



April 2005

Forest Industry News

NEW PROJECTS ANNOUNCED

Planning Phase

- **Bowater** is considering mill conversion projects that would remove about 450,000 t/a newsprint capacity in North America. Two paper machines at Calhoun, Tenn., and one paper machine at Thunder Bay, Ont., are under investigation.
- **UPM** is carrying out a feasibility study and has applied for environmental permits for a 496,000 t/a No. 7 machine at its Grand Rapids, Minn., mill.
- **Temple-Inland** plans to rebuild the No. 2 linerboard machine at its Orange, Texas, facility to produce corrugating medium or lightweight linerboard.
- **West Fraser Timber Co.** announced the construction of a new sawmill and for approximately US\$105 million.
- **Norbord** announced it is planning to double its OSB capacity in Cordele, Georgia, for approx. US\$135 million.
- **ENCE of Portugal** plans to build a 500,000 t/a BEKP mill in M'Bopicua, 12 km upstream from Fray Bentos, Uruguay.
- **CMPC of Chile** has denied speculations that it is planning to build a new pulp plant in Argentina.
- **Brazil's Papyrus** plans to install a second cartonboard machine at its Limeira mill in southeast Brazil for US\$32 million.
- **ARC International of Hong Kong** is considering Portland, Australia, for a potential Eucalyptus BCTMP mill.
- **Star Paper Mills, India**, plans to overhaul its 65,000 t/a printing, writing and kraft paper mill in Saharanpur, Uttar Pradesh State, for US\$40 million.
- **Saudi Paper Group** will invest in a fourth tissue machine (50,000 t/a) for its Dammam mill, Saudi-Arabia.
- **Heinzel Group of Austria** plans to install a new paper machine at its Zellstoff Pöls mill. The group also intends to raise the BSKP capacity of the mill by 100,000 t/a to a total of 420,000 t/a.
- **Heinzel Group of Austria** is considering installing a coated folding boxboard machine at its Biocel Paskov mill in the Czech Republic.
- **Georgia-Pacific** is seeking approval for a proposed greenfield tissue (150,000 t/a) mill near Moscow, Russia.
- **Ilim Pulp, Russia**, has signed a Frame Facility Agreement with HSH Nordbank AG, Germany, for a EUR40 million credit to finance new machinery and equipment for its mills.

Implementation Phase

- **Martco Limited Partnership** orders a Dieffenacher 12 ft. OSB line for its new Louisiana OSB mill.
- **Cellynne Holdings**, Florida, has ordered a new DCT 100 tissue line with a 130 t/d capacity from Metso Paper.
- **Mieco Chipboard Berhard**, Malaysia, starts-up the single largest particleboard line (Dieffenbacher) in the Asia-Pacific region, with a capacity of 2,000 m³/d.
- **APP China's subsidiary, Gold East Paper**, is preparing to test the world's largest fine paper machine at its Dagang mill in Zhejiang city, Jiangsu province.
- **The Fujian Heng Li Group, Fujian Province**, China, has ordered a 90 t/d tissue line from Metso Paper.
- **Guangzhou Paper Co.** will install a 500 t/d printing paper machine from Metso Paper and its joint venture partner Valmet-Xian Machinery. A new DIP plant will be delivered by Voith.
- **Vanachai Group Public Company**, Thailand, will implement a continuous MDF production line from Metso.
- **Marusumi Paper, one of Japan's** major integrated newsprint producers will install a new fiberline and chemical recovery system from Andritz for its Ohe mill on Shikoku Island. The new line's capacity will be 252,000 t/a for approximately EUR100 million.



