



Dec. 2007 - Jan. 2008

Forest Industry News

NEW PROJECTS ANNOUNCED

Planning Phase

[Germany] Zellstoff-und Papierfabrik Rosenthal plans to increase pulp output from its Rosenthal mill from 310,000 tonnes/a to 400,000 tonnes/a. This would be done primarily with the addition of a new pin chip digester, with a planned start-up near the end of 2009. (PPI, Nov. 29, 2007)

[Sweden] SCA will install a new TMP line to its Ortviken mill. The euro 15 million (\$22 million) line will have a 440 t/day capacity and will feed the site's largest LWC machine. Expected start-up is 2Q 2009. The plant already produces some 840,000 tonnes/a of newsprint and LWC paper on 4 machines fed by 5 TMP lines. (PPI, Nov. 29, 2007)

[India] Hindustan Paper has received government approval for its proposed greenfield 300,000 tonnes/a finer paper mill in Jagdishpur, Uttar Pradesh state. Start-up is predicted for 2010 at a cost of Rupee 32 billion (\$808 million), more than twice the original estimate. (PPI Asia, Dec. 3, 2007)

[Poland] Corenso will build a new core producing plant in Tychy in southern Poland. The 20,000 tonnes/a core-making line will produce heavy-duty cores for the paper industry, at a predicted cost of Euro 3 million (\$4.4 million). (PPI, Dec. 13, 2007).

[Russia] UPM has unveiled plans to build a new pulp and sawmill complex in the Vologda region of northwest Russia at a projected cost of Euro 1 billion (\$1.4 million). UPM has joined forces with the Russian **Sveza Group** in a 50/50 joint venture. The complex would include an 800,000 tonnes/a kraft pulp mill, a 300,000 m³/a sawmill and a 450,000 m³/a OSB panel plant. Output would feed mainly the domestic market and the pulp will likely start in 2011. (PPI, Dec. 20, 2007)

[UK] Papierfabrik Palm has received planning permission for a 400,000 tonnes/a newsprint plant in eastern England, and expected to kick off machine assembly at the site toward the end of this year. However, most contacts do not expect the unit to be up speed until 2010, and are confident that it will have little impact on next year's price talk. (PPI, Jan 17, 2008)

[Sweden] Smurfit Kappa and **Chemrec** have signed an agreement for the feasibility study of a renewable methanol/dimethylether fuel production plant. The new facility is set to be located at the group's mill in Piteå, Sweden. The feasibility study is expected to be completed in April 2008. A final decision is likely to be taken toward the end of 2008. The facility could be up and running by the end of 2010 at the earliest. The plant will produce 70,000 tonnes/a of biofuels and will use one-third of the mill black liquor flow. Most of the output will be sold to Northern Europe. The investment is set to cost approximately Euro 150 million (\$217 million), (PPI, Jan 17, 2008)

[Kazakhstan] Iliski Paper-Board Plant (IKBK) has brought Voith Paper on board for a rebuild of a second-hand paper machine purchased from Papierfabrik Zwingen. The unit, PM3, will be installed in the firm's mill in Boralday, near Almaty, in Kazakhstan. It is expected to start-up at the end of 2008. (PPI, Jan. 31, 2008).

Implementation/Startup Phase



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[Bolivia] Papeles de Bolivia Bolivia's president Evo Morales laid the foundation stone for the first "national" paper company, which might be started up by 2009. The Bolivian government has approved a financing of Bolivian 162.3 million (\$21.8 million) to build its mill, which will be located in Villa Tunari, Cochabamba, in western Bolivia. Papelbol will produce newsprint (3,780 tonnes/a), printing and writing paper as well as packaging paper (2,835 tonnes/a) in order to reduce Bolivia's paper imports, which reach \$50 million annually. (RISI, Dec. 11, 2007)

[Germany] Myllykoski will take downtime in the first half of 2008, which will remove 40,000 tonnes/a of newsprint and 30,000 tonnes/a of SC paper at the Lang Papier plant in Germany and Myllykoski Paper in Finland. (PPI, Nov. 29, 2007)

[Russia] Mondi is proceeding with a Euro 525 million (\$769 million) investment at its Syktyvkar mill in the Komi Republic. The work consists of new wood handling facilities, recovery boiler, turbine, lime kiln, pulp dryer and upgrades to the mill's two chemical pulp lines. There will also be rebuilds for the uncoated woodfree PM14 and the PM21 containerboard machines, increasing production by 52,000 tonnes/yr and 46,000 tonnes/a respectively. Pulp output will increase by 190,000 tonnes/a to 870,000 tonnes/a. Project completion is slated for the end of 2010. (PPI, Dec. 13, 2007)

