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**October 20, 2011**

## **Are Newspapers Slowly Dying?**

In an online article, Mark Rushton, Editor, Pulp & Paper International Magazine, RISI, summarizes PPI's interview of Caryl Holland, a UK based veteran reporter and commentator on the printing and newspaper industry. Here are some bullet points gleaned from Holland's responses to the interviewer's questions around the conventional wisdom that newspapers are slowly dying:

- In Japan, the proportion of revenue gained from advertising compared to copy sales is, on average, 25% from advertising and 75% from newspaper sales, whereas in the United States the opposite is the case, which accounts for the fact that the U.S. industry is struggling.
- In India, circulation has been increasing by some 10% annually as literacy rates increase, whereas in the western world circulations are declining.
- More newspaper titles are being launched than being closed. The figure last year in the UK is thought to be close to 100 new titles, many of them targeted at specific market sectors.
- Many newspaper publishers see the Internet as providing significant opportunities for expanding revenue streams. On average, however, printed newspapers represent some 80% of a publisher's total revenue, while less than ten per cent is derived from digital activities.
- Local newspapers are one of the strongest elements of the printed news industry since it is the market with the least competition from other media.
- More targeted distribution is a general trend in the western world, achieved mostly by using traditional presses and mailroom equipment rather than digital printing.

- Digital printers are finding it difficult to make a profit when producing complete newspapers, blaming the price of digital newsprint and the low cost per copy demanded by the market.
- Newsrooms are becoming completely electronic and capable of handling all media, not just the printed form and Web sites but also video and television.
- Modern newsprint reel handling systems function without human intervention; this has become necessary as a result of the increases in reel size made necessary by increasing press widths and increasing press automation.
- Newspaper printers are moving towards producing a wider range of products in an effort to keep their increasingly hungry equipment fully occupied. Such products may include direct mail leaflets, catalogs and newspaper supplements.
- The belief that the newspaper industry is going to be around for many years to come is supported by the fact that publishers are continuing to invest millions in new plants.
- Newspaper publishers and printers are increasingly flexible, recognizing the fact that the industry needs to be more creative in terms of its product development, especially in terms of adding value.

For the complete article, go to:

<http://www.risiinfo.com/techchannels/papermaking/Ar-e-newspapers-slowly-dying.html>

## **AF&PA News**

This week the American Forest and Paper Association released statistical reports on containerboard, kraft paper and boxboard. Here are the combined highlights:

- Containerboard production decreased 2.3% when compared to August 2011.
- Month over month average daily production of containerboard was up 1.0%.

- The containerboard operating rate for September 2011 was down slightly from September 2010 to 98.4% but up 1.0 point from the August operating rate.
- Linerboard production was flat compared to last year.
- Medium production was consistent with September 2010.
- Total Kraft paper shipments were 124.6 thousand tons, a decrease of 13.4% compared to September 2010. Total inventory was 80.9 thousand tons.
- Total unbleached Kraft shipments decreased compared to September 2010.
- Total bleached Kraft shipments stayed essentially flat compared the same month last year, but year to date shipments increased compared to the same nine months in 2010.
- Unbleached Kraft Folding production decreased over the same month last year, and decreased from last month.
- Total Solid Bleached Boxboard & Liner production decreased compared to September 2010, and decreased from last month.
- The production of Recycled Folding decreased compared to September 2010, and decreased when compared to last month.
- Inventory of Solid Bleached Kraft Paperboard increased in September.

### **Free Online Speakers Hosted by Forestweb**

Forestweb/Industry Intelligence offers free interactive speaker programs through its i2live series. These programs are designed to enable business leaders to engage in an ongoing conversation with industry experts and their peers. To help businesses make sense of industry trends, i2live speaker series covers topics that cut across forest products and related manufacturing sectors. For more information and to register for free, visit

<http://www.industryintel.com/i2live/>

Upcoming topics and speakers include:

### **How changing oil prices affect the economics of the paper industry**

Brendan Lowney, principal, Forest Economic Advisors

Thursday, October 20, 2011 2:00 PM ET

### **Managing and reporting sustainability metrics**

Jennifer Woofter, president, Strategic Sustainability Consulting

Thursday, November 3, 2011, 2:00 PM ET

### **Issues surrounding timberland investing**

Reid Carter, managing partner, Brookfield Asset Management Inc.

December 08, 2011, 2:00 PM ET

## **Recent Forestweb/Industry Intelligence Headlines**

Forestweb and its sister company, Industry Intelligence, publish weekly news reports tracking recent developments in and around the paper and forest products industries. Subscription information is at <http://www.forestweb.com/Corporate/index.cfm>

Below is a small sampling of recent headlines, together with brief synopses.

### **October 16**

*Coskata achieves two years of successful operations at its semi-commercial cellulosic ethanol plant in Madison, Pennsylvania, where it converts wood biomass, MSW into fuel-grade ethanol; company to focus on commercial-scale facilities*

The integrated biorefinery utilizes plasma gasification technology. According to CEO Bill Roe it produces more than 100 gallons of ethanol per dry ton of wood biomass. The technology will be used at the company's first commercial-scale facility in Alabama.

*Forty percent of U.S. adults and 53% of Canadians say they sometimes skip using soap when washing hands, according to survey; consumers showed an overwhelming preference for using paper towels when drying hands*

Although research shows damp hands spread up to 500 times more germs than dry hands, more than 65 percent of U.S. and Canadian adults using a hot air dryer never or only sometimes continue using the machine until their hands are completely dry. Consumers showed an overwhelming preference for using paper towels, with more than 70 percent preferring this drying method.

## **October 9**

*Canadian newspaper publisher Postmedia Network acquires Internet content company Sprouter, complementing its digital strategy*

Sprouter Inc. is an Internet content company that specializes in the areas of technology, digital media, entrepreneurship and startups.

