

Quotable CEO Quotes

PricewaterhouseCoopers (PwC) recently published the results of its 15th Annual Global CEO Survey. Here are a few relevant quotes gleaned from the CEO interviews that were conducted as part of the survey:

“As emerging markets accelerate -- or maybe the rest of the world decelerates -- there is a significant sense of urgency. There is the sense that it may already be too late to place your bets. A second factor to consider is that it is much more difficult to get into those markets because of their attitude change. They feel that post-2008 they have less to learn from the West.”

Lazaro Campos, CEO, SWIFT, Belgium

“The business case for innovation is increasing, but as I often say, the easy stuff has been done. For innovations to be meaningfully better requires more insight into the fundamentals of science.”

Dr. Marijn Dekkers, Chairman, Bayer AG, Germany

“Innovation in most industries is too driven by technical perspectives rather than consumer perspectives. We’re very fond of talking about all sorts of technical possibilities. But in many cases we don’t actually understand many of the markets that we’re trying to sell into. And I happen to believe that’s where you should start. You need to bring the consumer into the equation first, before pushing out technical solutions.”

Jouko Karvinen, CEO, Stora Enso Oy, Finland

“When R&D, marketing and design work independently of one another, we do have some successes. But we don’t get the same sort of amplifying effect like we do when they work together in the innovation triangle.”

Keith McLoughlin, President and CEO, AB Electrolux, Sweden.

“We deeply believe we have to be in China to know that market and those competitors, in order to take them on at their own game. We learned that in the

early 1960s when our predecessors went to Japan and successfully took on Komatsu, a very strong emerging competitor.”

Douglas R. Oberhelman, Chairman and CEO, Caterpillar Inc., U.S.

“In terms of technical breakthroughs, the renewable energy industry generates an inordinate amount of innovation. So, we have stopped trying to be the company that generates all the ideas and instead we focus on the best ideas regardless of where they originate. Instead of always trying to be the inventor, Enel now wants to become the company that is best at commercializing innovations and bringing them to scale whether those innovations are internal or external to our company.”

Francesco Starace, CEO, Enel Green Power SpA, Italy

Admired Companies

Fortune Magazine, in its March 19 issue, published lists of the most admired companies in each of 58 industries. To create the lists, Fortune’s survey partners asked executives, directors and analysts to rate companies in their own industry on nine criteria, from investment value to social responsibility. Companies topping the list in the forest and paper products category were:

1. International Paper (2)
2. SCA (3)
3. Weyerhaeuser (1)
4. Stora Enso (5)
5. Domtar (6)

The most admired companies in the packaging and containers category were:

1. Sealed Air (4)
2. Bemis (2)
3. Ball (1)
4. Sonoco Products (6)
5. MeadWestvaco (8)

The numbers in parentheses are last year’s rankings.

AF&PA News

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

Containerboard

- February 2012 containerboard production gained 6% over the same month last year.
- Compared to January 2012, production was down 5.5%.
- The containerboard operating rate for February 2012 gained 1.0 point over January 2012, increasing from 95.2% to 96.2%.
- Linerboard production was up 6.5%.
- Medium production also saw an increase.

Kraft Paper

- Total February 2012 kraft paper shipments were 121 thousand tons, a decrease of 8.4% compared to February 2011.
- Total inventory was 82.8 thousand tons this month.
- Total unbleached kraft shipments decreased compared to February 2011, but increased when compared to last month.
- Total bleached kraft shipments stayed constant compared to last February.

Boxboard

- Total February 2012 boxboard production increased by 2.0% compared to February 2011, but decreased 2.5% from last month.
- Unbleached kraft folding production increased over the same month last year and increased compared to last month.
- Total solid bleached boxboard & liner production increased compared to February 2011, but decreased compared to last month.
- The production of recycled folding decreased compared to February 2011 and decreased when compared to last month.
- Inventory of solid bleached kraft paperboard decreased over a year ago.

Recent Forestweb/Industry Intelligence Headlines

Forestweb and its sister company, Industry Intelligence, publish daily and 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 selection of particularly relevant recent headlines, together with brief synopses.

