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CPBIS: A Status Report

Editor's note: The Director of CPBIS, Georgia Tech Professor of Economics Patrick McCarthy, has recently submitted the Center's Annual Report for the year ending July 31, 2012. The following is based on a part of that report

When it was established in 2000, CPBIS was the beneficiary of generous funding by both the Alfred P. Sloan Foundation and leading companies of the U.S. pulp and paper industry. Since then, statutory limitations on Sloan funding have come into play and pulp and paper companies have been forced to limit their participation in research consortia of all kinds. In spite of this, CPBIS continues to conduct research, albeit at a reduced level of activity, and we maintain and market several well-received data products. We strive to stay connected with industry and other constituents via personal interactions and this newsletter.

Ongoing maintenance and development tasks that contribute to the Center's visibility and presence include continual updates of Mills Online (a database of U.S. pulp and paper mills), the Company Watch List, and the Data Center (the most comprehensive collection of publicly available data on economic indicators related to the Pulp and Paper industry). In addition, maintenance of the Center's Web site is an ongoing task.

The Web site, <http://www.cpbis.gatech.edu/>, has been redesigned and serves as the portal to the Center's data products:

- Working papers and final reports
- Mills OnLine data products
- Mills OnLine 2000, Total Capacity
- Mills OnLine 2003, Product Capacity, Status
- Mills OnLine 2007, Product Capacity, Status
- Mills OnLine 2011, Addresses and Phone Numbers

During the year ending July 31, 2012, the Web site was visited 32,172 times, and received 85,386 page views.

The Center's director, Professor Patrick McCarthy (Georgia Tech School of Economics) has authored or co-authored numerous publications relevant to the pulp and paper industry. During the past year, these have included "Bankruptcy in the Pulp and Paper Industry: Market's Reaction & Prediction," by C.Y.Ho, P.McCarthy, Y.Yang, , and X.Ye, (submitted for review) and, by the same authors, "Bankruptcy Announcements and the Paper Industry", *Paper 360*, May/June 2011, 38-39. Professor McCarthy has been invited to join the International Research Management Committee of the Technical Association of the Pulp and Paper Industry (TAPPI). This committee comprises approximately 50 senior research leaders from the global pulp and paper industry, federal research labs, and pulp and paper research centers. It focuses on research and development trends and performance in the pulp and paper industry. Professor McCarthy has also made presentations on CPBIS to visiting domestic and international industry delegations.

Professor McCarthy regularly engages in conversation with Dr. Norman Marsolan, Director of the Institute of Paper Science and Technology (IPST), on how each center can leverage the other. Pulp and paper (and forest products in general) are important to the regional and national economies and, by implication, to Georgia Tech. IPST is important to Georgia Tech's mission, to the state's economic development, and to the industry. CPBIS, with its focus on the business, regulatory, and social-science side of the pulp and paper industry, effectively complements IPST.

CPBIS welcomes your input and support as it strives to increase its value to the industry and to those who would contribute to the knowledge base that supports the industry.

AF&PA News

Since our last issue appeared, the American Forest and Paper Association has released its July 2012 U.S. Recovered Fiber and its August 2012 Paperboard Statistics Reports. Below are the key findings:

- Total U.S. industry consumption of recovered paper in July was 2.43 million tons, less than 1 percent lower than June 2012.
- Year-to-date consumption in 2012 is 4 percent lower than during the same period last year.
- U.S. exports of recovered paper, as reported by the U.S. Census Bureau, dropped 3 percent in June compared to May, led by a steep decrease in Pulp Substitutes exports to China.
- Year-to-date exports of recovered paper in 2012 are 5.5 percent lower than during the same period in 2011.
- Total boxboard production decreased by 0.8 percent compared to August 2011 but increased 2.2 percent from last month.
- Unbleached kraft boxboard production decreased over the same month last year and decreased compared to last month.
- Total solid bleached boxboard & liner production increased compared to August 2011 and increased compared to last month.
- The production of recycled boxboard increased compared to August 2011 and increased when compared to last month.

The complete reports with detailed tables can be purchased by contacting Dina Menton at dina_menton@afandpa.org or 202-463-2710.

Recent Industry Intelligence Inc. Headlines

[Industry Intelligence Inc.](http://www.industryintel.com) has provided market intelligence to more than 600 companies worldwide since it began as Forestweb in 1999. Industry Intelligence delivers a daily report featuring news of the paper and forest products industries. For your subscription visit: <http://www.industryintel.com>

Below is a selection of particularly relevant recent headlines, together with brief synopses.

September 10 - 16

SP Fiber Technologies acquires SP Newsprint assets in court-approved sale, will operate its mills in Newberg, Oregon, and Dublin, Georgia, subsidiaries SP Recycling Southeast and SP Recycling Northwest; headquarters to relocate to Dublin, Georgia

SP Recycling Southeast LLC and SP Recycling Northwest LLC are leading recyclers of recovered paper and other recovered commodities. While newsprint will remain the foundation of the business for the foreseeable future, the Company is looking forward to aggressively developing an innovative value-added packaging component.

