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Forest Industry News

NEW PROJECTS ANNOUNCED

Planning Phase

Portucel Soporcel, Portugal is considering building its new 500,000 t/a uncoated woodfree paper machine outside Portugal. The unit was originally earmarked for installation at the company's plant in Setubal.

Georgia-Pacific is making progress with plans to build a greenfield tissue mill in Torzhok, in the Tver region of northwest Russia. The proposed investment will total more than €300 million (\$364 million) and the facility will be an exact copy of G-P's plant in Nokia, Finland. The Finnish mill houses three tissue machines, with a combined capacity of 93,400 t/a.

Pudumjee Pulp & Paper Mills, India is looking to install a new tissue machine at its plant in Pune, Maharashtra state. The company is in talks with potential suppliers for a 25,000 t/a unit and hopes to place an order in 6 to 8 months.

Hindustan Paper, India has decided to move ahead with an expansion of its subsidiary, Hindustan Newsprint's, Kottayam mill in the southern Indian state of Kerala with a new 100,000 t/a newsprint (based on reeds, bamboo, eucalyptus and acacia fiber) machine and a deinking plant at the site. Jaakko Poyry has already conducted a feasibility study on the Rupee 3 billion (\$67 million) project. Construction is to begin early next year and would take 30 months to complete.

UPM, Finland will invest near €8 million to improve production efficiency and product quality at its Savonlinna and Jyväskylä plywood mills.

Lee & Man Paper Manufacturing, China has unveiled plans to build another greenfield containerboard mill to be located in Chongqing city, in China's south-western province of Sichuan. The facility will house a 300,000 t/a machine, to be called PM9, which will manufacture both kraft-top liner and test liner. Start-up in the second half of 2007.

Government of Venezuela has formed a new conglomerate of 12 heavy-industry project companies, which includes a pulp and paper maker, Empresa de Produccion Social (EPS) Pulpa y Papel. The authorities have earmarked \$70 million to research the feasibility of building a new mill.

Implementation Phase

UPM, with Metso, is rebuilding the stock preparation system and modernizing the machine's press, dryer and calendering sections of PM8 at its Tervasaari mill in Valkeakoski, Finland. The total project cost is estimated at €60 million (\$72 million) and is intended to improve the quality of the paper produced and to raise the unit's release paper capacity from 130,000 t/a to 175,000 t/a.

Ence, Uruguay is in the civil engineering phase of its project to install a new 500,000 t/a BEK pulp plant in M'Bopiqua, western Uruguay, and is scheduled to start up in the first quarter of 2008.

Botnia, Uruguay said that the company is on track to launch production on its new 1 million t/a BEK pulp plant near Fray Bentos in September 2007, despite recent protests and the diplomatic meltdown between Uruguay and Argentina.

Ahlstrom has completed an upgrade of the supercalendered release liner base paper machine, PM8, at its plant in Turin, Italy. The €18 million (\$22 million) investment included a rebuild of the machine's drives, forming and dryer sections as well as its off-line supercalenders. The revamp has boosted capacity from 100,000 t/a to 120,000 t/a.

Mondi Packaging Swiecie S.A., Poland will have Metso rebuild their PM1 sack paper machine to instead produce light weight kraftliner. The rebuilt machine, which will have a capacity of 180,000 t/a, is scheduled to start-up in June 2007. The order is valued at more than €10 million.

Altaykrovlya, Russia has launched tissue production at its mill in Novoaltaysk, in the Altay region of Russia. The firm began commercial production on a 25-t/day-tissue machine on February 1. The unit, which uses bleached pulp as its fiber source, was acquired second-hand from a Spanish firm. The 2.2 m wide machine has a design speed of 400 m/min. Output is being converted on site into napkins, paper towels, disposable tissues and toilet paper.



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Portucel Soporcel, Portugal has decided to go ahead with plans to install a new 500,000 t/a uncoated woodfree paper machine at its plant in Setubal. The €490 million (\$584 million) scheme also includes an 80 MW natural gas power station at the site. Start-up is slated for the second half of 2008

West Coast Paper Mills, India has received funding from the International Finance Corporation (IFC) to help with a greenfield plant next to its Dandeli facility, in the southern Indian state of Karnataka. The Rupee 8.2 billion new mill will house a 100,000 t/a fine paper machine and a 150,000 t/a bleached hardwood kraft pulp line.

MERGERS, ACQUISITIONS & PLANT CLOSURES

Stora Enso's CFO Hannu Ryoopponen gave an update on the company's progress with its Asset Performance Review (APR). Several assets are slated for closure this year, which will take some 370,000 t/a of paper capacity out of the market. These include PMs 3 and 4 at the Corbehem mill in France, which have a combined lightweight coated paper capacity of 250,000 t/a. The 95,000 t/a coated woodfree PM1 at the Varkaus plant in Finland and the 25,000 t/a coated specialties PM31 at Stevens Point in the US are also set to be closed. As part of the APR program, a number of mills in Europe are under review. These include the Summa (Finland), Reisholz (Germany), Berghuizer (Netherlands) and Uetersen (Germany) plants.

Martisco Paper Co., NY, which operated a historic mill in Marcellus, N.Y., shut down on Jan. 27 due to a lack of orders and high energy costs. The 15 ton/day recycled mill produced grey bogus paper for wrapping and stuffing applications and indented bogus paper for static cushioning. The mill had fewer than 20 employees when it closed.

Canfor Corporation, Canada announced today that it intends to separate its pulp business from its wood products business. Canfor proposes to transfer to an indirectly owned limited partnership, its northern softwood kraft pulp and paper business, including its Northwood Pulp Mill, Intercontinental Pulp Mill and Prince George Pulp and Paper Mill, together with associated management and employees (the "Pulp Income Trust").

DS Smith, UK Paper division, St Regis, has today announced the proposed closure of its Sudbrook Mill in Monmouthshire, which produces approximately 150,000 t/a of semi-chemical fluting paper, a speciality form of corrugated case material (CCM). It is proposed that the closure will be implemented by the end of May 2006.

Neenah Paper temporarily shut down its 350,000 t/a market northern bleached softwood kraft pulp mill after it ran out of woodfiber due to an ongoing strike involving workers who procure wood for the mill.

PRODUCT PRICE SUMMARY (US\$)

Product	Units	1995	2001	2002	2003	2004	2005	2006E	Normalized	Current Price	Comments
NBSK Pulp (N.E.)	m. ton	880	547	462	525	617	611	655	630	625	Rising
BEKP (Europe)	m. ton	867	485	458	502	526	587	618	580	615	Rising
Newsprint	m. ton	670	585	465	503	547	610	650	605	650	Flat
Uncoated Freesheet	sh.ton	990	715	692	628	676	727	770	700	755	Rising
Light Weight Coated	sh.ton	1,226	1,017	867	829	859	997	1,060	1,015	995	Flat
Linerboard	sh.ton	510	444	427	421	468	478	490	450	515	Flat
Lumber #2&Btr.	Mbf	250	286	270	278	394	353	305	310	340	Rising
OSB	Msf	245	159	160	380	369	319	225	205	275	Rising
Canadian Dollar	US\$	0.73	0.65	0.64	0.72	0.77	0.83	0.82	0.79	0.86	Falling

E= estimated