



FISHER INTERNATIONAL



BY MARCELLO COLLARES

VP Business Development, Forest Value Chain
E-mail: mcollares@fisheri.com

COULD PARAGUAY BECOME A NEW FRONTRUNNER IN THE P&P INDUSTRY?

If you look at a map of some of the latest pulp mills being installed in Latin America – highlighted in the image below – there’s an apparent trend occurring: the development and expansion of mills to the west. The first ‘wave’ of mills was built along the Eastern coast of Latin America in Brazilian states such as Espírito Santo and Bahia. Later on, pulp mills expanded towards the Midwest into states like São Paulo and Mato Grosso do Sul. This trend continues as Paracel’s new bleached eucalyptus kraft mill in Paraguay is about to come to completion, leaving many to wonder if this could give Paraguay a chance to evolve into a frontrunner in Latin America.

Paracel’s new mill, which is expected to produce 1.5 million tons of bleached eucalyptus kraft pulp (BEKP) per year, is one of the first major industrial investments in Paraguay and capable of completely changing the local economy, putting Paraguay on the radar in the global Pulp and Paper industry. But why exactly did Paracel invest USD 2 billion to build the first large-scale pulp mill in Paraguay? While expansion of the agriculture frontier could be a factor, it does not explain the major investment alone, since any investment of this magnitude is the result of a set of conditions and a clear strategy.

For example, the strategic decision to build the mill right along the Paraguay River proves to be extremely advantageous

Mill Development in Latin America



Source: FisherSolve

Example: Forest Inventory in Southern US



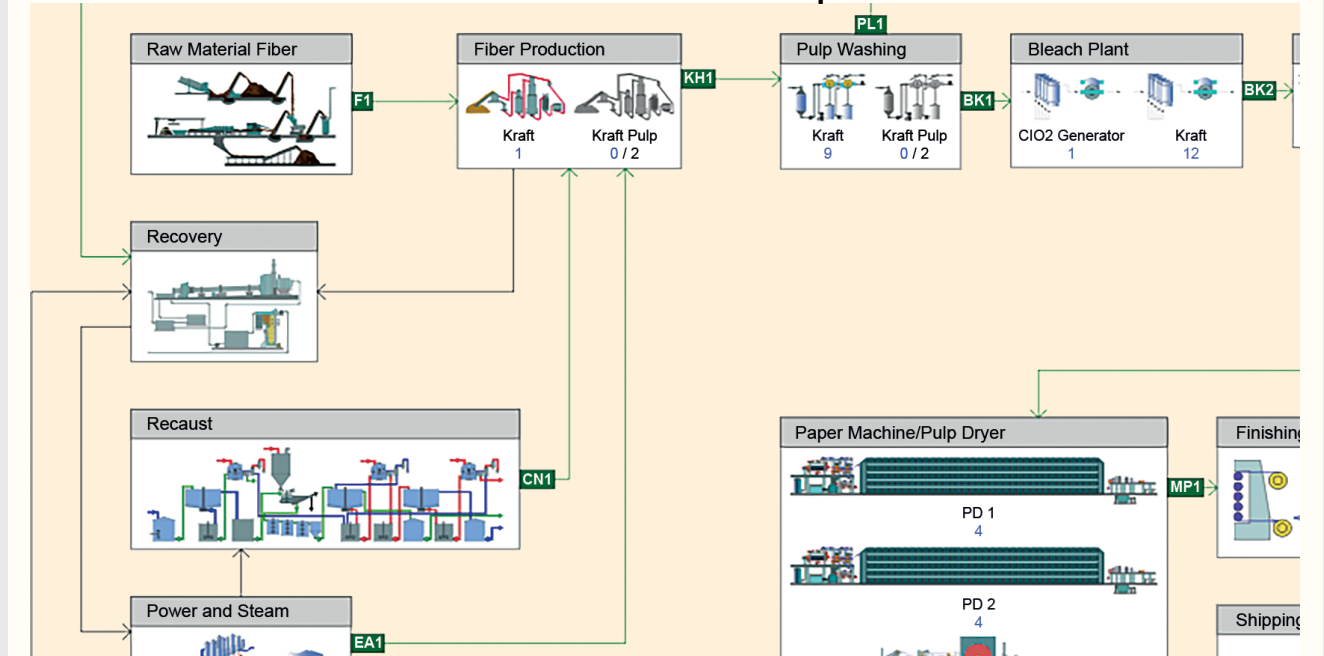
Source: TSA360

as the combination of the sprawling river, the unvarying year-round climate, and the fact that two-thirds of the roads surrounding the facility are paved creates an optimal solution for transporting products and materials to and from the plant site. These conditions will help prepare Parcel to supply the global market with certified pulp. In addition, precipitation patterns, climatic conditions, flat topography and deep soils make the Concepción region in Paraguay an ideal landscape to plant, cultivate and harvest trees throughout the year. But how long can it take to develop enough timberland?

