*

# NEWSPAPER CIRCULATION

## TOTAL NUMBER OF U.S. NEWSPAPERS: 2004 & 2018

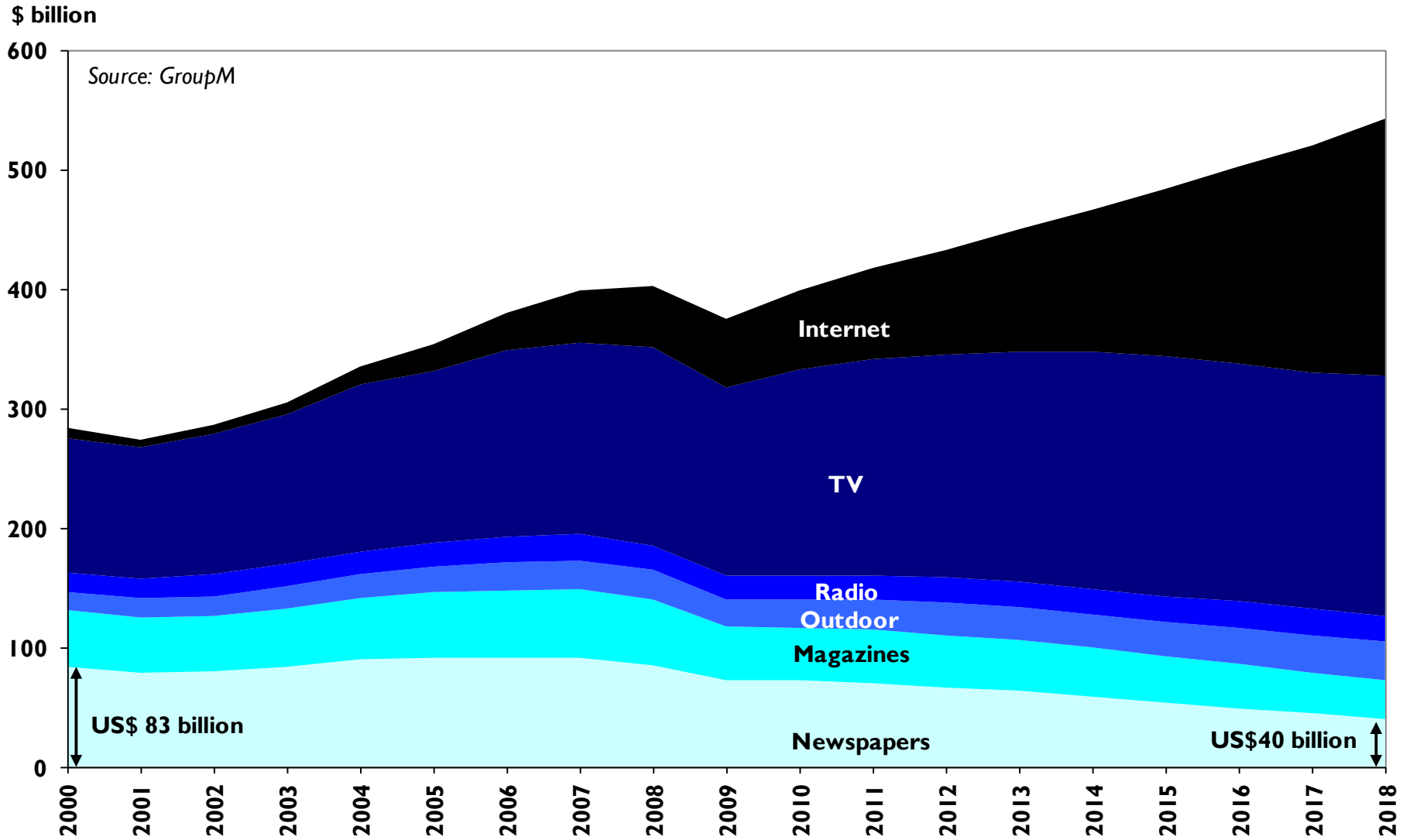


**There has been a net loss of 1,779 papers since 2004.** *This net loss takes into account more than 100 dailies that shifted to weekly publication, as well as several dozen new weeklies that were established during that period. In total, 62 dailies and 1,749 weeklies closed or merged with other papers.*

SOURCE: UNC Database

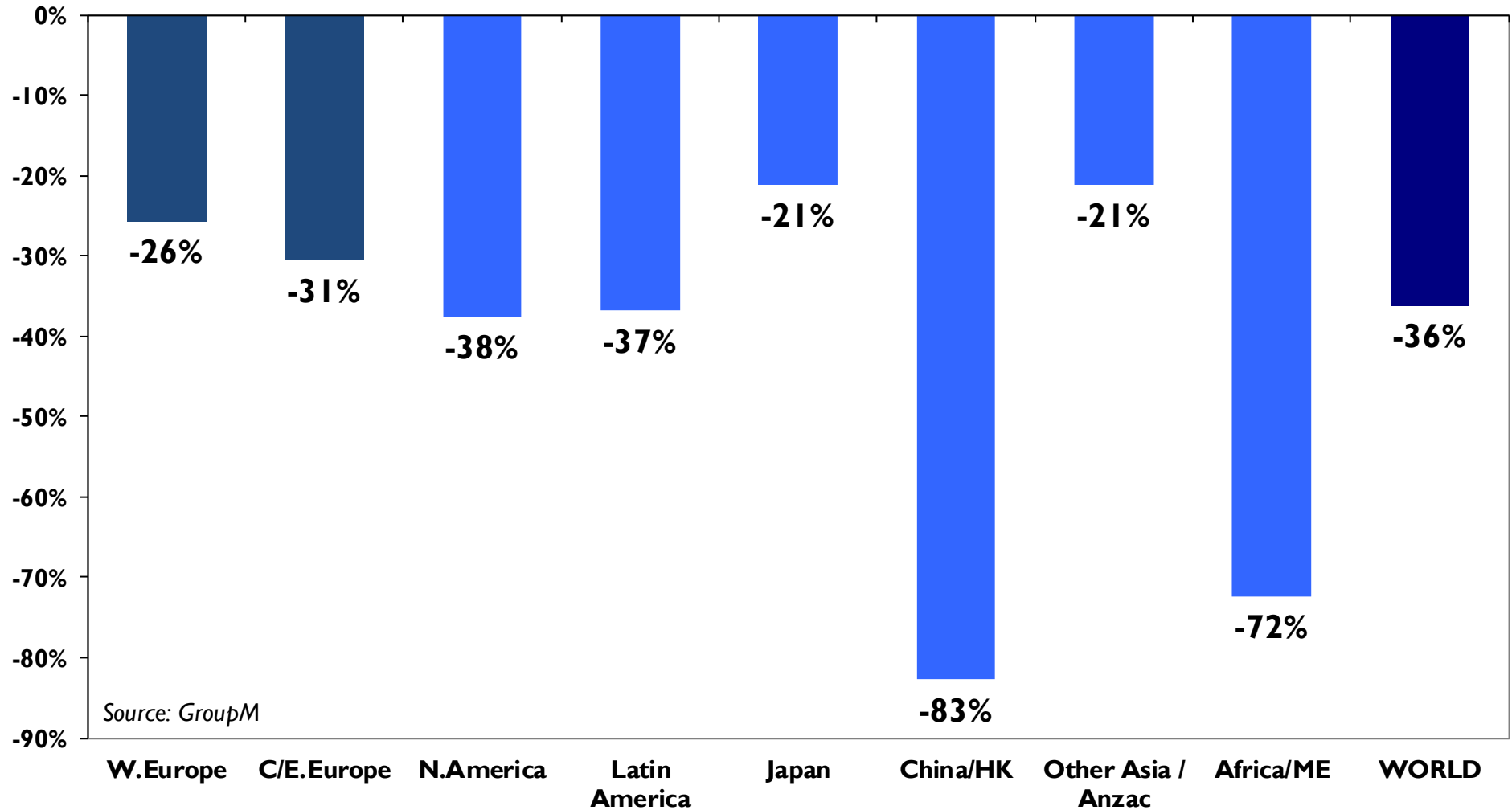


# NEWSPAPER ADVERTISING



# NEWSPAPER ADVERTISING

Newspaper Adspend Growth (2013-18)

