Georgia Tech | The Center for Paper Business and Industry Studies

CPBIS

Newsletter of the Center for Paper Business and Industry Studies, A Sloan Foundation Industry Center
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New Year's Message from the Director

By Patrick McCarthy

Happy 2014 to the CPBIS Community! From all of us at CPBIS and Georgia Tech, I hope that 2013 was personally and professionally fulfilling, that each of you celebrated the New Year with family and friends and that 2014 more than fulfills your wishes and resolutions that inevitably accompany the start of a new year. I look forward to a year of continuing growth, further reductions in unemployment, and to a pulp and paper sector that is globally more competitive as the industry exploits product and process innovations in biofuels, energy efficiency, nanotechnology, additive manufacturing, and packaging.

The Center, though small, continues to be productive, relevant and resilient. Once again, as Director, I cannot overstate the contributions of, or my thanks to Dr. Tom McDonough, CPBIS Newsletter Editor and IPST Professor Emeritus, and Aselia Urmanbetova, Website and Database Manager. Tom's industry insights and energies enable the Center to consistently produce a high quality newsletter that provides relevant stories and statistics for the Center's readers. Throughout the year, Aselia spends much time and effort maintaining, updating, and overseeing structural changes for the CPBIS website. She also maintains and updates the Center's databases and often suggests new data products that CPBIS and its stakeholders may find valuable. Our MillsOnline database, in particular, continues to be a very successful product for the Center due to Aselia's efforts. Tom's and Aselia's newsletter, website, and data product contributions are the prime drivers for the stakeholder connectivity that the Center enjoys.

What has CPBIS been up to during the past year? As in the past, the Center continues to focus on research reports and papers, development, and connectivity (through the newsletter, data products, and collaborations).

Research Reports and Papers

Among the products of the Center's research activities are one paper published in a refereed journal and three research reports:

Ho, C.Y. et al. 2013. "Bankruptcy in the Pulp and Paper Industry: Market's Reaction & Prediction", *Empirical Economics* s 45, 1205-32.

McCarthy, P. 2013, "Pulp and Paper Economic Indicators: A Comparative Analysis", Report CPBIS-FR-2013-01

McCarthy, P. 2013. "The Effect of GDP on US Pulp and Paper Output: A Time Series Analysis" Report CPBIS-FR-2013-03

McCarthy, P. 2013 "2011 U.S. Pulp and Paper Capacity", Report CPBIS-FR-2013-04.

Other Activities

Our sustaining activities include the monthly newsletter, a continually updated website, and mill and company databases. The Center produces 12 monthly issues of a newsletter that includes a feature article and, at times, articles provided by guest contributors. Also during this past year all at CPBIS (Pat, Tom, and Aselia) contributed one or more articles. Standing newsletter content also includes Trend Indicators and a Statistics Corner. Database activities this past year have included updates to the Mills Online (MoL) database, monthly or more frequent updates to the company watch list, and uploads to the CPBIS Market Place

Website maintenance activities have included updating and replacing content, fixing various connection issues with the linkages in the data center, and maintaining and updating the monthly newsletter subscribers list. We continue to review website content and edit it as needed to ensure that the website reflects current activities.

In 2013, the Center sold 26 products from the market place. 17 of these were related to the Mills Online database and 9 were research reports.

Leverage Your Interest

Important points for your thought and consideration:

Current Activities

MillsOnline (the only comprehensive source of data on US mills electronically available at a nominal cost), the Market Place, Data Center, Newsletter, website, and Research, maximize value to diverse CPBIS stakeholders;

Future Activities

Please contact us (http://cpbis.gatech.edu/contact-us) if there are other deliverables you would like to see. What types of knowledge, data, and other resources can CPBIS provide to assist you?

Development

Future CPBIS activities can only continue with your help and that of your organization. If you have found CPBIS activities and offerings to be valuable to you and your organization, I urge you to consider leveraging this interest to ensure that CPBIS continues to help meet your needs, those of your organization, and those of the pulp and paper community at large.

Thank you, as always, for your interest in CPBIS; I look forward to a productive and collaborative 2014!

Trend Indicators from Industry Intelligence Inc.

Industry Intelligence Inc. 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 recent headlines chosen to mirror significant trends in and around the paper and forest products industries.

Minimum charge for paper bags in San Jose, California, to remain at US$0.10, will not increase to US$0.25, as originally scheduled, due to strong community participation in city's Bring Your Own Bag Ordinance, which began January 2012

Residents are bringing their own bags in high numbers resulting in fewer plastic bags being found in city streets and creeks.

