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April 19, 2012

AF&PA Releases 52nd Annual Survey of Paper, Paperboard, and Pulp Capacity

Washington, March 30, 2012 (Press Release) - The American Forest & Paper Association (AF&PA) today released the 52nd *Annual Survey of Paper, Paperboard and Pulp Capacity*, reporting that U.S. paper and paperboard capacity decline slowed to 1.4% in 2011 to a level of 89.7 million short tons.

Last year's decrease was smaller than the 3.1% reduction recorded in 2010. Total paper and paperboard capacity is expected to decline 1.0% in 2012 and then register increases of 0.6% and 0.5% in 2013 and 2014, respectively.

Containerboard and tissue paper capacity expanded in 2011, while the packaging & industrial converting and boxboard categories held approximately stable. Newsprint and printing-writing papers registered the largest 2011 capacity declines.

Several mills and machines were removed from the survey base during the 2011-2014 period because they have closed, plan to close, or have been idled for some time with few indications they will be restarted in the near future. However, several new tissue paper machines either started operating or will start operating by 2014, and a new recycled linerboard mill is scheduled to come on line in mid-2013.

The survey reports U.S. industry capacity data for 2011 through 2014 for all major grades of paper, paperboard, and pulp, based on a comprehensive survey of all U.S. pulp and paper mills. Survey respondents represent about 90% of the U.S. industry capacity.

The complete survey with detailed tables can be purchased for \$1,800 by contacting Dina Menton at dina_menton@afandpa.org or 202-463-2710.

Webinars to Focus on LCA, Sustainable Packaging

Industry Intelligence Inc. offers free interactive speaker programs through its i2live series. The series covers topics that cut across forest products and related manufacturing sectors. For more information and to register, visit <http://www.i2live.net/>

Upcoming topics and speakers include:

[Life Cycle Assessment \(LCA\) and Environmental Product Declarations \(EPD\): Benefits and challenges](#)

April 26, 2012 -- Christine Burow, President, Christine Burow Consulting

[Sustainable packaging for organic and natural shoppers](#) May 3, 2012 -- Linda Gilbert, CEO, EcoFocus Worldwide

[Sustainable packaging: Will we ever close the loop?](#)

May 10, 2012 -- Liz Shoch, Project Manager, GreenBlue's Sustainable Packaging Coalition

[Green messaging strategies: Attracting consumers without green washing your brand](#) May, 17, 2012 --

Aleen Bayard, Managing Partner, Footprint Partners

[The business case for investing in farmland](#)

May 24, 2012 -- T. Marc Schober and Patrick B. Cheney, Colvin & Co. LLP

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.

April 15

Europe's highly fragmented plastic packaging industry presents consolidation opportunities, such as in Eastern Europe's growing market; pressures to compete with Amcor, Alcan will drive trend in flexible segment, report says

Amcor and Alcan are the dominant players in the flexible packaging segment.

Cascades to close its 150,000 tonnes/year Norampac containerboard mill in Trenton, Ontario, by June 1 following rejection of final contract offer to employees, says mill has incurred significant losses over the years

The facility produces corrugating medium and has an annual production capacity of 150,000 metric tons.; its closure will generate financial losses for the local forest industry, the Trenton mill being an important customer of local wood suppliers.

April 8

ZeaChem to complete final phase of 250,000 gallons/year cellulosic ethanol demonstration plant in Boardman, Oregon, this summer; GreenWood Resources to supply biomass from hybrid poplar tree plantation

The commercial-scale plant will have the capacity to produce up to 25 million gallons of biofuel annually and will employ 65 full-time workers.

Paper Discovery Center in Appleton, Wisconsin, steps up outreach efforts to expand its audience, raise awareness of papermaking's broader aspects and continuing opportunities despite consolidation, says center official

The center, which opened in February 2005, provides educational programs that showcase the science behind papermaking.

April 1

Södra restarts its 400,000 tonnes/year Tofte bleached hardwood and softwood kraft pulp mill in Norway after three months of downtime as demand and prices improve; its Folla pulp mill in Norway restarted in January

The company recently announced that it would increase its price for northern bleached softwood kraft (NBSK) pulp to US\$870 per tonne, effective April 1.

Report finds U.S. corrugated, paperboard box demand to exceed US\$36B in 2016 with fastest shipment gains in corrugated, solid fiber boxes; growth driven by strengthening U.S. economy, expanding food and beverage output, trend toward more expensive boxes

Paperboard demand will rebound as output in the manufacturing sector improves, but volume growth will be

restrained by heightened use of lighter weight, high-performance containerboard

Klabin advances plans to build 1.5 million tonnes/year eucalyptus and fluff pulp mill in Paraná state, Brazil, set to start up at end of 2014; output focused on satisfying company's own demand

Klabin said it now owns 243,000 hectares of plantations, of which 100,000 hectares (60% pine and 40% eucalyptus) are to be used for new industrial projects.

Braxcel in Brazil plans to build 1.5 million tonnes/year eucalyptus pulp mill in Tocantins state, for late 2018 startup

The company applied for an environmental permit and is also seeking environmental approval to expand the mill's capacity to 3 million tonnes/year by 2023.

March 25

RockTenn celebrates grand opening of new US\$25M Marion, North Carolina, folding carton facility, to complete first full month of production on March 31, looks to create 124 additional jobs

The plant completes its first full month of production on March 31.