March 18

Domtar announces April 1 NBSK pulp price hike for North America, becoming first to do so; company's new price up US\$30/tonne, to US\$900/tonne

Domtar last led an NBSK price announcement for Dec. 1, when it dropped its price by \$30/tonne, to \$890/tonne.

Tembec to invest C\$190M to upgrade its dissolving pulp manufacturing facility at Temiscaming, Quebec; investment to increase specialty cellulose production by 5,000 tonnes/year, green electricity production by up to 40mw/year

Dissolving pulp is a high margin business, growing in the range of 4% to 5% per year, and enjoys more stable demand than forest product commodities.

March 11

Finland's Fortum invests €20M to build world's first industrial-scale integrated bio-oil plant; facility will connect to Joensuu power plant, using forest residues, other wood-based biomass to produce electricity, heat and bio-oil

Bio-oil can be used as a heating or process industry fuel, replacing fossil fuel oils. This will reduce carbon dioxide emissions by 59,000 tonnes and sulphur dioxide emissions by 320 tonnes annually.

Rise in U.S. tissue paper consumption in past 20 years to nearly 8 million tons/year raises questions about use of wood resources as tissue products are for one-time use and 98% of toilet paper in North America uses virgin wood pulp

A newspaper reports that just 2% of the tissue sold in North America is made from recycled fiber, 40% of the toilet paper in Europe and Latin America contains recycled fiber.

March 4

Kruger subsidiary to hire 100 more workers at its Memphis, Tennessee, tissue-making operation as part of US\$316M expansion expected to be completed in 2013

The new jobs will be created as a result of the US\$316-million expansion that the company will undertake at the KTG USA tissue mill, expected to be completed in 2013.

Gorham Paper and Tissue installing US\$35M tissue machine at its Gorham, New Hampshire, facility, will become operational by September; company's US\$5.4M switch to natural gas pays for itself in four months

The company will avoid the international competition that has hurt the domestic paper market, as shipping tissue is expensive.

RockTenn to permanently close its recently acquired 176,000 tons/year containerboard mill in Matane, Quebec, following ceased production of recycled corrugated medium in late January; company to work with city to determine best alternative use for site

The Matane mill was the highest cost mill in the RockTenn containerboard mill system.

PPG announces price increase on all grades of liquid caustic soda in U.S. by US\$45/short ton, effective immediately; company attributes increase to strong supply, demand imbalance

The company also noted that polyvinyl chloride demand is very weak.

IP announces March 1 pulp price increases for major markets, including US\$20/tonne for softwood and US\$30/tonne for hardwood, except for US\$35/tonne for hardwood in Asia

IP's announcement is the first known bleached softwood kraft pulp March 1 increase planned for North America.

February 26

Startup company Applied Biorefinery Sciences proposes possible biorefinery at former Lyons Falls Pulp & Paper mill in New York, would test its woody biomass-based process over 12-18 months, then consider larger operation

The former Lyons Falls Pulp & Paper mill shut down in January 2001. According to a county economic development official, the new process extracts eight to 10 different chemicals from the woodchips.

Paper products producers may soon be able to replace wood pulp with nanocellulose, a nanomaterial made of biopolymer; researchers say it could cut production costs, energy usage, carbon footprint

The new material, which can be inexpensively produced in large quantities, would allow producers to increase the filler content in their paper and cut their paper's carbon footprint.

February 19

Global forest product market to maintain steady growth, reach US\$1.2T by 2015, says report, driven by trends including resurgence in housing construction, growing demand for wood energy

The research report titled "Forest Products: A Global Outlook" announced by Global Industry Analysts, Inc., provides a collection of statistical anecdotes, market briefs, and concise summaries of research findings.

Ilim starts training personnel to operate its new pulp line in Bratsk, Russia; evaporation plant, new recovery boiler will be the first to start up, pulp line is slated for startup in H2 this year

Training will be conducted by Ilim specialists with input from Metso, a major process equipment supplier for the Bratsk Construction Site.

Core BioFuel not ruling out locating a woody biomass-based gasoline plant in Burns Lake, British Columbia; company also considering Houston

Core Biofuel Inc. is currently commercializing its patent pending process for producing 94 octane gasoline from biomass.