NREL researchers discover enzyme that can digest cellulose nearly twice as fast as the current leading component cellulase enzyme on the market; new enzyme could potentially help lower price of making lignocellulosic fuels

A paper reporting this finding, "Revealing Nature's Cellulase Diversity: The Digestion Mechanism of Caldicellulosiruptor bescii CelA" appears in the journal Science.

Forest products retakes No. 2 spot in Mississippi's list of agricultural commodities in 2013 based on annual production values; harvest value up 14.6% year-over-year to US$1.17B, with strong increases in pulpwood stumpage, more modest in sawtimber: MSU

James Henderson, associate extension professor in the Mississippi State University College of Forest Resources, estimated the state’s forest products 2013 harvest value to be $1.17 billion, compared to the 2012 value of $1.02 billion.

Suzano starts up new 1.5 million tonnes/year eucalyptus pulp mill in Maranhão, Brazil, on schedule, produces first bale of pulp Dec. 30; 2014 production expected to be 1.1 million tonnes, says company

The new unit will also have surplus power generation of 100 MW.

Europe's paper recovery reaching limits at recycling rate of 72% in 2012, highest level worldwide, say experts, who expect at least Western European market players will be challenged to boost collection volumes in next few years

Discussion related to this topic and others was presented at the recent Paper Recycling Conference held in Warsaw, Poland, this year.

IP to lay off up to 700 workers in February in second round of job cuts at Courtland, Alabama, paper mill to be permanently closed in March

In all, 1,096 employees are affected, with about 5,400 related jobs in logging and forestry impacted in Alabama, Mississippi and Tennessee, Al.com reported.

Weyerhaeuser's cellulose-reinforced polypropylene to be used as substitute for fiberglass in 2014 Lincoln MKX interior components; new material uses tree fibers in place of glass-based fibers for lighter, eco-friendly material

Parts made from CRP are roughly 6 percent lighter, and decrease the reliance on less-environmentally friendly fiberglass parts. Future use in larger parts could significantly impact vehicle weight and fuel economy.

Newsweek returns to print after year of digital

After a year of going digital, Newsweek is re-emerging as a 64-page weekly print magazine in 2014. Other reversals in digital initiatives were also seen this year, as paywalls were eliminated for both The Dallas Morning News and San Francisco Chronicle.

KiOR expects cellulosic fuels facility in Columbus, Mississippi, to produce about 410,000 gallons of fuel in Q4, bringing facility's full-year production to about 920,000 gallons; company planning to ramp up production at plant, says president, CEO

According to Fred Cannon, President and CEO, there is still a lot of work to do to bring the Columbus facility towards target throughput, yield and financial performance levels. First quarter 2014 efforts will be focused on implementing a series of mechanical improvements to the facility rather than production volumes.

AF&PA Statistics

Since our last reporting of American Forest and Paper Association statistics releases, the Association has issued reports on containerboard, paperboard, kraft paper and printing and writing papers. Below are the key findings:

Containerboard

December: Production increased 4 percent over November and was 2.7 percent lower than in December 2012.. The month-over-month average daily production increased 0.7 percent. The containerboard operating rate for December 2013 increased 0.7 points from November 2013, from 90.7 percent to 91.4 percent.

November: Production decreased 7.2 percent over October and was 4.5 percent lower than in November 2012. The month-over-month average daily production decreased 4.2 percent. The operating rate for November 2013 decreased 3.9 points from October 2013, from 94.7 percent to 90.8 percent.

Paperboard

December: Total boxboard production increased 1.4 percent when compared to December 2012 and increased 1.1 percent from November. Unbleached kraft boxboard production decreased over the same month last year and decreased compared to November. Total solid bleached boxboard & liner production increased compared to December 2012 and increased compared to November. The production of recycled boxboard was flat compared to December 2012 and decreased when compared to November.

November: Total boxboard production was flat when compared to November 2012 but increased 0.3 percent from October. Unbleached kraft boxboard production increased over the same month last year and increased compared to October. Total solid bleached boxboard & liner production decreased compared to November 2012 but increased compared October. The production of recycled boxboard decreased compared to November 2012 and decreased when compared to October.

Kraft Paper

December: Total shipments were 125.5 thousand tons, 9.4 percent higher compared to the prior month. Bleached kraft paper shipments increased year-over-year 6.2 percent, but the 2.6 percent year-over-year decline in unbleached shipments was enough to bring overall kraft paper shipments down 1.5 percent year-over-year. Total month-end inventories were essentially flat compared to November 2013.

