

Vol. XII, No. 3

June 21, 2012

Toshiba's "No-Print Day" Draws Ire of Industry Defenders

When a U.S. branch of Toshiba recently proclaimed October 23 National No-Print Day, the blogosphere came alive with damning responses to what one blogger called "a stunning display of greenwashing and ignorance."

The company is asking people and companies not to print or copy anything that day, claiming that approximately 336,000,000 sheets of paper are wasted daily and that, as a result, more than 40,000 trees are discarded every day in America.

The "Dead Tree Edition" challenged Toshiba to provide the source of the statistic that about 336 million sheets of paper wasted every day and pointed out that "Paper is made mostly from renewable resources and has a high recycling rate. Ink and toner cartridges, including those with the Toshiba brand, are made mostly from non-renewable resources and are not often recycled." Countering Toshiba's implication that the harvesting of trees is inherently evil, the blog asserts that if private landowners can no longer make money from trees they'll seek other uses of their land, and asks, "Would it be better if they planted wheat? Or maybe shopping centers?" (See:

<http://deadtreeedition.blogspot.com/2012/06/10-questions-about-toshibas-no-print.html>)

According to the Executive Director of the Print Council, Benjamin Y. Cooper, "The announcement by Toshiba is unfortunate on many levels. First, paper is the most recovered and recycled product reaching roughly 70% recovery. Second, paper companies in fact plant three trees for every one that is used. Third, Toshiba itself is in the printing industry producing equipment to print on paper."

According to the announcement, Toshiba plans to plant 1.5 million trees by 2025. Cooper noted that the

goal would represent about one third of the average daily planting of trees that currently takes place in the U.S.

"Planting 1.5 million trees sounds like a laudable goal and it is but it represents an insignificant addition to the anticipated 20 billion trees that will be planted by the forest products industry during that same 13 year stretch," Cooper said.

Two Sides, an independent, non-profit organization created to promote the responsible production and use of print and paper, characterizes Toshiba's announcement as "one of the most blatant examples of greenwashing" and goes on to say "Toshiba seems to have ignored the environmental impact of electronic communications. Just saying you are eliminating print and paper really does not mean you are necessarily helping the planet. It's a lot more complex than that. If the alternative is, for example, electronic communication, then what is the environmental impact of this? Greenpeace have identified electronic waste as the fastest growing component of the municipal waste stream. Toshiba have linked paper use to deforestation (or killing trees and destroying forests) when, in fact, responsibly made paper can be a sustainable way to communicate. Paper is a highly recycled commodity in Europe, with a recycling rate approaching 70%. Do Toshiba recycle their products so effectively? We think not."

"Paper is based on wood, a natural and renewable material. Electronic equipment, ink and toner cartridges, including those with the Toshiba brand, are made mostly from non-renewable resources and are not so easily recycled. Have Toshiba considered the life cycle of all their own products before professing expertise on others? What do the thousands of men and women employed by Toshiba to manufacture, sell and distribute copiers, printers and toner cartridges world-wide think about this campaign?"

Study Predicts Flourishing Box Markets

According to report recently released by Freedonia (<http://www.freedoniagroup.com/DocumentDetails.aspx?DocumentId=571962>) “demand for corrugated and paperboard boxes in the US is projected to exceed \$36 billion in 2016. Gains will be driven by an overall strengthening of the US economy following the 2007-2009 recession. Through 2016, growth will benefit from expanded food, beverage and durable goods output, as well as from a rebound in construction spending, which will stimulate demand for goods and materials used in construction applications. Advances will also reflect a trend toward more expensive boxes such as corrugated types, folding cartons that offer high-quality graphics and printing, and boxes that are retail- or shelf-ready.

Corrugated and solid fiber boxes to post fastest gains Corrugated and solid fiber boxes will post the fastest shipment gains through 2016, a result of their position as the shipping container of choice for a broad array of durable and nondurable goods. Though folding carton shipments will increase more slowly due to competition from other packaging formats, growth will accelerate from the performance of the 2006-2011 period based on improved manufacturing output in food and beverages in light of a strengthening economy. Good opportunities are also anticipated in such markets as chemicals and pharmaceuticals, and foodservice and carryout food. Set-up box shipments are expected to continue their long-term decline due to their higher cost relative to other box types and surging levels of imports from countries (such as China) with lower labor costs. Nonetheless, overall demand will benefit from the entrenched position of set-up boxes as upscale packaging for premium confectionery products and fragrances.

Beverages, frozen foods to be fastest growing markets Food and beverages represent the largest single market for corrugated and paperboard boxes, accounting for 50 percent of total demand in 2011. The beverage and frozen food segments are expected to post the fastest gains, with sugar and confectionery, and grain mill product uses expected to increase more slowly. Despite sustainability efforts aimed at reducing excess packaging by eliminating boxes and cartons or reducing the amount of paperboard used in food and beverage cartons, continued high oil prices and the good environmental profile of paperbased packaging

will support ongoing use of boxes in the vast food and beverage market. The durable goods and nonmanufacturing markets are expected to post above average gains through 2016, supported by a recovery in the broader economy. Moreover, a rebound in construction expenditures will drive demand for household appliances, furniture and other durable goods, as well as related boxes. The continuing popularity of online shopping will propel healthy gains for corrugated boxes used in the fulfillment of Internet sales.