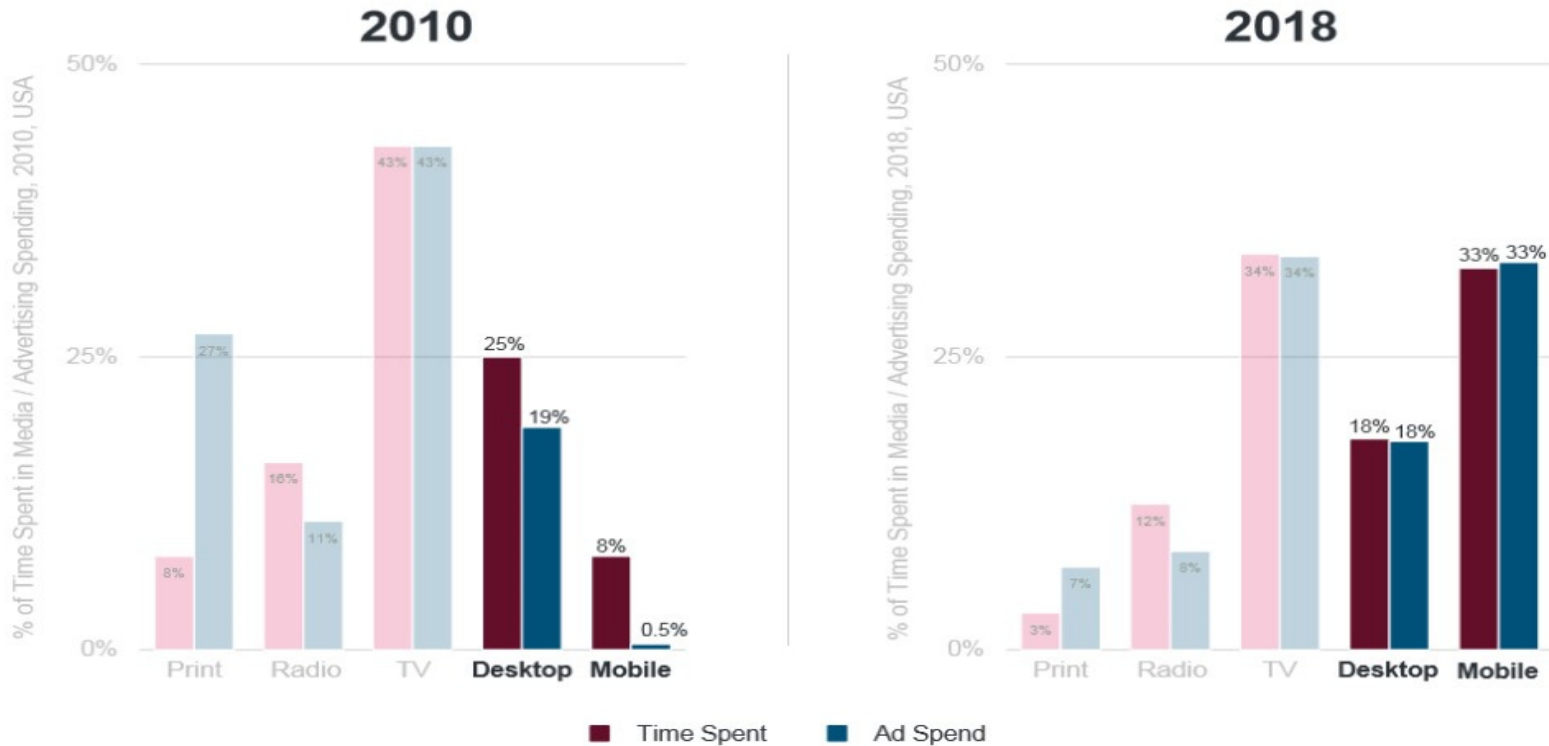


Source: GroupM

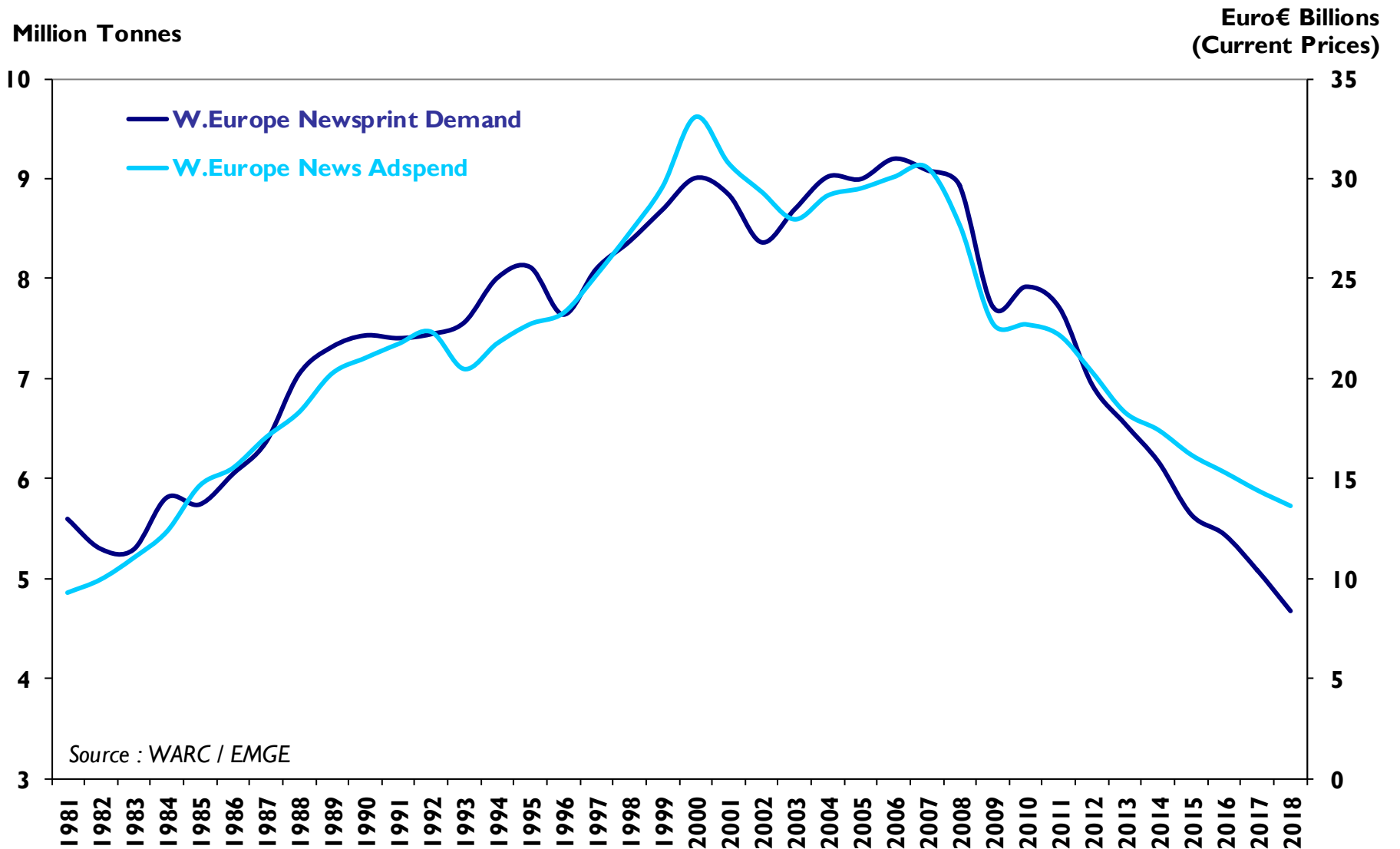
# NEWSPAPER ADVERTISING

Media Time vs. Advertising Spending =  
Mobile @ Equilibrium (2018)...Desktop (2015)