Kruger subsidiary schedules three job fairs to fill 100 positions created by US\$350M expansion at its tissue mill in Memphis, Tennessee; project, which will double the mill's manufacturing capacity, is nearing completion

The US\$350-million expansion is nearly completed and will double the size and manufacturing capacity of the mill, which makes facial and toilet tissue.

K-C partners with biotechnology, bamboo forest company Booshoot to manufacture tissue products containing fiber from Booshoot's bamboo propagation technology

According to Booshoot, bamboo grows nearly 100 feet tall and is harvestable in less than a decade, producing several times the fiber of traditional timber, and capturing four times the carbon dioxide (a greenhouse gas) of most trees.

September 3 - 9

South Africa-based Mondi moving away from paper-based business, now just one-third of revenues, seeks smaller, 'bolt-on' acquisitions in Eastern Europe, looks to expand consumer business in Asia, says CEO

The remainder of the company's business is derived from packaging. The focus of this strategy is in the emerging markets of Eastern Europe and Asia, where growth is projected to be between 3% and 5%.

IP in talks to purchase Bangalore, India-based West Coast Paper Mills for between US\$143.7M-US\$215.6M

IP is trying to boost its presence in the Indian paper market, which has been growing at an annual rate of 8%.

Declining demand for magazine paper keeping LWC paper prices depressed in Europe, low prices expected to continue though year-end; downtime taken this summer has had little effect, ongoing consolidation seen as likely

Comparing the first seven months of 2012 to a year earlier, European LWC demand was down by almost 300,000 tonnes, according to Euro-Graph data'

August 27 – September 2

Södra to divest its Södra Cell Folla CTMP mill in Follafoss, Sweden, as part of plan to leave the CTMP market by Nov. 1 due to profitability struggles; mill produces average of 107,000 tonnes/year of pulp, employs 51 workers

The Follafoss mill produces CTMP (chemithermomechanical pulp) which has a variety of uses including the manufacture of paperboard and tissue.

August 20 - 26

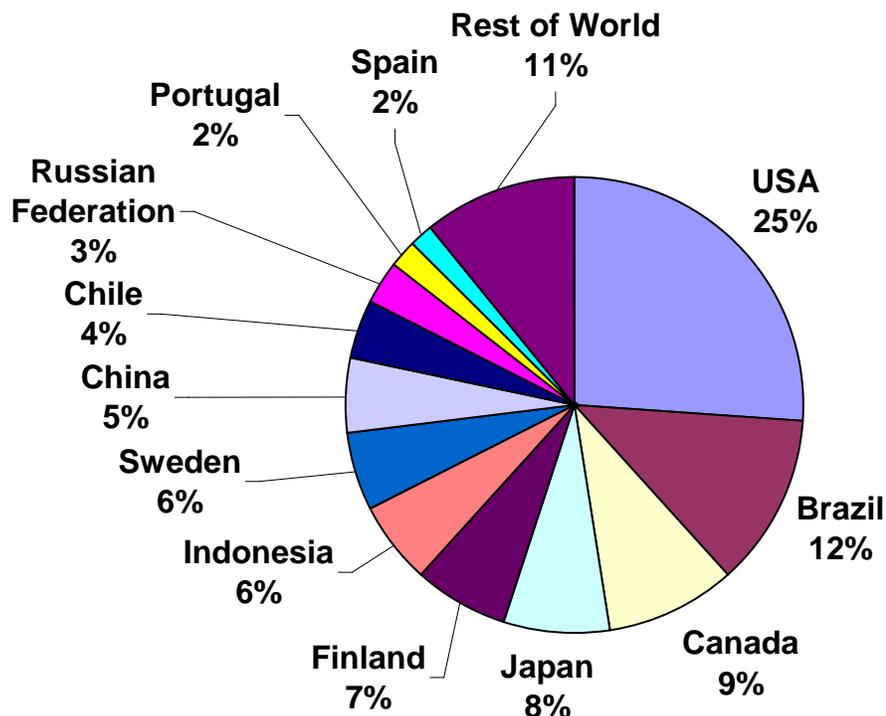
Poll of U.K. food and beverage manufacturing companies finds 79% of respondents rate corrugated retail ready packaging as first packaging material choice, 83% feel it helps promote product or brand in store

The majority of those contacted believe that corrugated RRP is either very or extremely helpful in meeting corporate or government targets on environmental issues.

Statistics Corner: Global Distribution of Bleached Kraft Pulp Production

Figure 1 below summarizes the 2011 statistics for global production of bleached kraft pulp. Total world production, at 95.2 million tons, is up from 90.8 million tons in 2006. The U.S. share, at 25%, is down from 30% in 2006. Canada's share, at 9%, is down from 11% in 2006. Brazil has displaced Canada as the second-leading producer. ■

**2011 Bleached Kraft Pulp Production
(Total World Production: 95.2 million tonnes)**



Source: FAO

Figure 1. 2011 Bleached Kraft Pulp Production