Vega Biofuels to build bio-coal manufacturing plant in Cordele, Georgia, that will use torrefaction to convert timber waste; company expects to begin shipping bio-coal to Europe during Q3

Torrefaction is a partial carbonization process that takes place at temperatures between 475 - 575° in a low temperature environment which makes the physical and energetic properties of the biomass much more comparable to traditional coal.

Statistics Corner: Latest Recycling Data

As shown in Figure 1 below, 2010 marked the end of the recession-related decline in paper consumption and a simultaneous increase in recovered tonnage. The amount of paper recovered in 2011 was 2.8 million tons higher than in 2009. The corresponding recovery rate was a record-high 66.8 percent. That is an increase from 63.5 percent in 2010 and 33.5 percent in 1990, the base-year from which the industry's original 40 percent recovery goal was benchmarked. Figure 2 shows the recovery rate as recorded annually from 1993 to 2011. ■

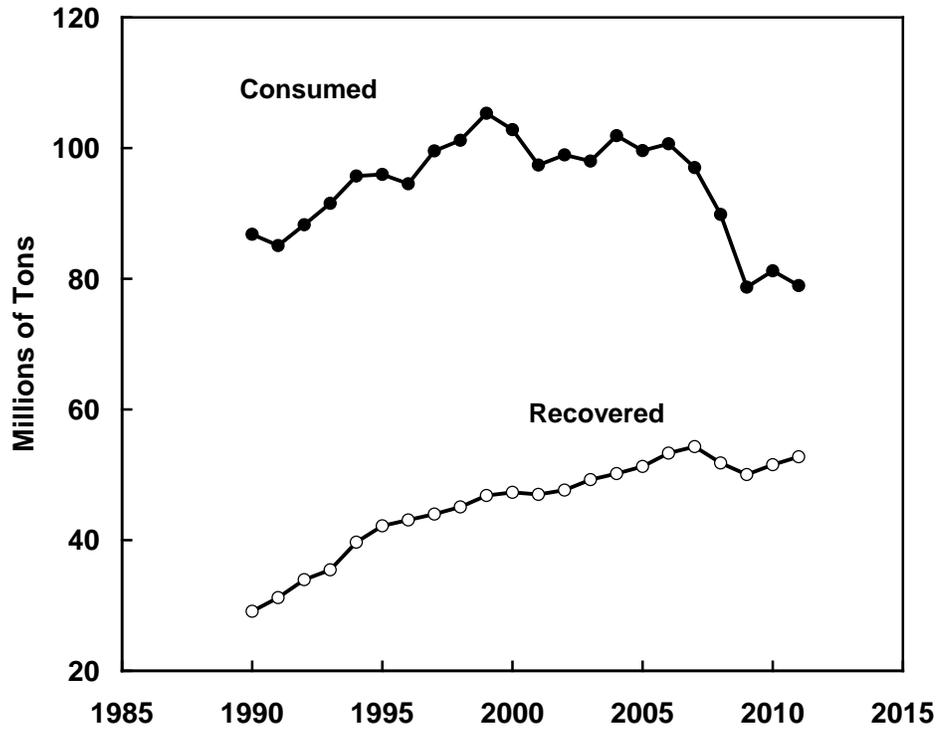


Figure 1. U.S. Paper Consumed and Recovered (Source: AF&PA)

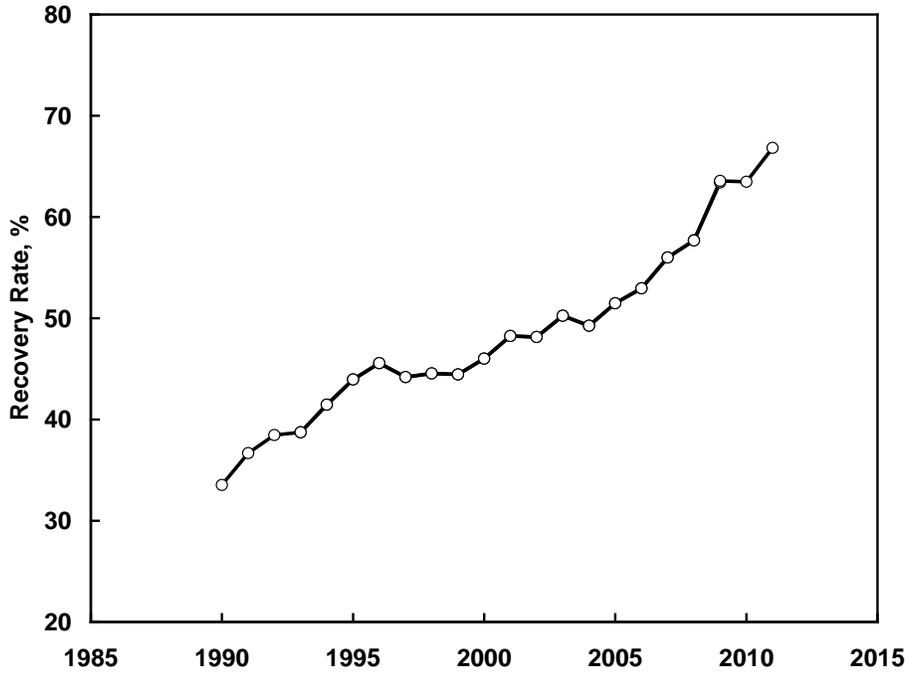


Figure 2. U.S. Paper Recovery Rate (Source: AF&PA)