



# Forest Industry News

## NEW PROJECTS ANNOUNCED

### Planning Phase

- **Ainsworth Lumber Co. Ltd.** is assessing plans for a C\$220 million investment (+375 mmsf, 3/8 inch basis) in a new OSB press line at Grande Prairie, Alberta, and its nearby hardwood sawmill.
- **Stadacona Inc., Québec**, is going to invest C\$44 million as part of its modernization strategy.
- **Irving Paper Ltd., N.B.**, is investing C\$220 million to upgrade a newsprint machine to SCA+ at the Saint John, N.B., mill. The investment includes installation of the first OptiLoad Twin Line Calender for high-grade SCA+ papers.
- **Canfor Corp.** announced a C\$104 million investment at its Plateau Division lumber mill in Vanderhoof, B.C. to increase capacity by 200 mmbf to 620 mmbf.
- **Norske Skog** is firming up proposals to install a second newsprint machine at its PISA mill in Jaguariaiva, Parana state, southern Brazil.
- **Metsa Botnia** received an environmental permit for the one million tpy Uruguay pulp mill project.
- **Borden Chemical Inc.** is planning to build a formaldehyde plant with an annual capacity of 125,000 mtpy as well as a resin facility with an annual capacity of 170,000 mtpy in the state of Rio Grande do Sul, Brazil.
- **Gunns, Australia**, announced that Bell Bay is the preferred location for a planned 800,000 tpy eucalyptus BHKP mill.
- **Norske Skog** announced that it has plans to install a new paper machine at its Albury plant in New South Wales, Australia. However, Norske Skog will first weight up proposals for a new machine at PISA, Brazil.
- **Austria's Pulp Mill Holding** is still planning to build a greenfield recycled containerboard mill in Russia.
- **Jefferson Smurfit** is investigating to increase testliner and recycled fluting capacity by 140,000 tpy at its PM2 Hoya mill in Northern Germany.
- **Domsjö, Sweden**, is planning to invest US\$31 million in its speciality pulp mill in northern Sweden.
- **Metsaliito**, Finland, has shelved plans for now to build a 600,000 tpy BSKP / BHKP mill in Ozolsala, Latvia.
- **Kronospan** wants to raise paper output at its Malta Décor paper plant in Poznan, Poland, for EUR50 million.

### Implementation Phase

- **Blue Heron Paper Company** is undertaking a US\$10 million investment that will boost paper recycling by 100 tpd (20%) at its Oregon City, Oregon, newsprint mill.
- **Georgia Pacific Corp.** is installing a biomass boiler at its Old Town, Maine, tissue mill to save a projected US\$5.9 million in energy costs per year.
- **International Paper Co.** recently began work on a US\$23.5 million expansion at its Armour Lumber mill in Riegelwood, N.C., to increase its present capacity (210 mmbf).
- **Smurfit Carton de Colombia** has begun basic engineering for the first stage of a three step investment program to double the pulp capacity of its Yumbo mill (currently 190,000 tpy) and upgrade the plant's PM6.
- **Yash Papers of India** has signed up with Enmas Andritz for a US\$19 million expansion of its 70 tpd Faizabad unbleached kraft paper mill in northern India.
- **Union Paper Mills, United Arab Emirates (UAE)**, is targeting March or April for the startup of a new 80,000 tpy containerboard machine, which will produce recycled fluting, testliner, and white top testliner.
- **Mondi Business Paper** has started-up a new 590,000 tpy market BEKP line at its Richards Bay mill in KwaZulu-Natal, South Africa.
- **Lesna TIP Otiski d.d. in Slovenia** will receive equipment from Metso Panelboard for a continuous particleboard production line with a scheduled start-up in early 2006. The total investment is EUR20 million.



- **UPM** awards two biomass based power boiler contracts to Kvaerner for its Shotton, UK, and Chapelle Darblay, France, mill for approximately EUR60 million.
- **Stora Enso** conducted a EUR53 million overhaul at its Summa PM2, Finland, to switch the machine's output from improved newsprint and MF paper for heatset to SC-A+ and MF paper for both, heat set and rotogravure printing.
- **UPM** has boosted capacity of its PM6 at Jamsankoski, Finland, by 25,000 tpy to 350,000 tpy SC paper as well as improved the paper quality.
- **Mylykoski** is rebuilding two of its German magazine paper machines as well as the recycled fiber line. The engineering contract has been awarded to AF-Group of Sweden.

## MERGERS, ACQUISITIONS & PLANT CLOSURES

- **SMART Papers LLC** has completed the acquisition of Fraser Paper's Midwest U.S. operations, Park Falls, (135,000 tpy uncoated commercial printing) including a pulp and papermaking center and distribution facilities in Chicago.
- **Lee Enterprise Inc.** is buying Pulitzer Inc. – publisher of the St. Louis Post-Dispatch, the Arizona Daily Star and a dozen other U.S. daily newspapers – in a US\$1.46 billion deal, which creates the fourth largest newsprint publisher in the U.S.
- **The Andritz Group** purchased Voith's interest and ends their North American tissue joint venture.
- **Brascan** buys Weyerhaeuser's B.C. coastal operations (258,000 ha private timberlands, 3.6 million m<sup>3</sup> of annual Crown harvesting rights, and five sawmills) for C\$1.2 billion, plus working capital.
- **Mercer International Inc.** announces completion of the acquisition of the Celgar NBSKP mill, B.C. for approximately US\$210 million plus working capital.
- **Taiwan's** largest containerboard producer, Cheng Loong, has bought a 12% stake in the Chinese firm, Anhui Shanying Paper.
- **Mitsubishi Paper Mills (MPM)** and Chuetsu Pulp are looking forward to join forces (merger expected in May 05).
- **Stora Enso** will acquire French paper merchant Papeteries de France from International Paper.
- **Pfleiderer AG**, Germany, is currently carrying out a due diligence on the Kunz Group, Germany, which could lead to the acquisition of the Kunz Group by Pfleiderer.
- **The European Commission** has cleared the proposed acquisition of Smurfit Munksjö by EQT.
- **Portuguese Sonae** will sell all of its equity in packaging producer, Gescarto, to Spanish Europac for EUR97.9 million.
- **Kemira Oyj** will acquire all shares in Finnish Chemicals Oy for EUR250 million.
- **Omya, Switzerland**, enters in agreement to acquire PCC facilities from J.M. Huber Corporation, USA.

## 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	655	Rising
BEKP (Europe)	m. ton	867	652	485	458	502	526	562	550	550	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	730	Flat
Light Weight Coated	sh.ton	1,226	1,065	1,017	867	829	859	1,020	1,020	950	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	404	Falling
OSB	Msf	245	205	159	160	380	370	260	185	398	Flat
Canadian Dollar	US\$	0.73	0.67	0.65	0.64	0.72	0.77	0.80	0.73	0.81	Flat