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- **UPM**, Finland, has rebuilt the DIP plant at its Kaipola mill, Finland, for EUR18 million increasing capacity to 540 t/d and improving pulp quality.
- **Georgia-Pacific** will install a new tissue machine at its Allo mill in the Navarra region, Northeast Spain.
- **Emin Leydier**, France, started production on a new containerboard machine in Nogent-sur-Seine. PM1 with a capacity of 300,000 t/a, will manufacture lightweight board in a basis weight range of 70-110 g/m² based on 100% recovered fiber.
- **Mondi Business Paper's** Syktyvkar mill, Russia, has ordered a fiber line modernisation from Metso.
- **The Heinzel Group** started production on a new 140,000 t/a cartonboard machine in Appingedam, The Netherlands.

MERGERS, ACQUISITIONS & PLANT CLOSURES

- **Abitibi Consolidated** will reduce newsprint production at Grand Falls, NF, by 60,000 t/a. In addition, the company is preparing to sell its 150,000 t/a uncoated mechanical mill at Fort William, ON, as well as a freehold of more than 500,000 acres of timberland. The 250,000 t/a Kenora newsprint mill is also under threat of being closed.
- **International Papers** will sell its Hamilton, Ohio, paper mill (writing, text & covers, and artist paper) and converting facilities to Mohawk Paper Mills Inc. of Cohoes, New York.
- **The Aditya Birla Group of India and Tembec** have signed a framework agreement with the province of New Brunswick regarding the acquisition of the St. Anne Nackawic pulp mill.
- **Brant Allen** forms **White Birch Paper Company** which includes the Bear Island, VA, Rivière-du-Loup, QC, and Stadacona, QC, paper mills.
- **Canfor** has completed the sale of its Slocan sawmill to Springer Creek Forest Products Ltd.
- **Pope & Talbot** has completed the acquisition of the Fort James sawmill (640,000 m³/y) from Canfor for C\$39 million.
- **Potlatch Corp.** will purchase Louisiana-Pacific's Corp. lumber mill in Gwinn, Mi.
- **Interfor Pacific** agreed to acquire the assets of Floragon Forest Products Mollala Inc., Oregon, for US\$50 million.
- **Packaging Corporation of North America** has acquired Midland Container Corporation, a producer of high quality graphics packaging, displays and corrugated products.
- **Fraser Papers** acquires a 25 MW cogeneration power plant in Berlin, New Hampshire. Furthermore, the company will sell approximately 240,000 acres of timberland in Maine to Heartland Forestland Fund V Limited Partnership.
- **Kadant** will acquire the Johnson Corporation for approximately US\$102 million.
- **Louisiana-Pacific Corp.** will permanently close its OSB operations at Woodland, Maine.
- **APP China's affiliate, Sinar Mas Paper** has agreed with Japan's Daio Paper to set up a joint venture to manufacture and market sanitary products in China.
- **Vietnam's** ministry of industry has announced that it will restructure the debt-laden Vietnam Paper Corporation (Vinapimex) and its affiliates.
- **Stora Enso** is planning to acquire German paper merchant Schneidersöhne which is valued at approx. EUR 450 million.

PRODUCT PRICE SUMMARY (US\$)

Product	Units	1995	2000	2001	2002	2003	2004	2005E	Normalized	Current Price	Comments
NBSK Pulp (N.E.)	m. ton	880	680	547	462	525	618	640	610	645	Flat
BEKP (Europe)	m. ton	867	652	485	458	502	526	562	550	600	Rising
Newsprint	m. ton	670	565	585	465	503	546	605	580	580	Rising
Uncoated Freesheet	sh.ton	990	755	715	692	628	676	750	740	770	Rising
Light Weight Coated	sh.ton	1,226	1,065	1,017	867	829	859	1,020	1,020	1,000	Rising
Linerboard	sh.ton	510	470	444	427	421	469	500	420	500	Flat
Lumber #2&Btr.	Mbf	250	295	286	270	278	394	340	300	385	Flat
OSB	Msf	245	205	159	160	380	370	260	185	320	Flat
Canadian Dollar	US\$	0.73	0.67	0.65	0.64	0.72	0.77	0.80	0.73	0.81	Falling