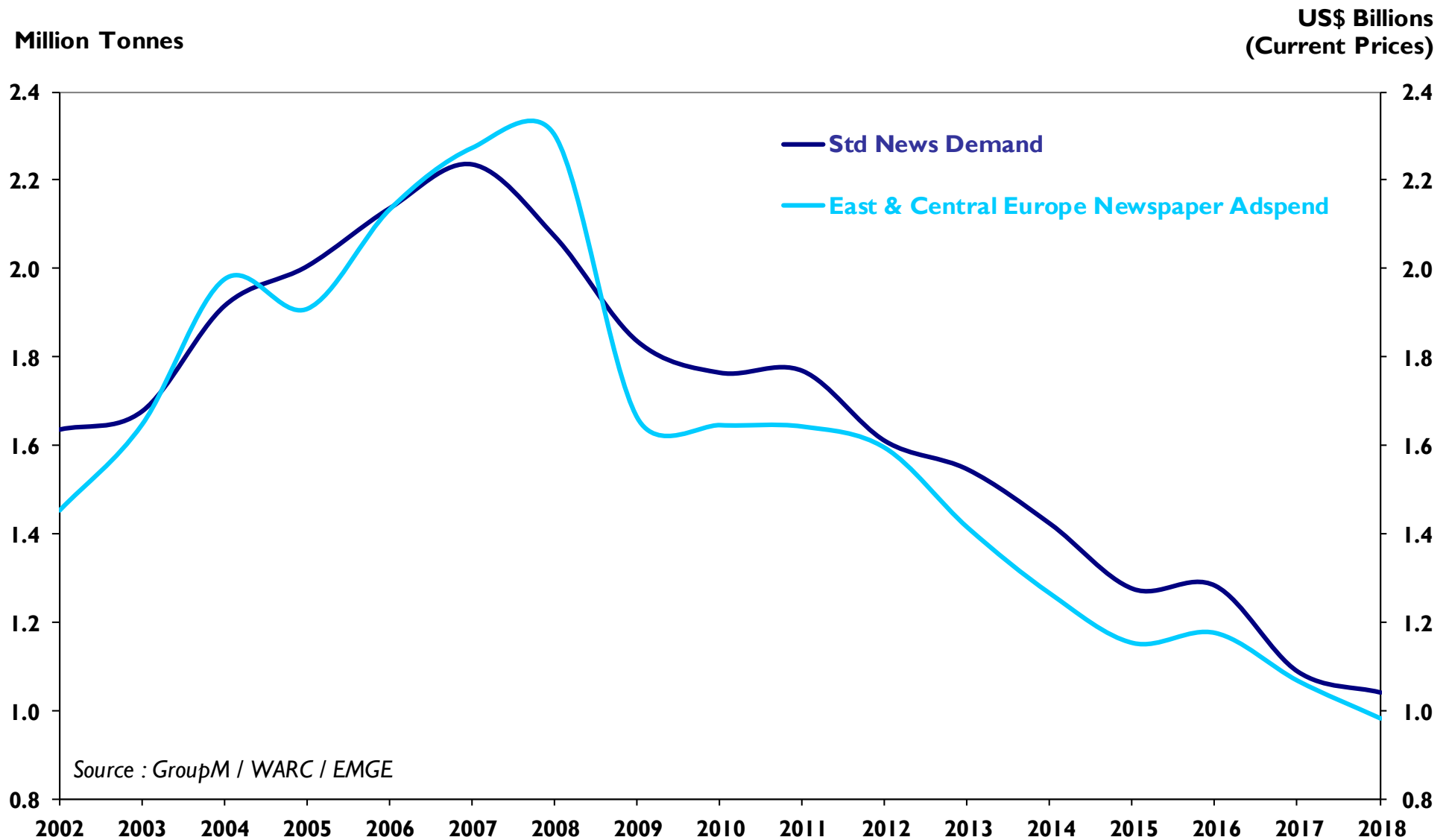
% Time Spent in Media vs. % Advertising Spending



