

China pulp rationalization - FAQs

Specific China pulp rationalization questions

1. Why is Fastmarkets RISI rationalizing China pulp assessments?

Fastmarkets RISI currently offers a number of assessments for Northern Bleached Softwood (NBSK) delivered China in PPI Pulp & Paper Week, PPI Asia, World Pulp Monthly Table 5 and UM Paper. We are proposing to rationalize this coverage and replace it with a single set of price assessments that would be used in all relevant publications. These price assessments will be net delivered prices including cost, insurance and freight.

2. Which price assessment series will Fastmarkets RISI keep?

The main China pulp benchmarks going forward will be Northern Bleached Softwood Kraft, imports from N.America and Scandinavia net (Price ID 1218), Bleached Hardwood Kraft, Eucalyptus, imports from South America net (Price ID 1217) and Bleached Softwood Kraft, Radiata Pine, Imports from Chile net (Price ID 1226). These assessments are all published in PPI Asia and appear in the Fastmarkets RISI online portal and Mobile App.

3. Will any changes be made to these assessments?

Northern Bleached Softwood Kraft, imports from N.America and Scandinavia net (Price ID 1218) will move from bi-weekly to weekly publication and will be presented as a single point price. The Eucalyptus and Radiata assessments will remain as they are.

4. Will some price series be discontinued?

Fastmarkets RISI will be discontinuing assessments of Northern Bleached Softwood Kraft, published in PPI Pulp & Paper Week and WPM Table 5 (Price series 699 and 12156), as well as Bleached Eucalyptus Kraft and Bleached Radiata Pine Kraft published in WPM Table 5.

3. What is the time frame for the changes?

The rationalization will be carried out in two phases. First, on September 27th, 2019 NBSK, imports from N.America and Scandinavia net (Price ID 1218) will move to a weekly point price and will begin appearing in World Pulp Month Table 5, alongside PPI Asia's assessments for Eucalyptus and Radiata Pine, replacing the current China net price series. Table 5 will continue to run the China effective list price series alongside these until the end of the year. From January 2020, Fastmarkets RISI will discontinue the old PPI Pulp & Paper Week and Table 5 NBSK, Eucalyptus and Radiata Pine assessments leaving only price IDs 1217, 1218 and 1226.

4. Will I still be able to see China pulp assessments in PPI Pulp & Paper Week and Table 5?

Yes. The PPI Asia assessments for NBSK will appear in PPI Pulp & Paper Week. WPM T5 will feature the PPI Asia price assessments for NBSK, Eucalyptus and Radiata Pine..

5. Is there any difference between the PPI Asia price series and the ones traditionally run in PPI Pulp & Paper Week and World Pulp Monthly Table 5?

The PPI Asia NBSK, imports from N.America and Scandinavia net assessment (Price ID 1218) is a net price after discounts and includes pulp from North America and Europe. PPI Pulp & Paper Week currently publishes net and effective list (before discounts) price assessments for NBSK delivered to China that only consider imports from Canada. Canadian pulp currently commands a premium to European pulp.

6. Why did Fastmarkets RISI choose to keep the PPI Asia NBSK assessment and not the others?

Imports of NBSK to China from Europe have increased considerably in the 20 years from just over 30% in 1995 to around 50% in 2018, according to GTA data. Fastmarkets RISI believes assessments that cover imports from both regions are therefore more relevant for the market.

7. Will I still be able to see historical price data for the discontinued assessments?

Yes. Discontinued price series will be marked as "legacy" and will be available to customers who choose the "see legacy prices" option in Price Search and Dashboards.

Price methodology questions

8. Where does Fastmarkets RISI get the data for its China pulp assessments?

Fastmarkets RISI price reporters gather information from a broad sample of market participants involved in the buying and selling of pulp. We talk with as many active market participants as possible, from all areas and regardless of size. Our market reporters survey all sides of the market, including producers, buyers, agents, traders and brokers. Fastmarkets RISI never reveals our sources, nor the companies they work for.

Fastmarkets RISI encourages all market participants to take part in their survey, however we will give greater weighting to inputs provided by credible market sources that have a proven track record for regularly providing pricing data within established deadlines and by providing other supporting information. This supporting information might include transaction volumes, freight cost, details on specifications, credit terms, delivery location, and any other detail that contributes substantially to the determination of the price.