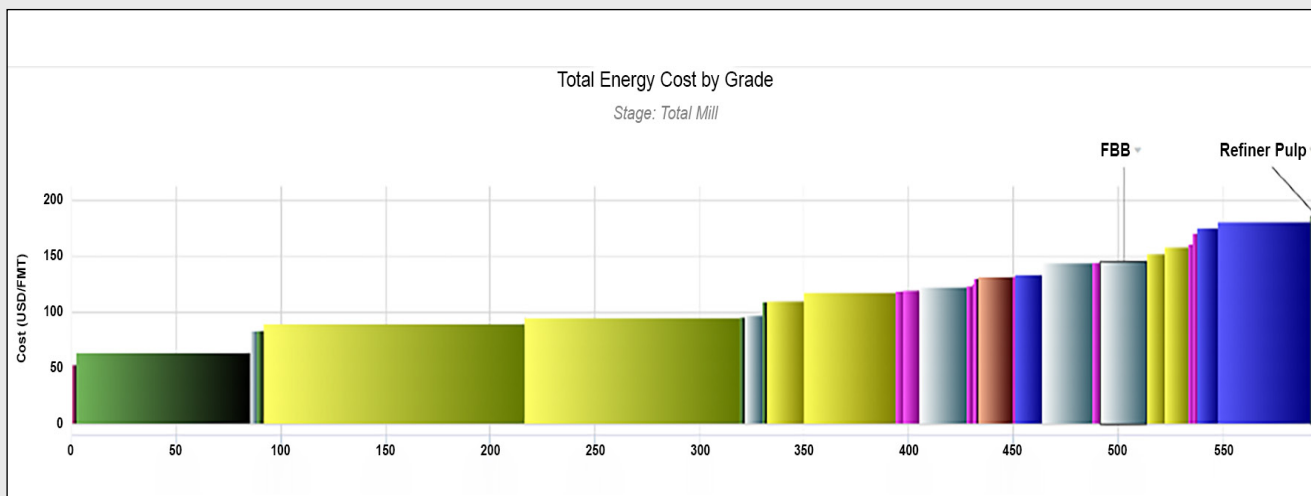
Through ResourceWise’s proprietary technology Timber Supply Analysis 360 (TSA360) for Latin America, we were able to map the forest assets and determine if there is enough Eucalyptus in the region to start and maintain operations of a large mill, similar to what is seen in a separate example image above.

Now, to the primary concern: What impact could this new mill have on the global pulp market? While it may be too early to say for certain, we can use FisherSolve’s Virtual Mill module to replicate this mill and consider major assets, energy-mass

Virtual Mill Module Example



Source: FisherSolve



Source: FisherSolve

mill balance, internal flow of energy, etc., which can all be seen in the image on the previous page. From this, we can see that the cash cost will be highly competitive and that the mill will have a huge energy surplus in a small, local market.

The energy surplus is largely due to the fact that Paraguay is a net electricity exporter. However, Paracel has stated that it will build and operate this mill with the highest standards of global sustainability. So, will Paracel integrate its production downstream to a high-intensive energy P&P

grade? Or will it find a way to offset its surplus, or even sustainably disperse it?

For deeper insights into the possible outcomes and impacts this mill could have, [talk with an expert](#) at Fisher International who can help your business formulate an actionable plan with a high degree of accuracy. You can also learn more about how Fisher International's analytics platform, [FisherSolve Next](#), can provide you with detailed information on every pulp and paper mill in the world for both market and competitive analyses. ■



The companies in the ResourceWise portfolio focus on forest products, pulp & paper and chemicals – natural-resource-based industries. Specifically, Fisher International offers unparalleled expertise and solutions for suppliers, producers and investors that inspires better performance in the capital-intensive pulp and paper industry. For over 30 years, Fisher International has helped companies across all aspects of the global pulp and paper industry be more purposeful in deciding how to best utilize their assets to gain tremendous advantages in efficiency, productivity and profitability. We help clients leverage their distinct strengths, augmented by the guidance surfaced through our rich data, analytics and expertise, to develop unique solutions their competitors can't imitate.

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relacionamento@abtcp.org.br

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