Good growth expected for inks, wax-free coatings Paperboard demand will rebound from the declines of the 2006-2011 period as output in the manufacturing sector improves. However, volume growth will be restrained by heightened use of lighter weight, high-performance containerboard in light of sustainability and cost control efforts. Among other materials used in boxes, above average growth for inks will be driven by trends favoring boxes with high-quality graphics. Healthy prospects are also expected for wax-free alternative coatings, which can provide the moisture resistance of conventional wax-coated boxes while being fully recyclable.”

From: <http://www.reportlinker.com/p0702178-summary/US-Corrugated-Paperboard-Boxes-Market-Focus-report.html>

AF&PA News

The American Forest and Paper Association has recently released several statistical reports. Below are some of the key findings:

- April **kraft paper** shipments were 134.7 thousand tons, an increase of 0.8% compared to April 2011. Total inventory for April was 72.3 thousand tons. Total bleached kraft shipments were up over last April.
- Total U.S. industry consumption of **recovered paper** in April was 2.48 million tons, 4% lower than March 2012. Year-to-date consumption in 2012 is 3% lower than during the same period last year. U.S. exports of recovered paper increased 7% in March compared to February, with increases mainly seen in mixed and corrugated. Year-to-date exports of recovered paper in 2012 are 3% higher than during the same period in 2011.

- May **containerboard** production rose 1.3% over the same month last year and 7.2% compared to April 2012. The month over month average daily production also reflects an increase of 3.7%. The containerboard operating rate for May 2012 gained 3.7 points over April 2012, from 91% to 94.7%.
- May **boxboard** production decreased by 0.3% compared to May 2011 but increased 2.8% from April. Unbleached kraft folding production increased over the same month last year and increased compared to April. Total solid bleached boxboard and liner production increased compared to April 2011 and increased compared to April. The production of recycled folding decreased compared to April 2011 but increased when compared to April 2012.

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.

June 18

Global pulp market continues slow, low prices taking toll on pulp mills but further price pressure continues in anticipation of reduced demand during Northern summer

There is persistent commentary from sources saying that net prices have dropped so low that some mills are losing money.

Resolute Forest Products to indefinitely idle Mersey newsprint mill in Brooklyn, Nova Scotia, from June 17, citing declining prices in export markets; idling to reduce capacity by about 250,000 tonnes of newsprint, affect 320 employees

The mill produces newsprint primarily for export markets and is unable to compete due to declining prices in those markets, caused mainly by unfavorable currency fluctuations.

Fortress Paper closes purchase agreement in escrow for Domtar's assets in Lebel-sur-Quévillon, Quebec,

subject to union ratification vote, secures funds toward C\$222M conversion to dissolving pulp production

Fortress Global will be acquiring the buildings, equipment and other ancillary property relating to the non-operating pulp mill located at Lebel-sur-Quévillon, Quebec (the "LSQ Mill"), subject to the final condition of a union ratification vote on the collective agreements with the Syndicat Canadien des Communications, de L'Énergie et du Papier.

June 11

Sappi breaks ground on US\$170M Cloquet, Minnesota, mill that is being converted to produce dissolving pulp from hardwood kraft pulp; new cellulose production set to start in May 2013

Sappi is already the world's largest manufacturer of chemical cellulose out of its Saiccor mill in South Africa. Following the conversion of the Cloquet mill, Sappi's total chemical cellulose capacity will grow to over 1.3 million metric tons per year.

Report finds recovered paper demand will continue to grow over next five years, particularly in fiber-poor regions, yet supply from North America, Europe will be flat, create shortage to keep prices high

According to a new RISI report, "Outlook for Global Recovered Paper Markets," over the next five years, recovered paper demand, particularly in fiber-poor regions such as China and India, will continue to grow. At the same time, supply coming from North America and Europe will be flat or even diminish; creating a shortage that will keep prices high. For details, see www.risi.com/rcp

June 4

White paper finds only 7.3% of European printers believe print is effectively communicating message about sustainability, says print is not getting sustainable message across to print buyers, consumers

According to the paper, print needs to start work now on developing simple and effective ways to communicate the sustainability of the whole print process to buyers.

May 28

Montes del Plata 1.3 million tonnes/year pulp mill project in Uruguay, joint venture of Stora Enso and Copec's Arauco, set to start up in Q2 2013, costing more than US\$2B, says Copec

Copec is the parent of forest products company Celulosa Arauco y Constitución SA (Arauco).

Report finds global demand for tissue to grow at average 4.1% annually between 2010 and 2021, yet new supply from capacity expansions to send capacity utilization rate into decline after 2012, projects oversupply could force shuts in near-term

Global consumption of tissue grew at an average annual rate of 3.8% from 1991 through 2010.