# NEWSPRINT DEMAND VS. ADSPEND – W. EUROPE

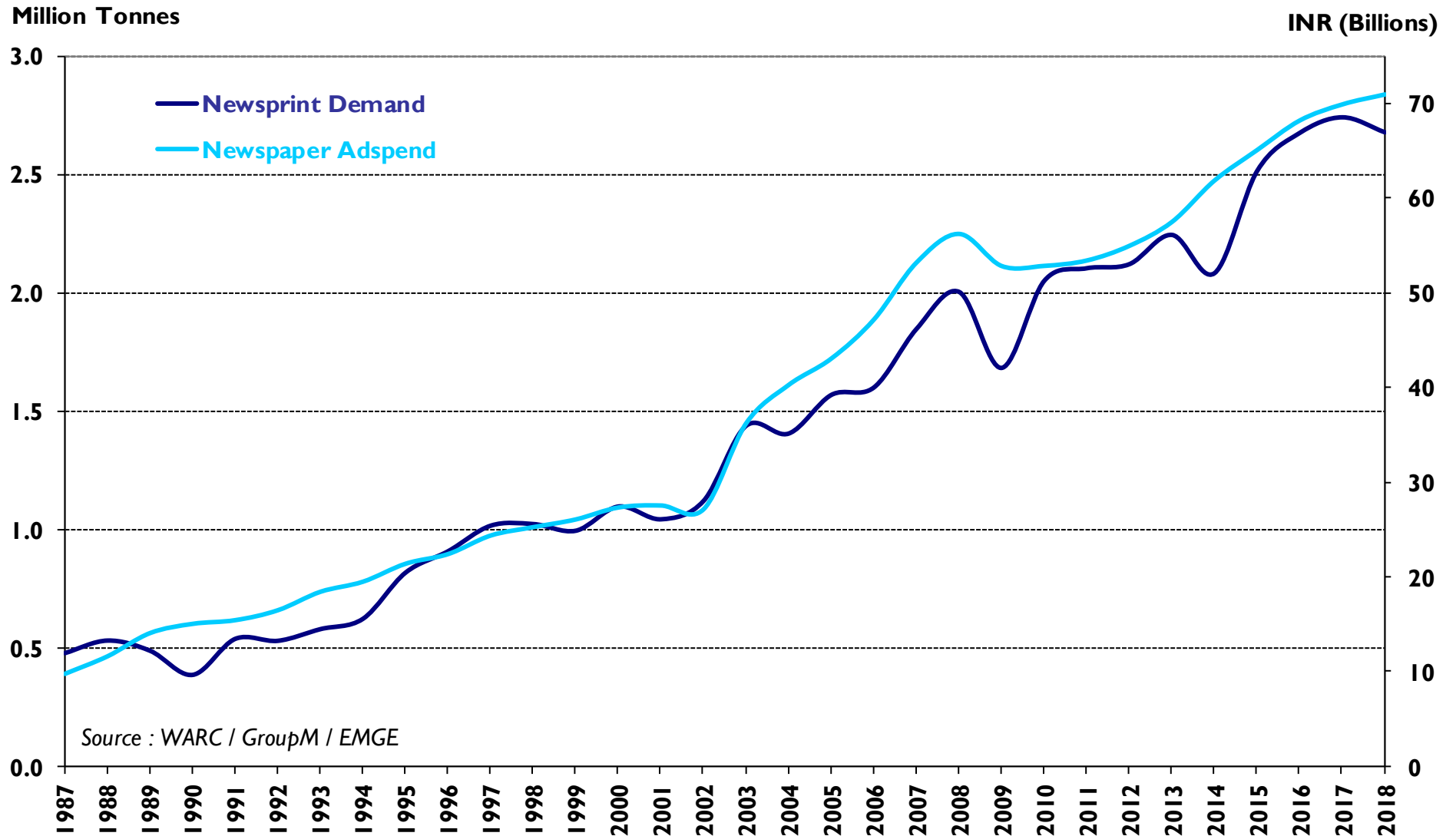


# NEWS DEMAND VS. ADSPEND – E. EUROPE



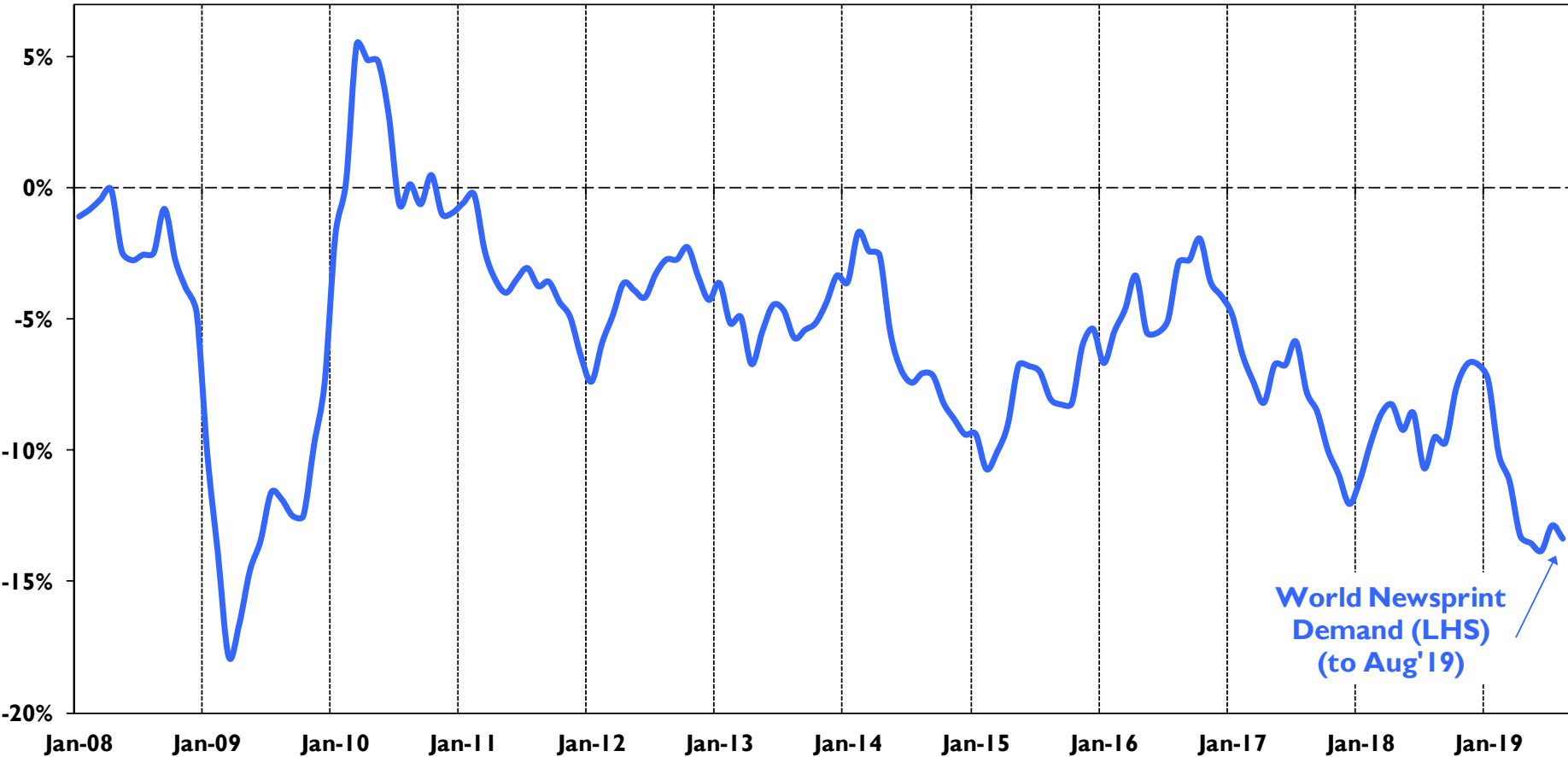
Source : GroupM / WARC / EMGE