[China] MCC Yinhe Paper ordered a 200,000 tonnes/a uncoated fine paper machine from Metso Paper for its plant in Linqing city. The 5.8m wide, 1,400 m/min machine is scheduled to start-up in 3Q 2008 at a cost of about Euro 50 million. (PPI Asia, Dec. 17, 2007)

[Australia] Visy Industries will expand its Tumut mill in New South Wales at a cost of A\$450 million (\$396 million). The firm has ordered a 380,000 tonnes/a kraftliner machine for its facility that already houses a 300,000 tonnes/a unit. The OCC plant will also be upgraded along with the addition of a new line. (PPI Asia, Dec. 17, 2007)

[Portugal] Portucel Soporcel has started construction work for a new 500,000 tonnes/a uncoated woodfree paper machine it plans to install at its mill in Setúbal, Portugal. The equipment is scheduled to be shipped over in February 2009, with commercial production expected to start during the third quarter. Metso is supplying the new unit, while GL&V and Andritz are providing some of the stock preparation equipment. Pöyry is the main engineering consultant. The pulp plant will be fully integrated with the paper production once the investment has been completed. (PPI, Jan 17, 2008)

[Spain] LC Paper has chosen POM to supply part of the new 50,000 tonne/a tissue machine, PM3, which the company is installing at its mill in Gerona, Spain. POM will supply the wet end of the 2.7 m wide unit. Milltech has already been chosen to provide the machine's hood, mist and steam recovery systems, the dust removal system and room ventilation. It will also provide energy for the wet end hood by using heat from the dryer section. PM3's output will be used to improve LC Paper's range of hygiene and health-care products for the away-from-home market. (PPI, Jan. 31, 2008)

[Germany] Klingele Papierwerke is carrying out an expansion program at its mill in Weener, northwest Germany, and at two of its converting plants. The work is part of a Euro 200 million (\$294 million) plan that began in 1999. Last December 2007, the company completed the revamp of the sole machine at the Weener plant, the 220,000 tonnes/a recycled containerboard machine PM2. Voith Paper rebuilt the unit's press section and increased its drying capacity. (PPI, Jan. 31, 2008).



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[Pakistan] Century Paper & Board Mills has kicked off trial runs on a new cartonboard machine at its plant in Kasur, Pakistan. Commercial production is expected to follow in late March. The 130,000 tonnes/a PM7, which was supplied by Daewoo International Corp, can produce both grayback and whiteback coated duplex board in a basis weight range of 250-400g/m². The total cost of the project amounted to Rupee 8.5 billion (\$136 million). (PPI Asia, Jan. 28, 2008).

[Indonesia] Asia Pacific Resources International (APRIL) has completed debottlenecking work on the two bleached hardwood kraft (BHK) pulp lines at its Kerinci facility in Riau province, on the Indonesian island of Sumatra. The debottlenecking has pushed up the mill's capacity from 2 million tonnes/a to 2.6 million tonnes/a. But a spokeswoman said the producer is presently able to utilize only half of the additional capacity due to restricted woodchip supply. (PPI Asia, Jan. 28, 2008)

MERGERS, ACQUISITIONS & PLANT CLOSURES

[Canada] Abitibi-Bowater announced the closure of four money-losing mills in Canada in the first quarter 2008. A total of 600,000 tonnes/a of newsprint capacity and 400,000 tonnes/a of commercial printing papers will be removed. AbitibiBowater will permanently close its Belgo mill in Shawinigan, QC, and Dalhousie, NB, mill, and indefinitely idle its Donnacona, QC, and Mackenzie, BC, paper mills. (P&P Week, Dec. 3, 2007)

[Canada] Tembec announced a proposed recapitalization that will convert US \$1.2 billion of Tembec's debt into new equity, implement a new 4-year term loan of US \$250 million to US \$300 million to provide additional liquidity, and reduce annual interest expense by approximately \$67 million. Implementation of the Recapitalization is expected to occur by the end of February 2008. (Pulp & Paper Canada, Dec. 24, 2007)