May 21

IP releases 12 new sustainability goals to be reached by 2020; goals include 15% improvement of energy efficiency in purchased energy use, 20% reduction in GHG emissions in product production, 15% increase in third party certified fiber volume

IP also set a host of other goals addressing issues such as fiber certification, philanthropy, safety and water use.

UPM shortlisted for Ethical Corp. awards in category of 'Most Innovative Company' to recognize businesses that use sustainability thinking to fuel innovation

Biofuels, biocomposites and biofibrils are examples of UPM's aspiration to pursue new and innovative business opportunities, and the result of consistent R&D work.

Statistics Corner: Paperboard Fares Better Than Paper

Figure 1 below compares production trends for paper and paperboard. Paperboard production has bounced back to pre-recession levels, while paper production continues to languish. On a less optimistic note, both are trending downwards, although paper is exhibiting a steeper decline. The differences in production levels and rate of decline can be attributed to differences in end use, board production being more closely tied to the general level of commerce and being relatively unaffected by offshoring and substitution by electronic media.■

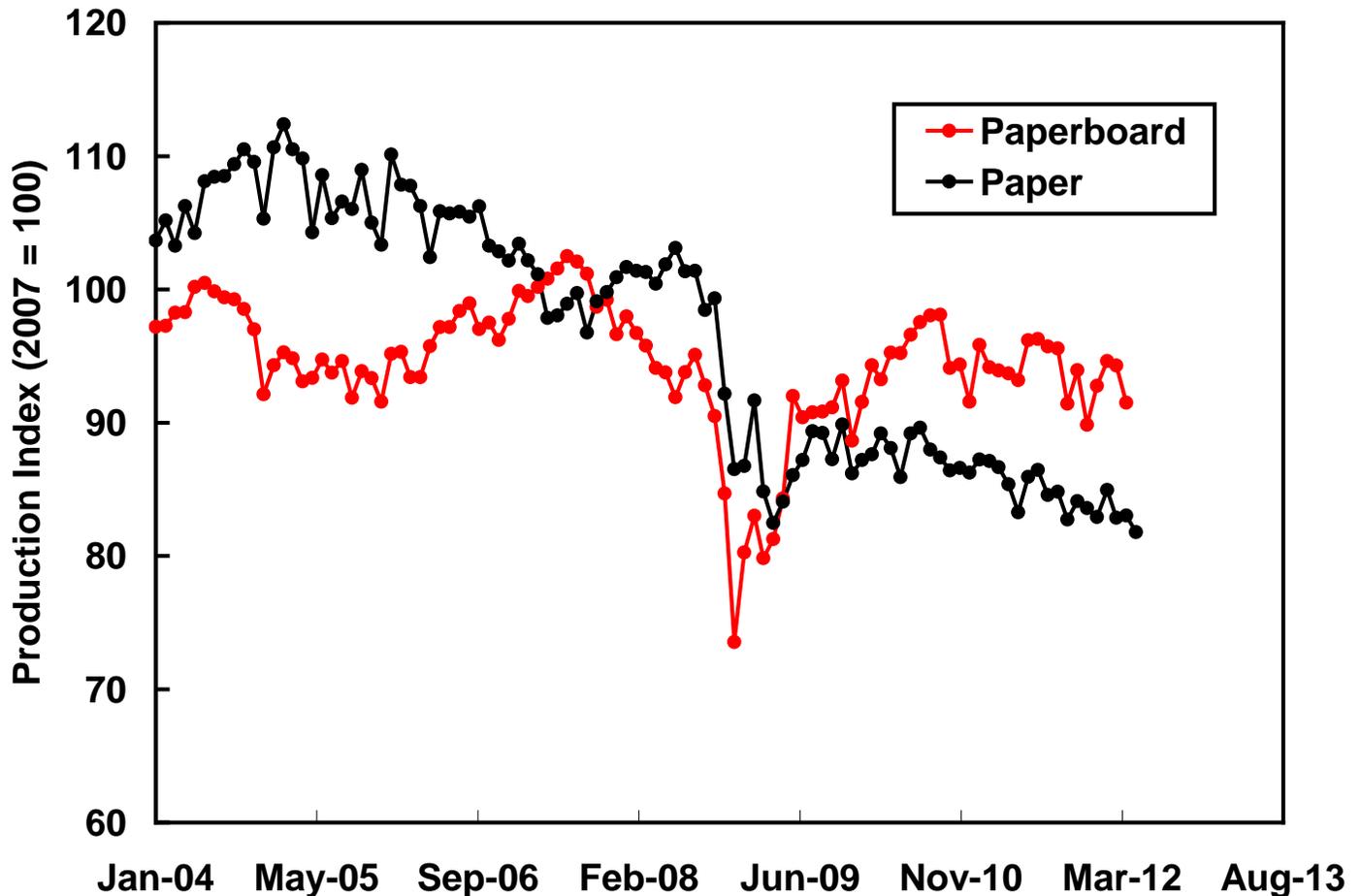


Figure 1. Paper and board Production indices, Jan., 2004 – May, 2012 (Federal Reserve)