Statistics Corner: Access to Paper Collection for Recycling

Figure 1 below summarizes the results of surveys conducted by the American Forest and Paper Association to estimate the percentage of the U.S. population that has access to collection of paper for recycling, either by curbside collection or via dropoff facilities.

As noted in the latest survey report, "Although there appears to be a modest increase in the population with access to dropoff recycling programs since the last survey, this did not translate into a significant increase in the overall population with recycling collection access. We believe that this is due to an increase in drop-off collection access in areas where there already was curbside collection that was provided. It is likely that communities are expanding their networks of drop-off locations of discards not collected frequently at curbside (e.g., electronics, bulky items) and also including materials collected in the residential recyclables collection programs at those sites as well."

The complete report, including details of the survey methodology, can be found at

http://www.paperrecycles.org/news/exec_summ_2010.html ■

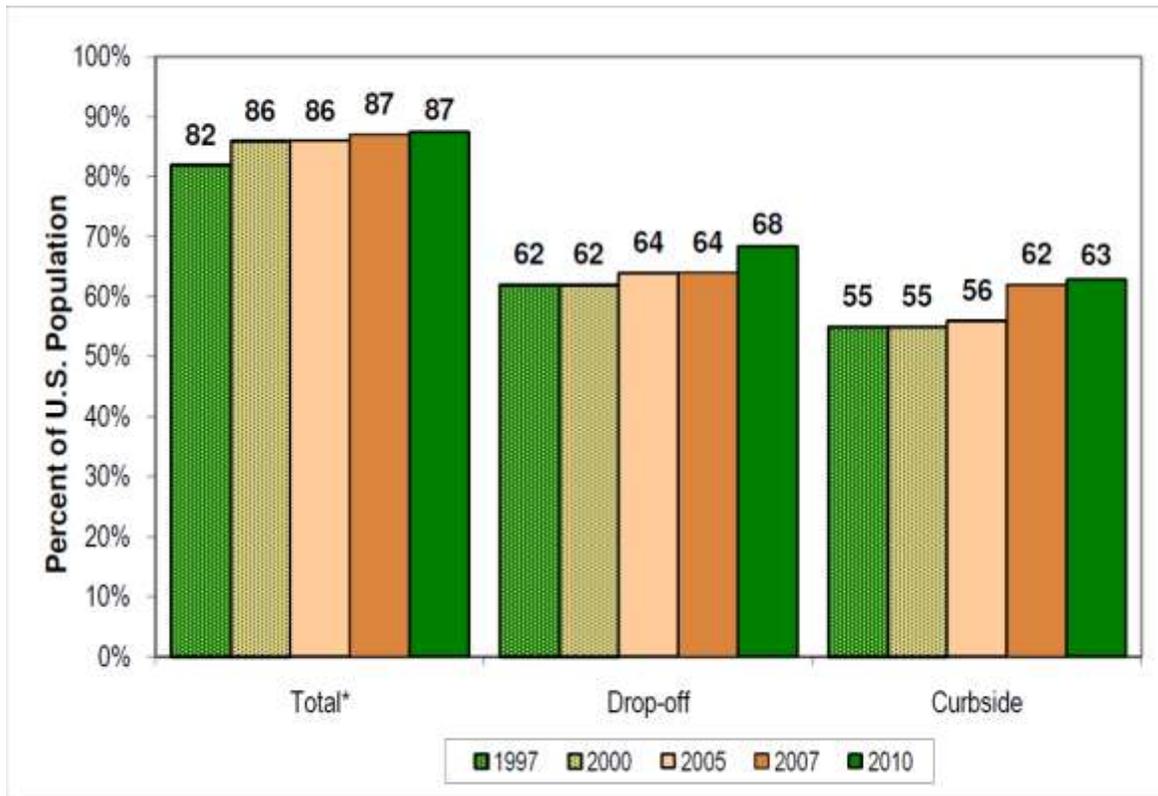


Figure 1. Percent of U.S. Population with Access to Paper/Paperboard Collection (Source: AF&PA)