# NEWS DEMAND VS. ADSPEND – INDIA



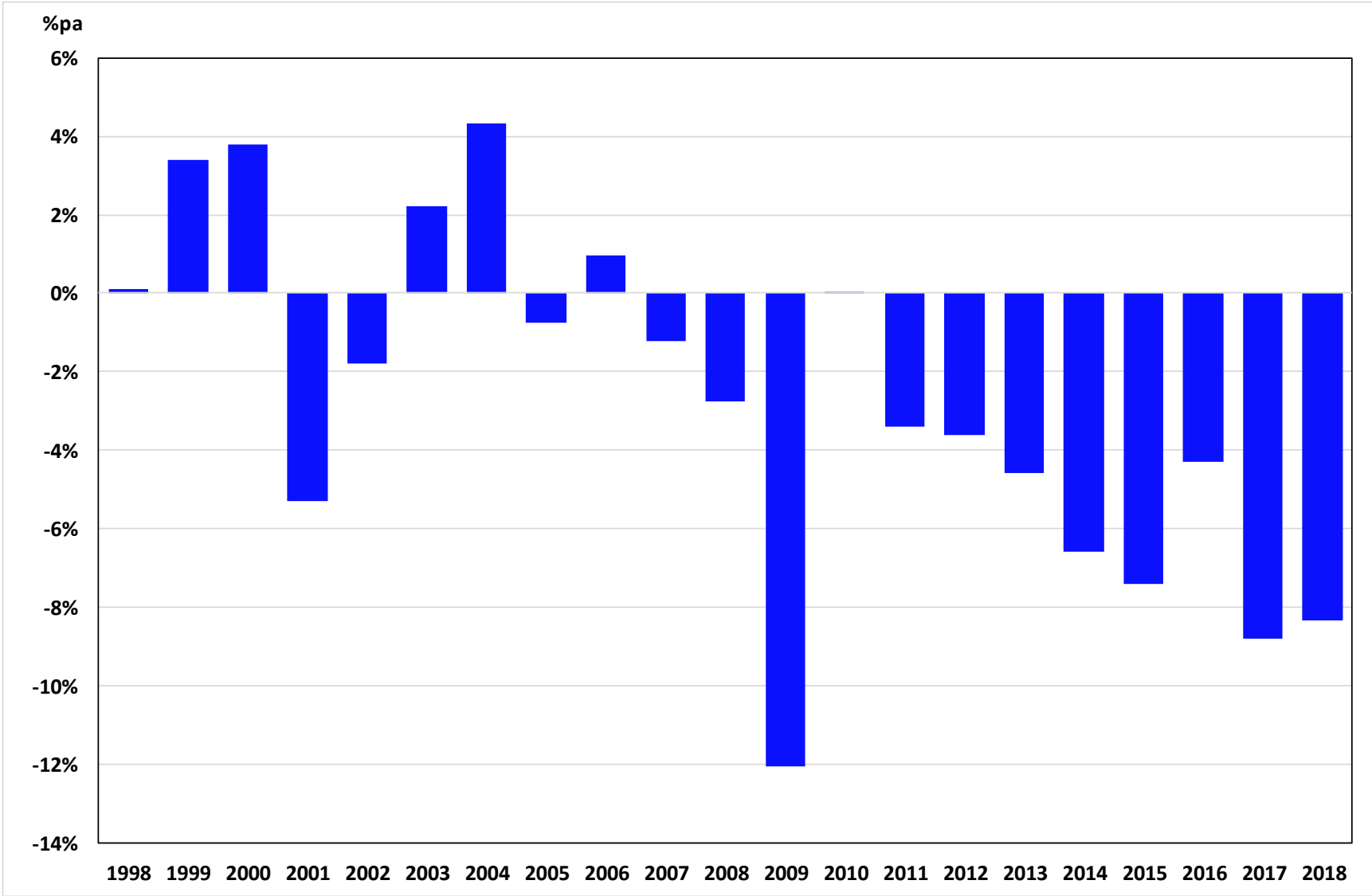
# WORLD NEWSPRINT DEMAND GROWTH

% pa - 3MMA Growth



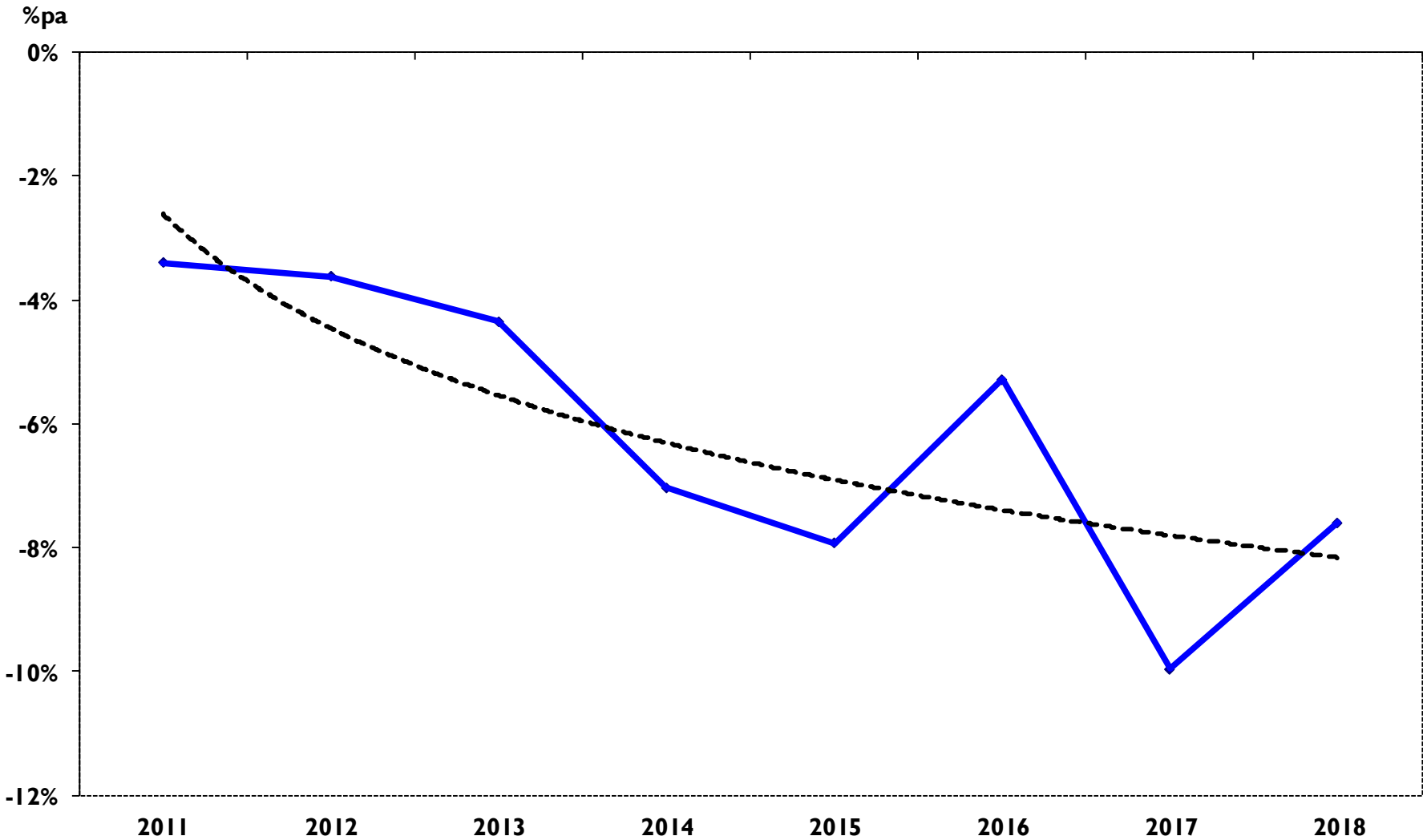
World Newsprint Demand (LHS) (to Aug'19)

