

Paper or Plastic?

The question that evokes images of supermarket checkout lines is about to take on a new meaning, signaling yet another application of paper that is under threat of substitution by competing media. In Canada, using plastic to pay for the groceries will no longer just mean using a credit card -- that country is about to completely replace paper currency with "polymer" (biaxially oriented polypropylene) bills. The change appears to be based on sound reasoning, unlike some other examples of switches away from paper (electric hand dryers?). According to the Bank of Canada (<http://www.bankofcanada.ca/banknotes/bank-note-series/polymer/>), the new bills will last 2.5 times as long as paper ones, and will be extremely difficult to counterfeit, thanks to the incorporation of numerous security features, including color-shifting holograms in a transparent stripe and numbers that are visible only under close examination in the right light.. The new \$100 and \$50 bills are now in circulation and the conversion of other denominations to polymer bills will be complete by the end of next year.

Despite reports to the contrary (Is Canada's Plastic Money melting?

<http://www.latimes.com/business/technology/la-fi-tn-canadas-plastic-money-is-reportedly-melting-at-extreme-heats-20120713,0,3016165.story>), the Bank of Canada affirms that the new bills will not melt, shrivel up like bacon or stick together when they get hot. "The bank has encountered no evidence that polymer bank notes are being affected by heat as has been suggested in recent news reports," the bank wrote in an email to the Los Angeles Times. "Bank notes printed on polymer material have been used in many countries for years, most of which have climates far hotter than Canada." The LA Times reports that Malancha Gupta, who teaches chemical engineering at USC, agreed that tales of the notes melting seemed unlikely. "The melting point of polypropylene -- the material the notes are made of -- is in the range of 130

to 175 degrees Celsius [about 265 to 340 degrees Fahrenheit] and should be able to withstand high temperatures you would experience in everyday life," she said.

As the Bank's email states, Canada is not the only (or the first) country to replace paper bills with plastic ones. Australia pioneered the practice in 1988. According to Wikipedia, other adopters include Bermuda, Brunei, New Zealand, Papua New Guinea, Romania and Vietnam. The U.S. government, however, has not announced any plans to move away from paper bills. Instead, the American paper bills have undergone a redesign, also aimed at preventing counterfeiting, and include such features as watermarks, security threads and color-shifting images.

AF&PA News

The American Forest and Paper Association recently released its May 2012 U.S. Recovered Fiber Monthly Report and its June 2012 U.S. Containerboard Statistics Report. Below are the key findings:

- U.S. industry consumption of recovered paper in May was 2.54 million tons, 3% higher than April 2012
- Year-to-date consumption in 2012 is 3% lower than during the same period last year.
- U.S. exports of recovered paper dropped 11% in April compared to March.
- Year-to-date exports of recovered paper in 2012 are 2% lower than during the same period in 2011.
- Containerboard production lost just 0.3% over the same month last year.
- Production was down 1.7% compared to May 2012, but the month over month average daily production increased 1.6%.

- The containerboard operating rate for June 2012 rose 1.5 points over May 2012 from 94.7% to 96.3%.

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

Toshiba Bows to Pressure, Cancels “No-Print Day”

The lead article of our last issue described the angry reaction by defenders of the printing and paper industries to Toshiba’s announcement of a national “No-Print Day.” The announcement was variously portrayed as “a stunning display of greenwashing and ignorance;” “unfortunate on many levels;” and “one of the most blatant examples of greenwashing.” According to Michael Makin, President & CEO of Printing Industries of America, Toshiba was quite concerned with how the campaign had been received and, after a conversation with Mr. Makin, halted the campaign. The campaign’s web site and related Facebook page went blank on June 21.

In a follow-up to this development, the [Dead Tree Edition](#) posted “[9 Lessons From Toshiba's No-Print Day Debacle](#),” in which the blogger observed “The printing industry may have been slow to react, but the paper industry (both companies and trade associations) hardly responded at all. TwoSides jumped into the fray quickly, but otherwise the industry was amazingly quiet considering that National No-Print Day was fundamentally an anti-paper campaign. Was the American Forest and Paper Association still putting on its armor when Toshiba capitulated, or did it decide to sit out this battle altogether?”

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.

July 16

Tembec to indefinitely idle its 240,000 tonnes/year pulp mill in Chetwynd, British Columbia, beginning

Sept. 16, says could not maintain operations with current cost structure, softening high-yield pulp market

The Chetwynd mill, which was built in 1990, employs 115 people and has an annual production capacity of 240,000 tonnes.

Fortress Paper CEO in talks to buy another pulp mill in North America and one in Europe in line with his strategy to resurrect shuttered mills by converting them to dissolving pulp production, might focus solely on that market within three years

Within three years, Fortress might consider producing only dissolving pulp (DP) and spinning off its wallpaper and banknote paper businesses.

July 9

IP begins producing fluff pulp in Franklin, Virginia, in the week beginning July 1, following conversion of former paper mill; targeted output of about 840 tons/day

CEO Faraci: “There is a strong business case for this uniquely American product made from southern softwood that will help meet a global market demand.”

EU approves SCA's €1.32B acquisition of GP's European tissue business; deal including 15 plants in seven countries is expected to close on July 20

Georgia-Pacific’s European tissue business comprises 15 plants located in seven countries.

July 2

Resolute Forest Products to reduce July 1 softwood pulp prices in North America by US\$20/tonne, to US\$880/tonne for NBSK, US\$840/tonne for SBSK, makes no announcement for hardwood pulp grades

Montreal-based Resolute produces approximately 1.1 million tonnes/year of market pulp at its five facilities in North America.