*Tembec CEO announces plans for C\$100M expansion at Temiscaming, Québec, pulp mill, adding 30,000 tonnes/year of specialty dissolving pulp capacity, says plans not yet approved, but signs to go ahead look positive*

Tembec has identified specialty dissolving pulp as a growth product because of high prices and obstacles to competitors wishing to enter the business.

## **October 2**

*NewPage considered upgrades to Port Hawkesbury mill in Point Tupper, Nova Scotia, before closure, mayor says; investment included C\$30M upgrade of newsprint machine to produce coated paper*

The mayor also said that the provincial and federal governments could partner with a private buyer to split such costs toward making the mill more profitable.

*Further chemical pulp price declines expected in North America, Europe in October; China might hold*  
Papermakers, their customers and others down the pipeline have the jitters about economic conditions, and this appears to be curbing the appetite for pulp.

## **September 25**

*Manistique Papers resumes operations at its Manistique, Michigan, paper mill after six-week closure under Chapter 11 bankruptcy, plans to move 25%-35% of business to package-oriented product lines*

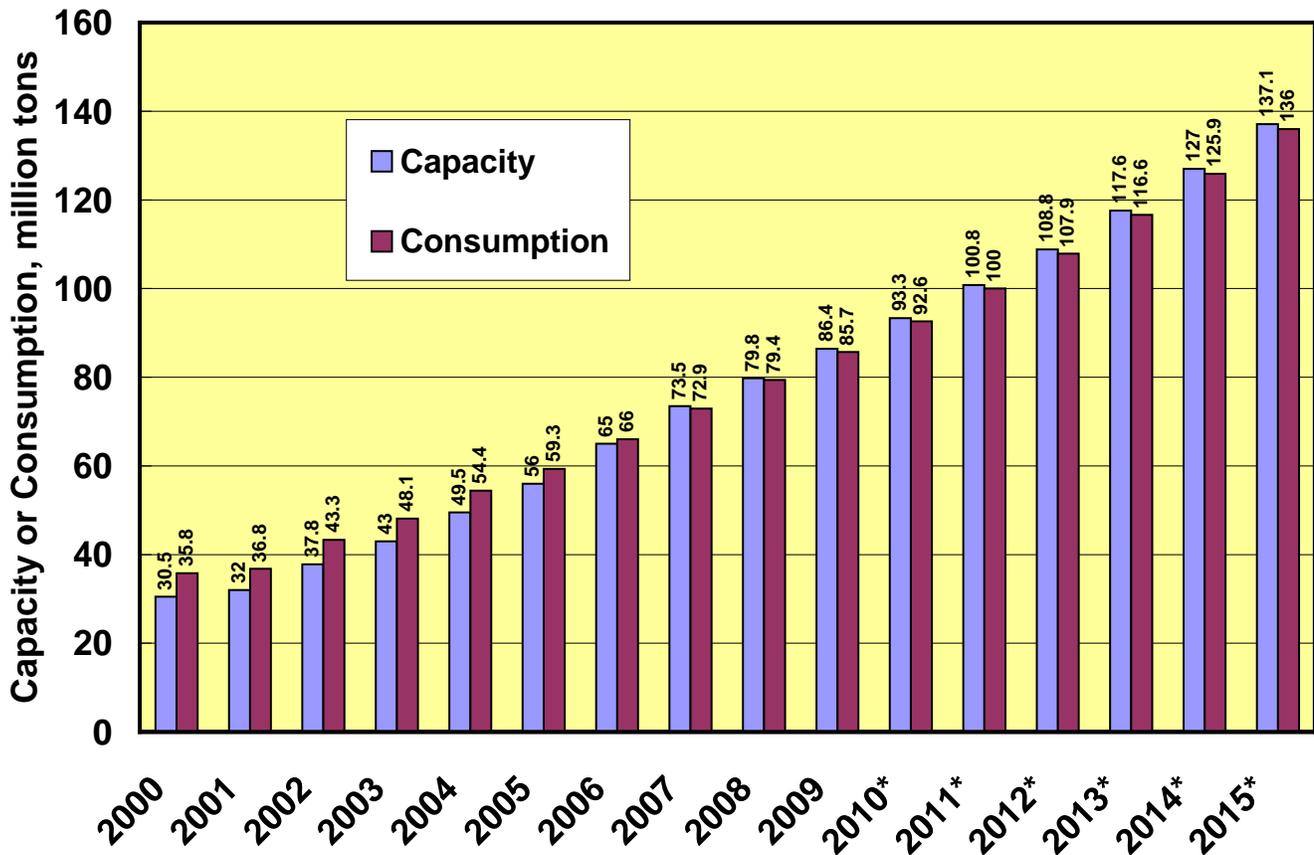
The company cites the rise of electronic media putting pressure on printing and writing paper grades.

*SCA plans to eventually phase out standard newsprint production in long term, CEO says; newsprint prices will not rise in 2011; packaging prices fail to achieve increase in Q3.*

This was announced on Sept. 19 by CEO Jan Johannsson.

## **Statistics Corner: China Paper and Board Consumption and Capacity Growth**

Figure 1 below documents the phenomenal growth of Chinese paper production and consumption. Between 2000 and 2009, consumption grew by 139%. This was outstripped by a 183% increase in capacity. By 2015, both consumption and capacity may be expected to increase by a further 47%. ■



Source: [https://iguana191.securesites.net/paperstock/files/2010/fall/presentations/Vivian\\_2010-Palm\\_Beach.pdf](https://iguana191.securesites.net/paperstock/files/2010/fall/presentations/Vivian_2010-Palm_Beach.pdf)

\*Forecast

Figure 1. China Paper and Board Consumption and Capacity Growth