# GLOBAL NEWSPRINT DEMAND GROWTH



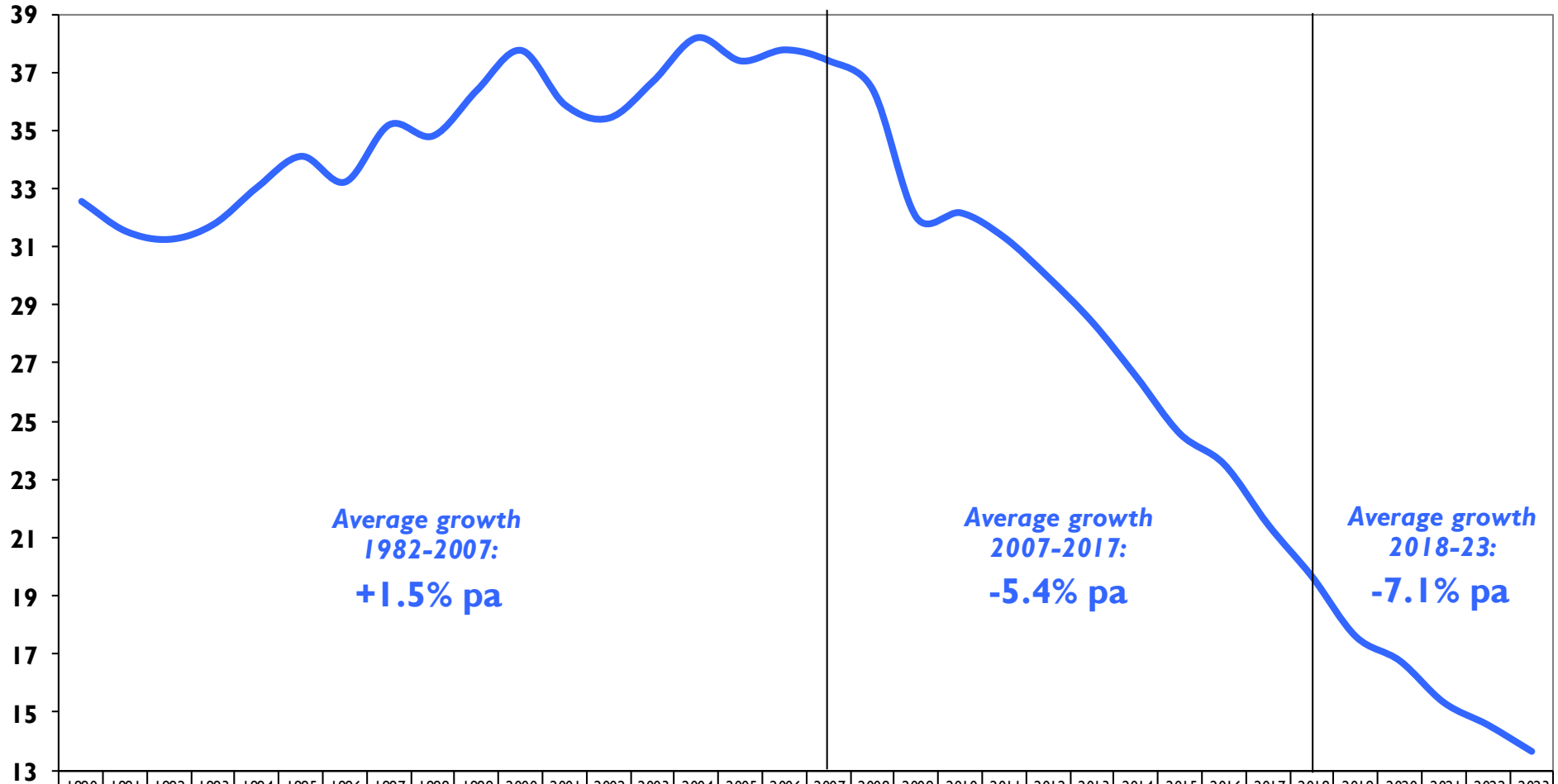


# GLOBAL NEWSPRINT DEMAND TREND



# GLOBAL NEWSPRINT DEMAND

Million Tonnes



Average growth  
1982-2007:  
**+1.5% pa**

Average growth  
2007-2017:  
**-5.4% pa**

Average growth  
2018-23:  
**-7.1% pa**

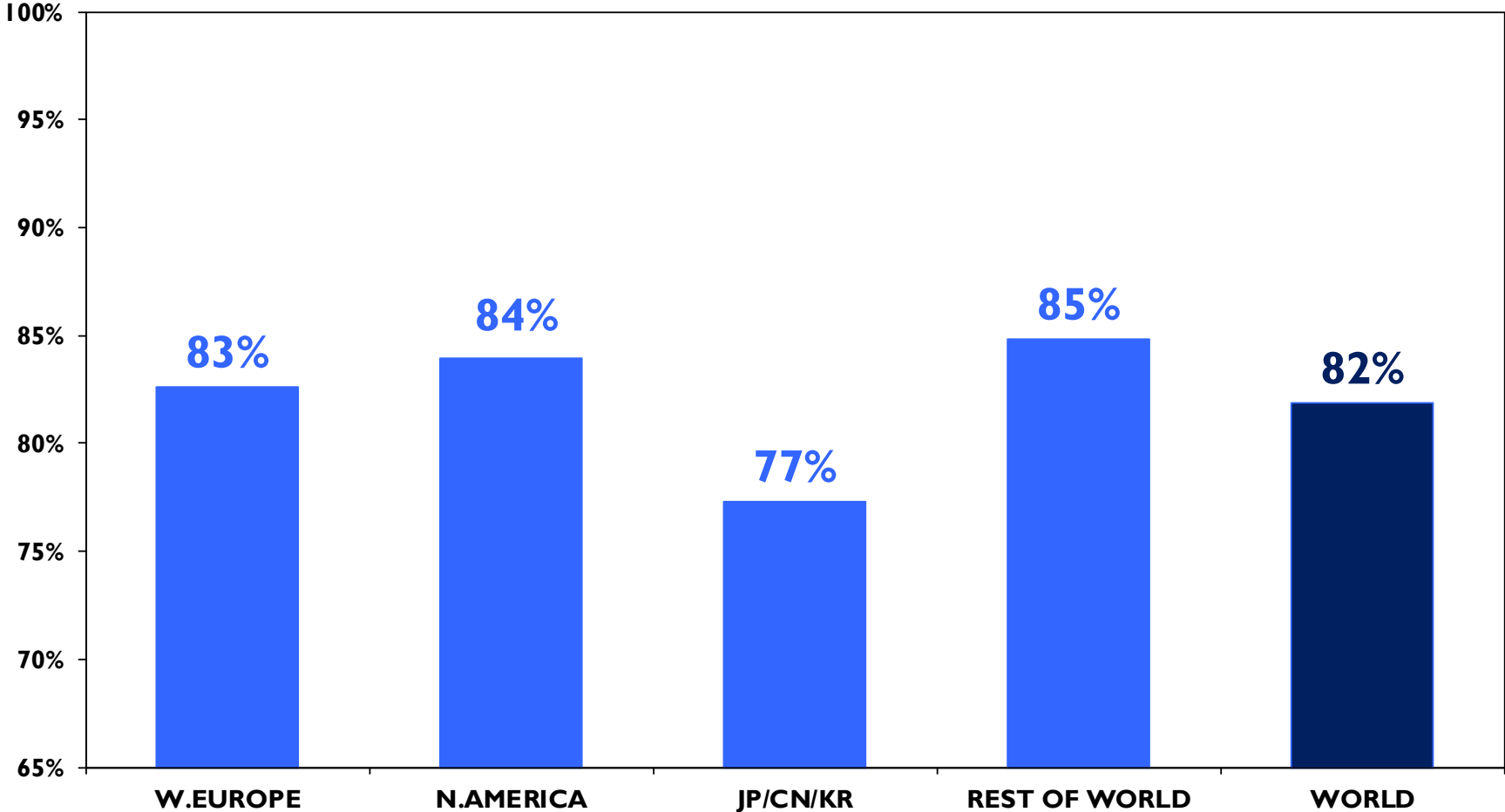
# **EFFECT ON NEWSPRINT MILLS**

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- **Operating Rates falling**
- **Capacity following demand down**

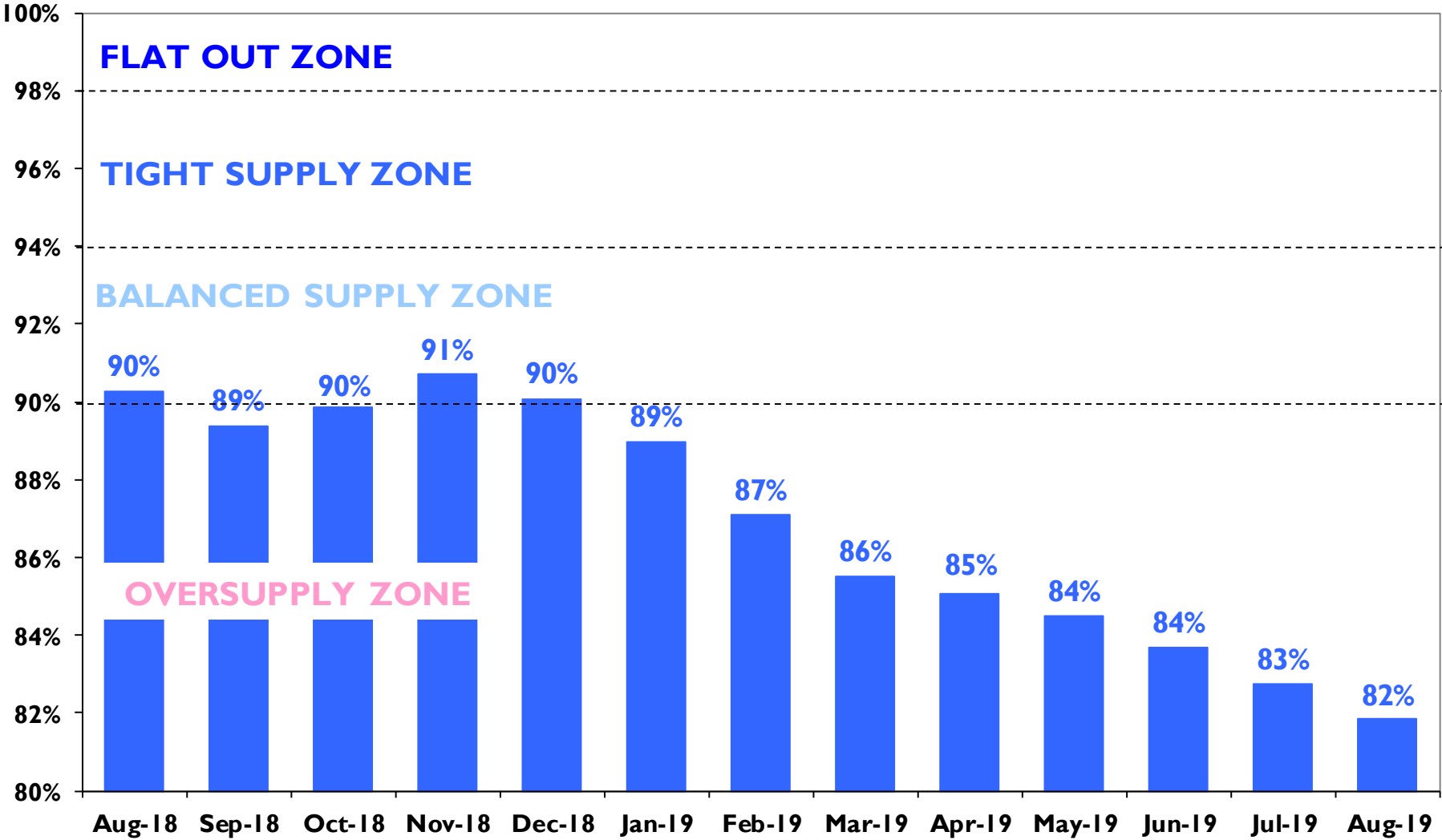
# WORLD NEWSPRINT OPERATING RATES

Operating Ratios (3mma)



