

# O PAPEL MAGAZINE AND RISI INTRODUCE A NEW COLUMN ON THE SECTOR

*O Papel* magazine in conjunction with RISI are introducing a new column on the sector that provides data on the pulp and paper market, with special emphasis on packaging paper in Latin America, Africa, Oceania and Middle East.

The new column called Panorama RISI, will be signed quarterly with exclusivity by economist Amanda Fantinatti, one of the newest members on the team of market specialists from this renowned global consultancy, and will include, further down the road, news about the economic context of the sector in relation to the country's macroeconomy.

In this issue, readers will enjoy the first article by our newest columnist on global demand for containerboard with particular importance on how the Brazilian and Mexican markets shall develop through 2021.

The first edition of the Panorama RISI 2017 column will appear in March and be published quarterly throughout the year. ABTCP and the *O Papel* magazine team wish columnist Amanda Fantinatti lots of success and thank RISI for this important partnership!



DIVULGAÇÃO/RISI

**BY AMANDA FANTINATTI,**

SPECIALIZED ECONOMIST ON STUDIES PERTAINING TO LATIN AMERICA'S PACKAGING MARKETS. AT RISI, SHE IS ONE OF THE MOST RECENT ADDITIONS HIRED TO COVER AND PROVIDE FORECASTS NOT ONLY OF THE PACKAGING MARKET IN LATIN AMERICA, BUT ALSO AFRICA, OCEANIA AND MIDDLE EAST

✉: [afantinatti@risi.com](mailto:afantinatti@risi.com)

## BRAZIL STILL HAS THE BIGGEST MARKET, WHILE MEXICO HAS THE STRONGEST GROWTH

**G**lobal demand for containerboard increased at an average annual rate of 3.5% between 1995 and 2015. However, there was tremendous variability in the growth rates of different regions. The corrugated box market is mature in developed economies such as North America, Western Europe, Japan and Oceania. Demand in these regions has only increased 0.7% per year in the last 20 years. This contrasts significantly with the demand growth in the rest of the world, which has increased at an

average annual rate of 7.1% during this same period.

In 2007, demand in developing economies exceeded, for the first time ever, demand in developed countries, and the gap between the two has grown substantially since then, given the drastic drop in demand in developed nations following the 2008/2009 recession. We project that demand growth in the developing world will drop to an average annual rate of 3% between 2016 and 2021, which will still be much greater than the 1.8% growth

anticipated for the developed world. Global demand for containerboard is expected to grow 2.6% per year over the next five years, as shown in graph 1.

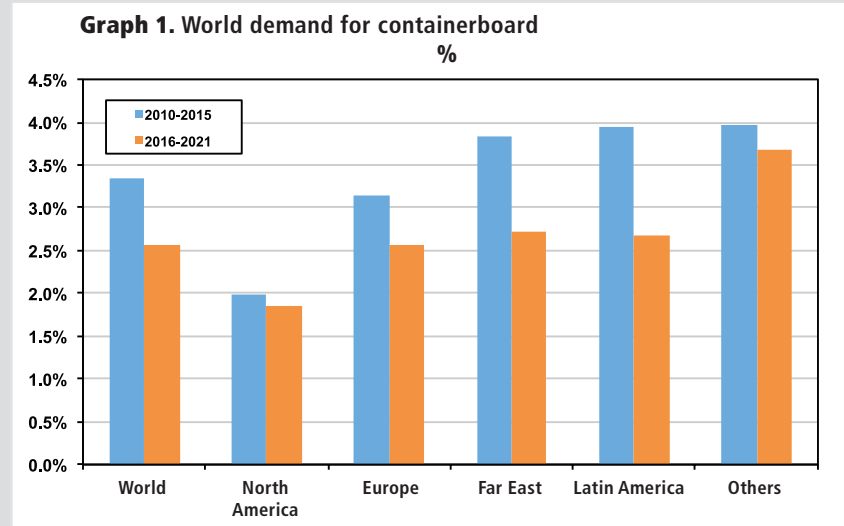
Looking ahead, containerboard will continue to be one of the biggest growing markets in the pulp and paper industry. Some of the factors responsible for this positive performance in the consumption increase of corrugated boxes include stronger industrial and agricultural activity in regional economies, better infrastructure for transporting and distributing goods in domestic markets and the increased importance of exports to the overall manufacturing sector during the forecast period. On the other hand, negative comments include competition from returnable plastic crates, further reductions in basis weights and increasing efforts to reduce packaging.

In particular, containerboard demand in Latin American grew at an average annual rate of 6.4% in the 1990s, but slowed to 4.9% between 2000 and 2010. This moderation reflects both the uneven pattern of economic growth within the region during the early part of the last decade, the impact of the 2008/2009 recession and some maturation of the markets.

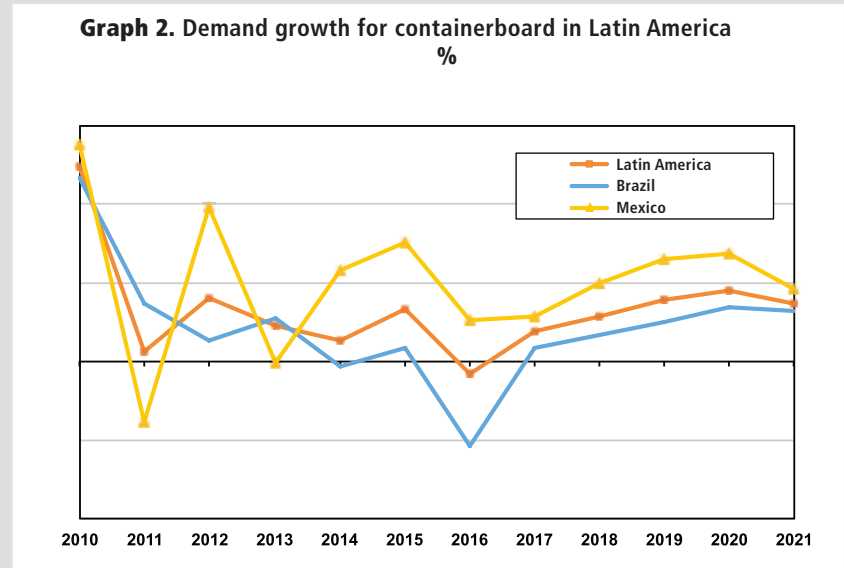
In the last couple of years, economic uncertainties in major markets such as Brazil, Argentina, Ecuador and Venezuela have weighed down growth in the region. In 2015, based on preliminary estimates, demand for containerboard in Latin America grew around 3.0%, after increasing a mere 0.8% in 2014. This result was influenced by the region's biggest economy, Brazil, which experienced relatively flat growth of -0.4% and 0.8% in 2014 and 2015, respectively.

Central American countries over the last two years have fared well overall, driven by containerboard demand growth in Mexico, which advanced 5.8% and 7.6% annually in 2014 and 2015, respectively. Much of this growth can be attributed to the strengthening of the United States' trade of manufactured goods.

In fact, Mexico will lead the region's growth during the next years, advancing around 1.0 million tons through 2016-2021, which will account for about 50% of total demand growth for all Latin America,



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according to our projections. Even though Brazil represents the largest containerboard market in Latin America, it will continue to lose share as the country grapples with one of the worst economic crises in its history. We forecast that Mexico will become the largest consuming region of containerboard, slightly edging out Brazil by 2018, as shown in graph 2. ■

RISI is a leading provider of information on the pulp and paper market worldwide, offering reports, databases and detailed studies on new mill projects. Learn more about RISI at [www.risi.com](http://www.risi.com)