9. Where does Fastmarkets RISI store price information?

Information gathered from market contacts is stored in a secure network location. Only authorized staff have access to this information.

10. How is the Fastmarkets RISI assessment calculated?

Price assessors look first and foremost at concluded transaction prices. They also consider bids and offers, trigger prices and prices in related market. They apply their professional judgment to assess fair market value for the given commodity at the given point in time.

11. How do price assessors produce an assessment in opaque and illiquid markets?

In the absence of actual transaction prices, bids or offers, editors consider other information such as:

- trigger prices;
- the change in prices from previously assessed periods;

- market fundamentals such as changes in inventory levels, shipments, operating rates and export volumes;
- relative values of similar commodities in the same region;
- relative values of the same commodity in different regions;
- changes in the value of the commodity's primary feedstock or primary derived product(s).

They apply their professional judgment to come up with an assessment of fair market value for that product at that time. The guidelines on how price assessors apply judgment are published in RISI's methodology guides.

12. What does the high/low range represent? Is it the minimum and maximum prices paid?

The high/low range reflects our price reporters' evaluation of where most business was done. It does not represent the minimum and maximum prices paid. In moving markets the range may be wider and in stable markets would tend to be smaller. At any time there are likely to be transactions above and below the published range.

13. Do China pulp assessments represent the price before or after discounts?

Price assessments reflect the net price after discounts at which the bulk of transactions take place.

14. How are spot transactions treated?

Spot transactions may be included at the reporter's discretion.

15. How are transactions between affiliated companies treated?

Business concluded by affiliated companies is not considered for the purpose of Fastmarkets RISI assessments.

16. How does Fastmarkets RISI treat formally indexed transactions?

Fastmarkets RISI does not take into account transactions whereby the price is formally linked to either the Fastmarkets RISI published price assessment or another published price.

17. How does RISI treat announcements of intended price increases? For example, if a seller announces on November 15th that they will raise prices from November 30th, would this be included in the November price assessment?

Intended price increases at a future date are not taken into account in our assessments.

Fastmarkets RISI's published prices reflect our price reporters' assessment of fair market value at the time of publication.

18. Where can I find Fastmarkets RISI's methodology guide for China pulp?

All Fastmarkets RISI methodology guides are posted on a dedicated page on our website. To view the Global pulp methodology guide, please click [here](#).

Policy questions

19. How does Fastmarkets RISI ensure consistency in its price assessment processes?

Price assessors are chosen for their experience and skill. Many have years of experience and are considered experts in their field. Price assessors are given intensive training early on in how to assess pulp and paper markets. They all work according to Fastmarkets RISI's standard methodologies (these are published on our website) as well as internal guidelines on market reporting. Price reporters are also reviewed annually to check their knowledge of and application of the Fastmarkets RISI price reporting methodology. In case of a change of job, the outgoing price assessor would leave notes on their market and contacts for the next person picking up the job. There would usually be a handover period as well.

20. What happens if a Fastmarkets RISI price assessor publishes an erroneous assessment?

In case of genuine errors, a correction will be issued as soon as possible. A coverage note will also be posted online and in the next issue of the publication.

21. What happens if new information comes to light after assessments have been published?

If new information comes to light after the assessments have been published, this would be taken into account in the next assessment. Fastmarkets RISI does not correct price assessments based on information that comes to light after publication.

22. Is there a danger in participating in the survey because of antitrust sensitivity in this sector of the industry?

All Fastmarkets RISI price reporters undergo anti-trust training before starting the job and regularly thereafter. Participating in the survey itself should not increase companies' exposure to anti-trust risks.

23. How do I register a complaint?

Fastmarkets aims to provide its subscribers with timely news and quality pricing information that meets the highest standards. In the event that a customer has a question, wishes to raise issues or provide feedback, we provide several levels of service designed to handle complaints.

Most inquiries can be handled by the reporter responsible for specific pricing. If you are not satisfied with the response from the price reporter, or if you have other concerns, you may contact the Fastmarkets Editorial Team. To escalate your concern regarding any type of issue (eg, market value, proposed price assessment changes, applications of methodology in relation to a specific price assessment and other editorial decisions in relation to price assessment processes), you should submit your complaint in writing to the Fastmarkets Risk and Compliance manager. For full details of our complaints policy please see [here](#).