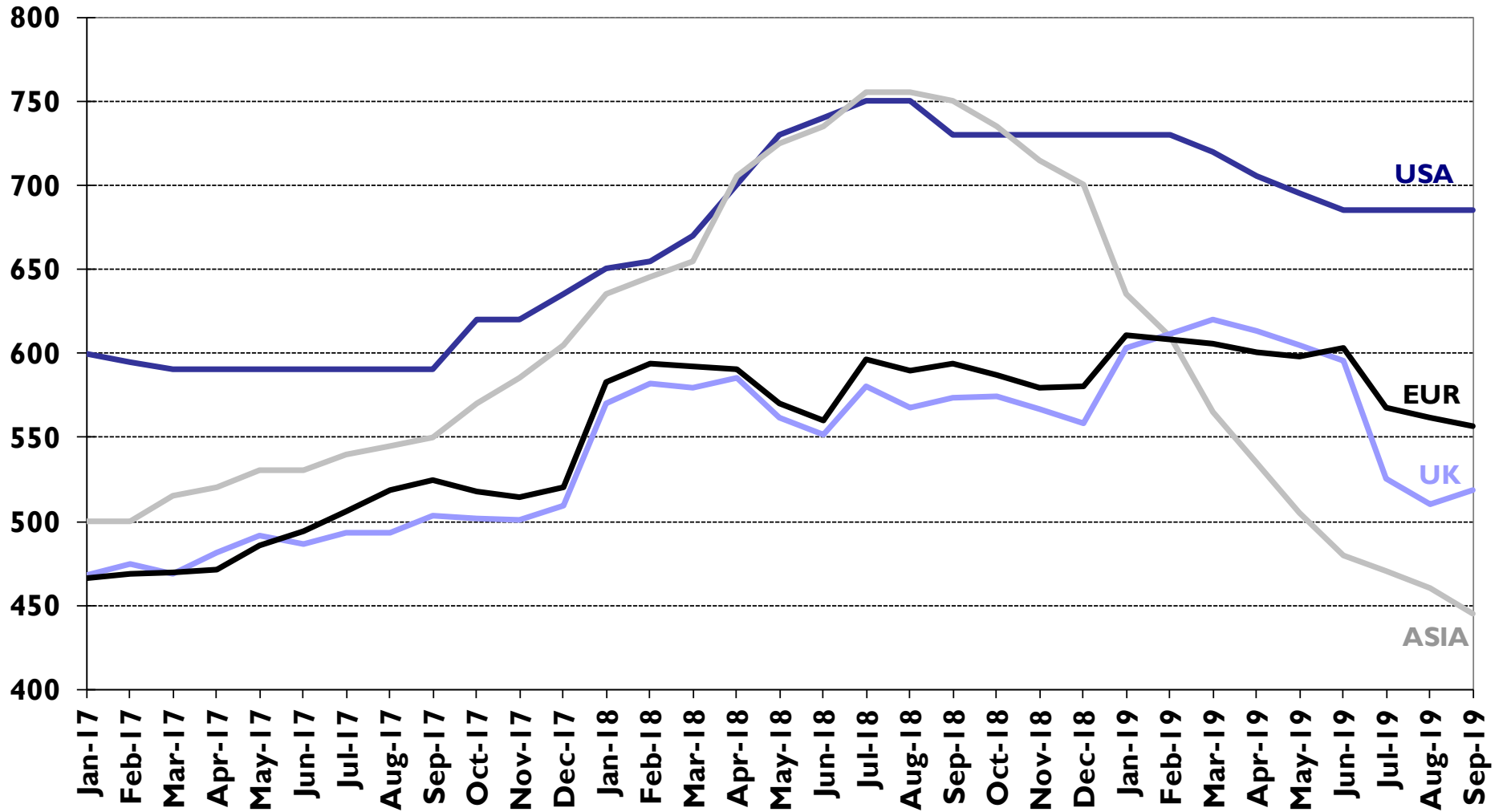
# WORLD NEWSPRINT OPERATING RATES

Operating Ratios (3mma)



# NEWSPRINT PRICES

US\$/t (45 gsm)

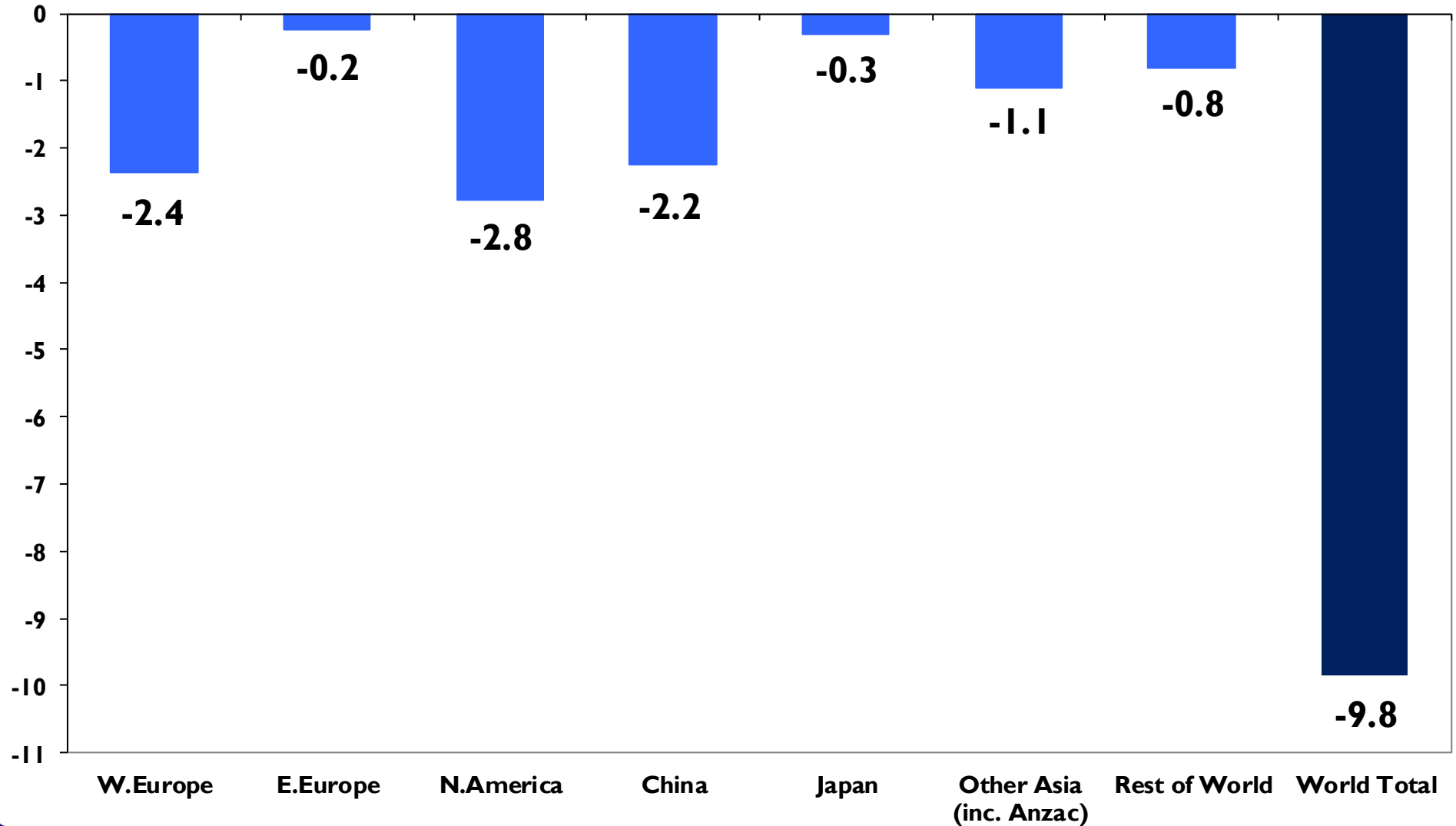


# NEWSPRINT CAPACITY CHANGES (2019-20)

<b>Country</b>	<b>Company</b>	<b>Mill</b>	<b>Machine</b>	<b>Capacity</b>	<b>Date</b>
Korea	Jeonju Paper	Jeonju	PM5	-180	Jan-19
USA	White Birch	Bear Island	Mill	-240	Mar-19
Germany	Palm Paper	Aalen	PM2	-90	Mid-19
Japan	Nippon Paper	Kushiro	PM8	-110	Jul-19
Australia	Norske Skog	Albury	Mill	-270	Q4-19
Japan	Nippon Paper	Yufutsu	PM6	-130	Jan-20
Japan	Oji Paper	Tomakomai	PMN5	-200	Mid-20