[Sweden] Holmen will cut its newsprint capacity by 150,000 tonnes/a at two mills. 110,000 tonnes/a will be lost with the shutdown of PM2 at the Hallsta mill in Sweden with the remaining 40,000 tonnes/a from their plant in Fuenlabrada, Spain. (PPI Int., Dec. 13, 2007)

[Finland/Canada] UPM will close its Miramichi mill in New Brunswick, Canada, eliminating 450,000 tonnes/a of magazine paper from the N.A. market. This closure comes after a temporary shutdown started in August 2007. In addition, UPM will idle a total of 250,000 tonnes/a worth of newsprint by shutting down PM4 at the Kajaani mill in Finland and PM4 in Steyrermuhl, Austria. This is just the latest in a series of newsprint shutdowns across Europe. (PPI, Dec. 20, 2007)

[Finland/Sweden/Germany] Stora Enso has also announced significant newsprint capacity cuts. The shut of Stora Enso's 415,000 tonnes/a Summa publication paper mill this quarter will remove 270,000 tonnes/a of standard and improved newsprint from the European market. **Myllykoski** is to curtail newsprint production at its Lang Papier mill in Germany by around 40,000 tonnes by the end of the first half of 2008, but has not yet decided whether the shuts will be eventually become permanent. (PPI, Jan 17, 2008)

[South Korea] Moorim Paper plans to keep selling pulp produced by **Donhae Pulp**, for some time at least, after it takes over the fellow South Korean firm. Moorim Paper leads a consortium that also includes Korea's **Dongyang Merchant Bank** and **Daegu Bank**, which aims to buy a majority stake in Donghae Pulp. The acquisition is expected to be finalized by mid-February 2008.



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[USA] North America's fourth largest newsprint manufacturer, **SP Newsprint**, has been bought for \$350 million in cash by affiliates of Peter Brant, controlling shareholder of **White Birch Paper**, No.2 producer on a capacity basis. The deal is to close by April 2008, making SP Newsprint a White Birch subsidiary. The acquisition gives White Birch control of about 2.1 million tonnes of North American newsprint capacity, and an 18% market share. (P&P Week, Jan 21, 2008).

[USA] Acting quickly to integrate the assets of **Stora Enso North America (SENA)**, **New Page** intends to close 285,000 tonnes of coated mechanical (CM) and 117,000 tonnes of coated freesheet (CFS) capacity. The closures eliminate a total of 664 positions at the Rumford, ME, Niagara and Kimberly, WI, and Chillicothe, OH, mills. At Rumford, New Page plans to permanently close PM11, which makes CM and CFS, by the end of February 2008. Niagara mill's two lightweight LWC machines, PMs 43 and 44, and the facility's pulp mill will permanently close by the end of April 2008, affecting about 319 employees. At Kimberly, the 117,000 tonnes/a specialty CFS PM 95 will permanently close by the end of May 2008. The Chillicothe converting facility will shut permanently by the end of November 2008, once some of its converting machines and volume are transferred to facilities at Luke, MD and Wisconsin Rapids, WI. The Canadian Press reported that the former SENA newsprint and SC paper mill at Port Hawkesbury, NS, "dodged a bullet". It had been widely seen as a likely target in any asset rationalization. (P&P Week, Jan 21, 2008).

[USA] According to several analysts, mergers and acquisitions are expected to continue this year. In 2008, at least one big deal is expected to include Weyerhaeuser, which is looking to sell its containerboard, packaging and recycling unit, which is the largest containerboard and corrugated producer in the USA. Some say the unit could be worth \$5 billion. Other potential M&A targets are bankrupt tissue maker Marcal Paper, market pulp and newsprint maker Tembec, and the AbitibiBowater newsprint mill in Snowflake, AZ. In early 2008, two more deals totaling more than \$1 billion were announced: Rock-Tenn plans to buy Southern Container for \$993 million including cash and debt, and Sinar Mas, parent of Asia Pulp and Paper, plans to buy Pope & Talbot's three market pulp mills, for \$225 million. (P&P Week, Jan 21, 2008).

[Finland] **Stora Enso** has shut its 350,000 tonnes/a Summa publication paper mill in Finland. The first of the two machines was idled on January 29, 2008 and the second followed on January 30. The firm has also signed a letter of intent to sell part of the real estate of its 250,000 tonnes/a bleached softwood kraft pulp mill in Kemijärvi, due to close by the end of April 2008, to the Finnish technology growth company **Anaika Group**. (PPI, Jan.31, 2008)