November: Total shipments were 114.7 thousand tons, 12.6 percent lower compared to the prior month. Bleached kraft paper shipments increased year-over-year 9.1 percent, but the 3.7 percent year-over-year decline in unbleached shipments was enough to bring overall kraft paper shipments down 2.1 percent year-over-year. Total month-end inventory increased 22.5 percent compared to October 2013.

Printing and Writing

November: Total shipments were down 6 percent compared to November 2012. Total inventory levels increased 4 percent from October.

November coated free sheet (CFS) papers shipments decreased 13 percent compared to November 2012, with YTD shipments through November down 2 percent relative to 2012 levels. Exports of CFS were down 5 percent compared to the first 10 months of 2012.

Uncoated free sheet (UFS) paper shipments decreased 4 percent in November, with year-to-date shipments lagging 2012 levels by 2 percent. UFS inventories increased 7 percent from October to November.

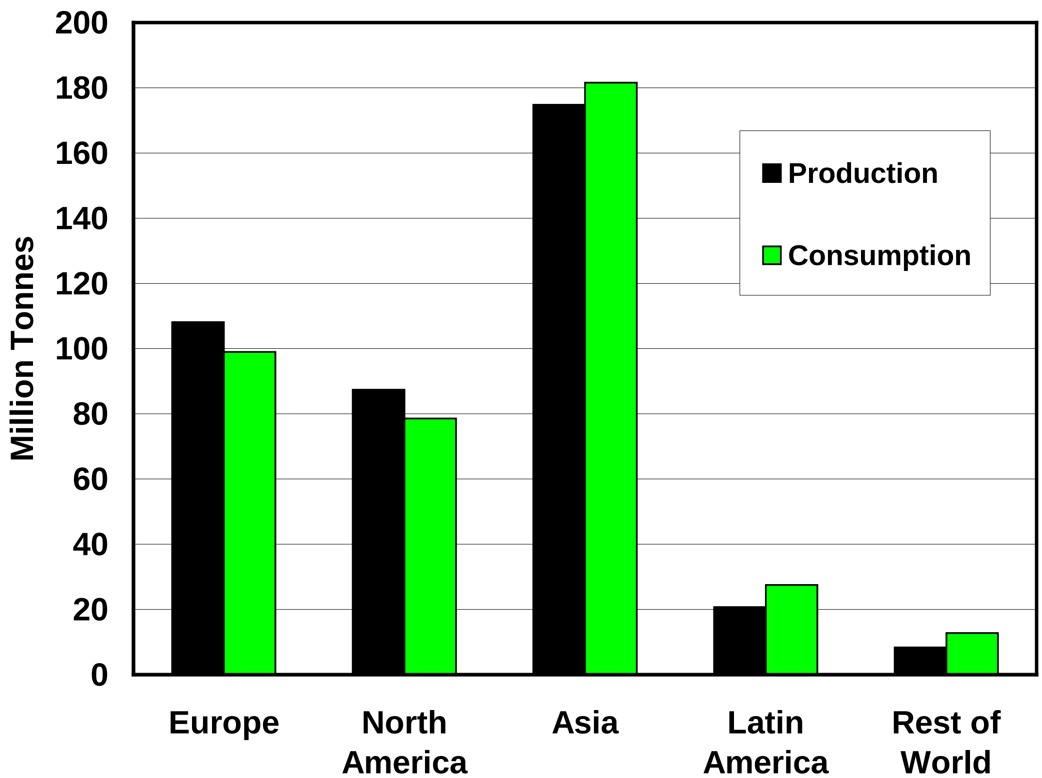
November uncoated mechanical (UM) paper shipments increased 14 percent compared to 2012 and were down 8 percent YTD compared to the same period in 2012. Year-over-year imports of UM through October were up 8 percent, with exports also exceeding 2012 levels by 8 percent.

Coated mechanical (CM) shipments in November decreased 10 percent compared to November 2012. Shipments of CM were down 10 percent for the year in 2013. Exports of CM increased 24 percent in October.

The reports can be purchased by contacting Caroline Nealon at Statistics_Publications@afandpa.org or 202-463-2448.

Statistics Corner: Global Paper and Board Production and Consumption

As illustrated in the figure below, in 2011 Asia produced and consumed more paper and board than any other region. ■



Global Production and Consumption of Paper and Board, 2011

(Source: Confederation of European Paper Industries)