# NEWSPRINT CAPACITY CHANGES

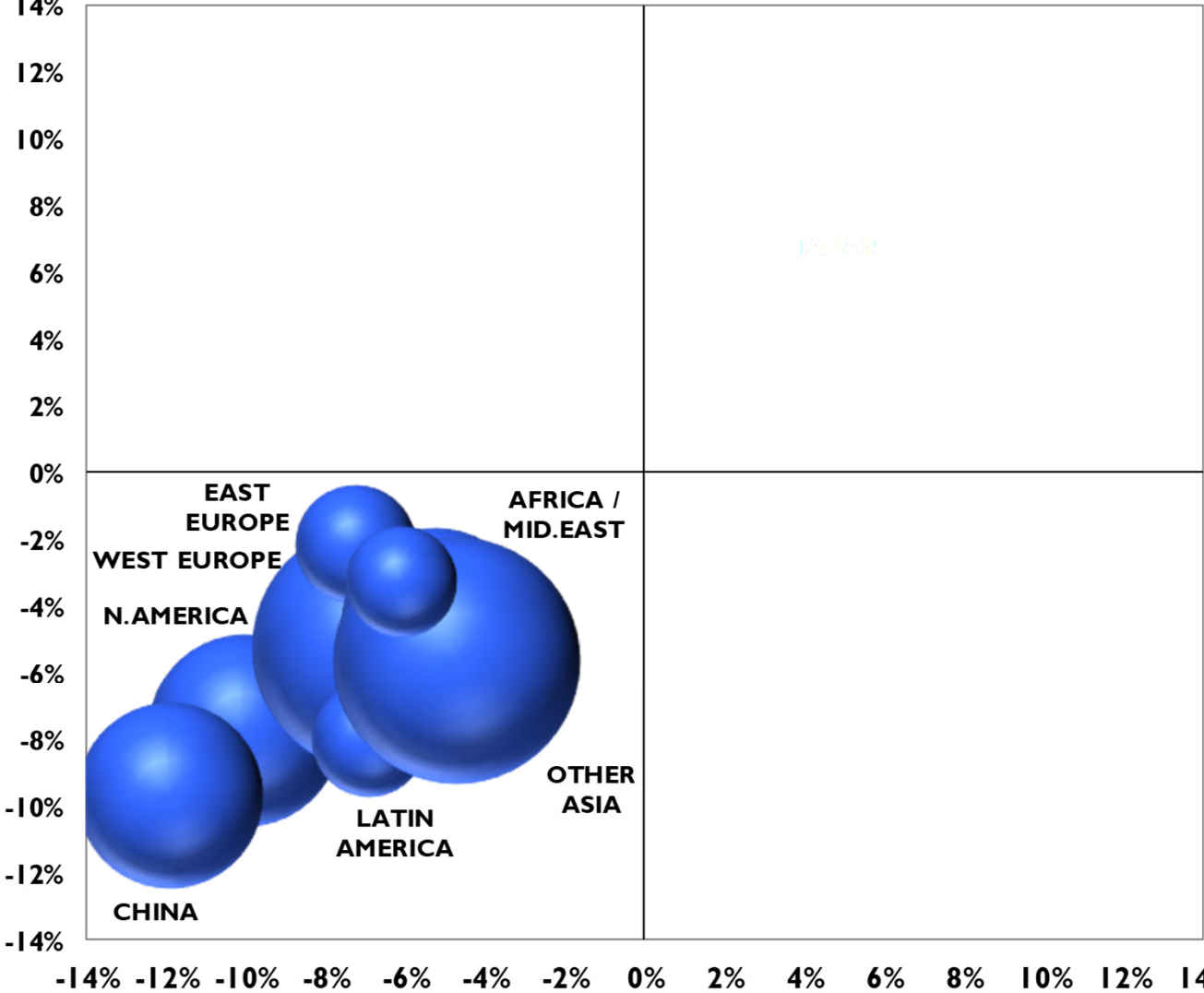
Million Tonnes, 2013-18





# GLOBAL NEWSPRINT FORECAST, 2018-23

Capacity Growth  
%pa Forecast



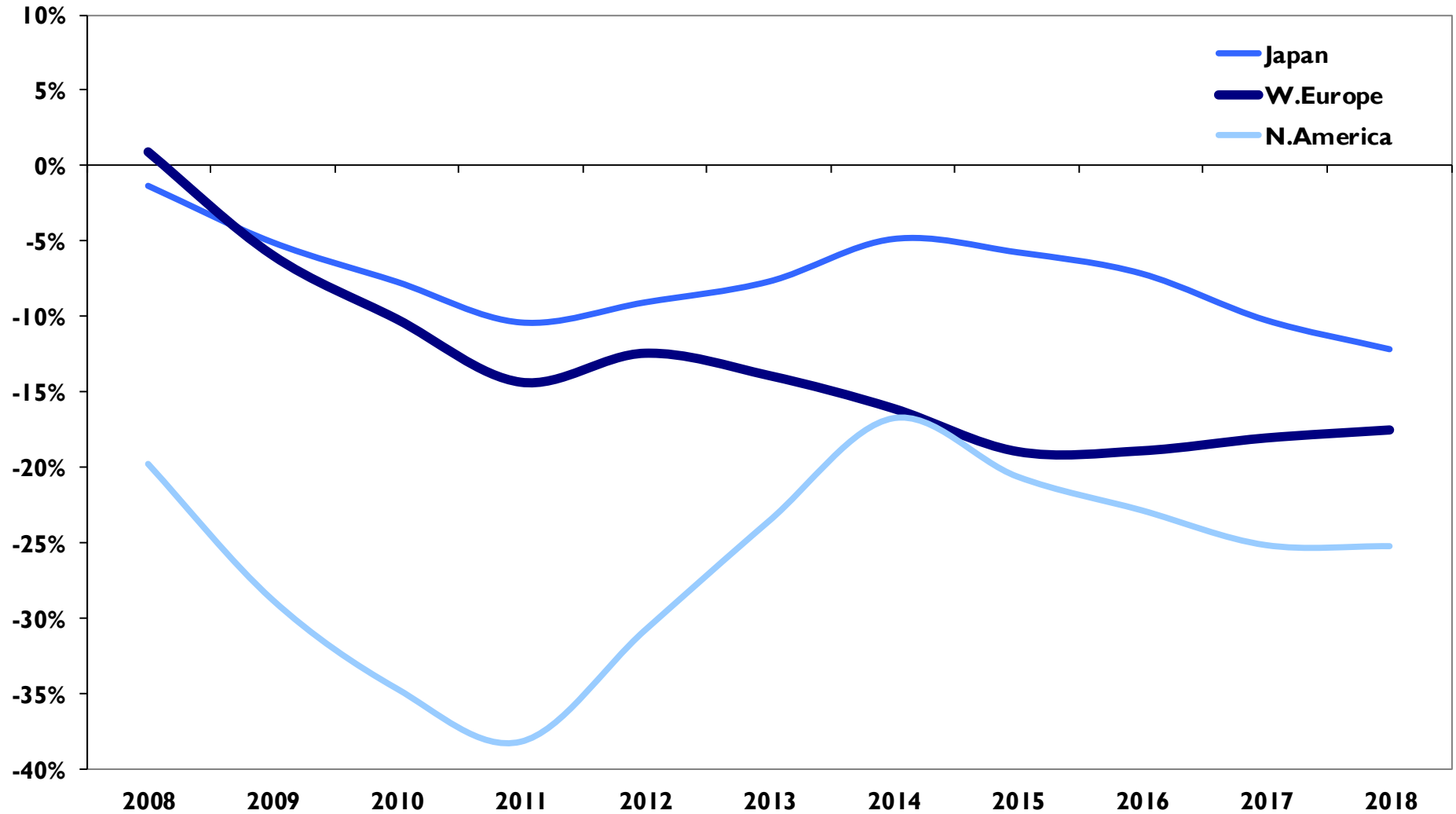
Demand Growth  
%pa Forecast

# GOOD NEWS?

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# GLOBAL NEWSPRINT DEMAND GROWTH

Newsprint Demand Growth (last 3 years vs. previous 3 years)



# GOOD NEWS? – (SOME OF) INDIA

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- Reminder: Almost all markets in decline (except possibly India)
- “The world’s biggest English-language newspaper just keeps getting bigger. On the back of a huge increase in readership in the first quarter of 2019, The Times of India has grown again in Q2.”
- “The Hindu’s total readership grew by 8.8% over Q1 2019, registering the highest growth rate among the top 3 national English-language dailies, as per the Indian Readership Survey in the second quarter.”
- However, average readership per issue was only stable at English-language dailies overall, and it fell at Hindi and Regional dailies.

# GOOD NEWS? – THE GUARDIAN

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- 2015
- Loss-making.
- 12,000 members and 175,000 print/digital subs.
  
- 2019
- No longer loss-making.
- 655,000+ regular supporters, comprising:
- 365,000 recurring contributors and members.
- 190,000 digital app/tablet subs.
- 110,000 print subs for Guardian, Guardian Weekly, Observer. (Record high).
- Plus: 340,000 one-off contributions in past year.

# GOOD NEWS? – THE NEW YORK TIMES

- 2018
- Revenue growth: +4.4%
- Net profit: \$127 million
- Operating margin: +7.3%
  
- “After just three years, we are already three quarters of the way to achieving our five-year goal of doubling digital revenue to \$800 million by 2020.”
  
- “At a time when [redundancies] have become common elsewhere in the industry, the Times added 120 journalism positions over the course of 2018. That brings its newsroom total to 1,600, the highest ever.” – *Poynter*.

# CONCLUSIONS / TAKE-AWAYS

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- Despite a few successes, printed newspapers are generally in decline, globally.
- Newsprint producers will repeatedly need to reduce their production capacity.
- The net impact on global newsprint demand will be negative, with the market always tending towards oversupply.

# **WORLD NEWSPRINT MARKET: THE PERFECT STORM OF 2018**

**THANK YOU  
FOR YOUR ATTENTION**