Canada's paper products industry has weak outlook over next few years due to demand shift toward electronic sources for books, turbulent world economy, with printed books likely to follow same path as newspapers: The Conference Board of Canada

On the other hand, market growth beyond North America, increased production efficiency and introduction of new products (such as bio-chemicals and bio-energy) will contribute to profitability increases from a forecast \$229 million in 2012 to more than \$600 million annually by 2016.

June 25

UPM reports paper production for The Economist publication now produces 90% less fossil carbon emissions than in 1992, uses 35% less water, sends 90% less waste to landfill

In addition, the share of PEFC certified fiber used in that paper rose from zero to 100 percent and the producing mills were awarded the EU Ecolabel in 2007.

U.K. designer, manufacturer of e-paper displays ZBD reports retail clients grew to 130 from 52 in fiscal year ending March 31 primarily driven by e-paper for retail; product portfolio now includes eight variants of ZBD's LCD e-paper displays

ZBD is a UK company that designs, manufactures and supplies e-paper display solutions for retailers and industrial users.

equaled generation from coal. This is the first time that has happened; it is undoubtedly related to the falling price of natural gas. The wellhead price fell from a peak of \$10.79 per thousand cubic feet in June, 2008 to \$1.89 in April, 2012. ■

Statistics Corner: Gas Overtakes Coal as Power Source

Figure 1 below shows that in April of this year, the amount of electrical power generated from natural gas

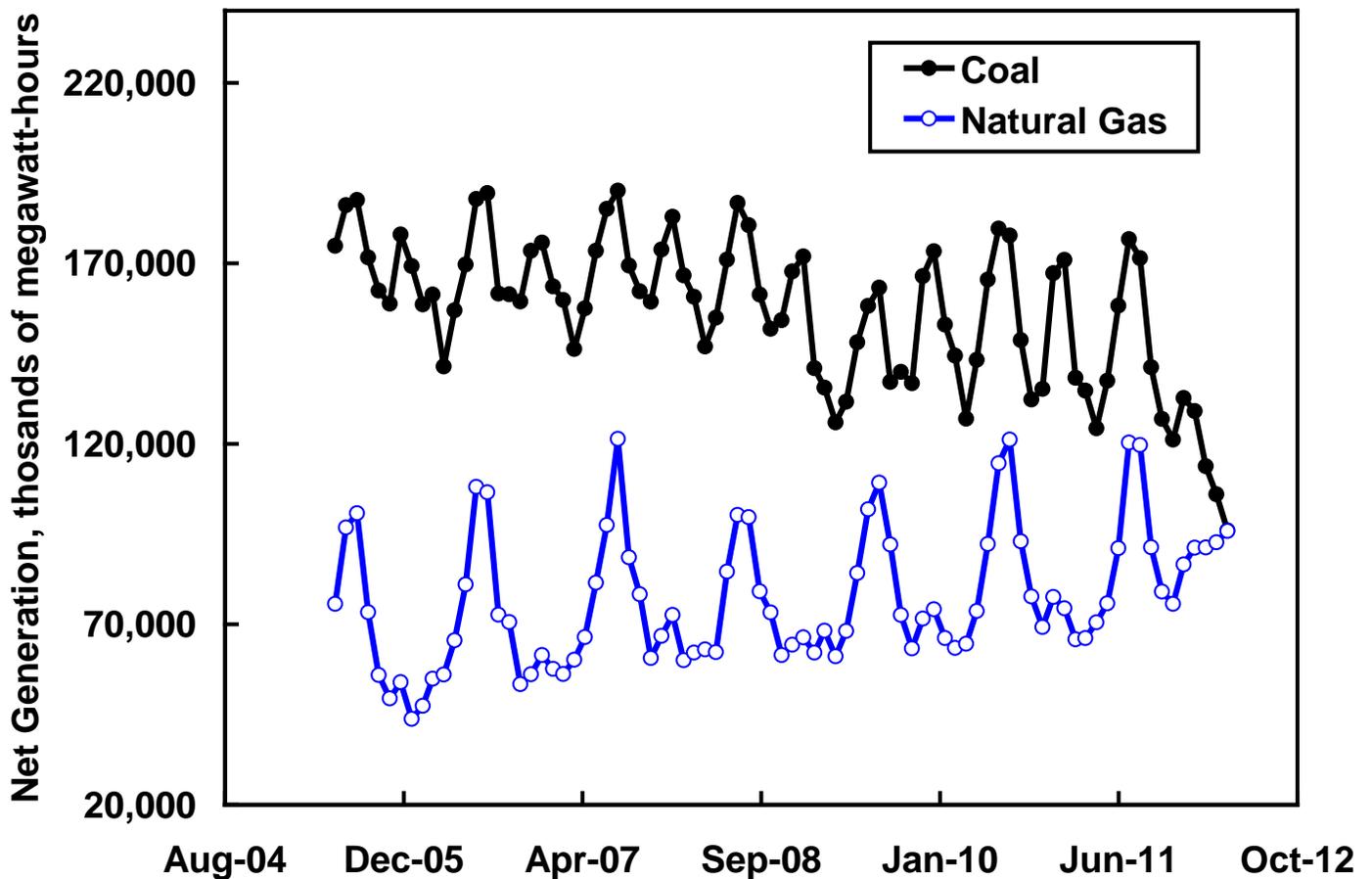


Figure 1. U.S. Monthly Net Electric Power Generation (U.S Energy Information Administration)