



Forest Industry News

NEW PROJECTS ANNOUNCED

Planning Phase

Engineering firm C.H. Anderson, Vancouver, B.C., is proposing four greenfield wood pellet mills with a total value of C\$110 million, providing biomass fuel to European customers.

J.D. Irving Ltd., NB, is planning to construct a biomass energy plant and a gypsum wallboard plant for C\$150 million at a N.B. shipyard.

Access Energy of Utah, USA, intends to build two biomass power plants in Ludlow, VT and Groton, CT, each capable of consuming 250,000 t/a of wood and producing 20 MW of electricity.

BrancoCell is seeking investors for its planned greenfield pulp mill in Boa Vista, Roraima state, northwest Brazil.

Masisa of Santiago, Chile, is planning to construct a new 340,000 m³/a MDF plant in Chile for US\$82 million.

Shandong Huatai Paper's shareholders have approved a plan to install a new 400,000 t/a newsprint machine in Dongying city, Shandong province, China.

The French Bank Societe Generale is planning to invest E57 million in a greenfield pulp mill in the Thanh Hoa district, Long An province, in Southern Vietnam.

Century Pulp and Paper, India, is planning to install a 200 t/d paper machine, furnished primarily by bagasse, for US\$89 million in Naintal district, Northern India.

ITC, India, has completed the project blueprint for an integrated 200,000 t/a coated freesheet greenfield pulp & paper complex (US\$575 million) using eucalyptus BHKP as the fiber source.

Georgia-Pacific has plans to install a new tissue machine for US\$77 million (60,000 t/a) at its Allo mill in the Navarra region, northeast Spain. The company is also seeking approval to install a new tissue mill near Moscow, Russia.

Stora Enso has the intention to build a 1 million t/a greenfield BSKP mill in Russia by year 2010.

Myllykoski of Finland is considering plans to build a greenfield newsprint mill with 300,000 to 400,000 t/a capacity for E450 – 500 million. Eastern Europe is a likely location for this new mill.

The Kronospan Group intends to raise decor paper capacity of its Malta Decor plant in Poznan, Poland, by 50% (30,000 t/a) for approximately E50 million.

Mayr-Melnhof Holz, Austria, will lead a joint venture with the Russian industrial construction group LSP to build a new sawmill (250,000 m³/a) in Russia's Leningrad district for E40 million.

NWTC, Russia, is planning to install a new pulp line (123,000 t/a TCF) at its Neman mill in Kaliningrad as a replacement for an existing sulphite line.

Estonian Pulp together with the regional government of Pskov, are planning to build a new BCTMP mill with a capacity of 600,000 t/a in the Dyedovich area of Pskov, northwest Russia.

Implementation Phase

Norbord has chosen Siempelkamp as the supplier of a new forming and pressing line for its OSB expansion project in the state of Georgia, USA.

April (RGM) has chosen Metso Paper as the supplier of a production line for fine paper in Kerinci, Sumatra, Indonesia.

APP has signed a contract with Aker Kvaerner for the modernisation of three fiberlines at the Jambi and Perawang mills, Indonesia.

Marusumi Paper, Japan, has ordered a new 252,000 t/a fiberline from Andritz Ltd.



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APP China's subsidiary, Gold East Paper, has completed rebuilding PM1 at its Dagang mill. The upgrade increased the capacity of PM1 by 50,000 t/a to a total of 500,000 t/a.

UPM has started production on its 450,000 t/a UFS paper machine in Changshu city, Jiangsu province, China.

Hebei PanAsia Longteng Paper has started production on its new 330,000 t/a greenfield newsprint machine in Zhaoxian, Hebei province, China.

The Russian firm Zabinkom and two unnamed Chinese investors have started construction work of a new 400,000 t/a UKP pulp mill near Chita, Siberia.

Bellesbumprom, Belarus, has started construction of a 40,000 t/a greenfield newsprint mill in Shklov, Mogilev region.

UPM, as part of the company's long term development plan, will modernize PM6, and speed up PM7 and PM9 at its Schongau mill in Bavaria, Southern Germany.

Sofidel will begin construction of a E85 million greenfield tissue plant in Bunuel, north eastern Spain.

MERGERS, ACQUISITIONS & PLANT CLOSURES

International Paper announced a three-part transformation plan that will improve returns, strengthen the balance sheet and return cash to shareholders. The company will concentrate on two "core" business areas, namely uncoated papers and industrial / consumer packaging.

NorskeCanada will seek shareholder approval this fall to change its corporate name to Catalyst Paper Corporation.

BlueLinx Corporation acquired California based hardwood lumber company Lane Stanton Vance (LSV).

Wausau Paper, WI, will permanently close its 80,000 t/a sulphite mill at Brokaw, Wisconsin.

Sappi will shut down the no. 4 CFS paper machine as well as the 100,000 t/a BHKP mill at its Muskegon mill, MI, USA.

Uniboard of Canada plans an indefinite shutdown of a particleboard mill in Ontario and another one in Québec.

Merrimac Paper, closed its speciality paper mill and converting plant in Springfield, Massachusetts.

JP Morgan, has signed a MOU with Nusantara Energi of Indonesia to acquire almost 100% of the Kiani Kertas kraft market pulp mill for US\$200 million plus debt (US\$173 million).

Rayonier, together with an investment partner, purchased 95,000 ha of non-strategic timberland on New Zealand's North Island for approximately US\$296 million from Carter Holt Harvey (CHH).

The potential sale of International Paper's 50.5% stake in CHH has attracted interest from several big industry players such as three Australian firms Amcor, Visy Industries, and Gunns, as well as Weyerhaeuser of the United States.

Sodra of Sweden acquired a 20% stake in privately owned UK wood products distributor Crown Timber.

Pfleiderer AG, Germany, signed an agreement to take over the engineered wood activities of the Kunz Group including Uniboard Canada Inc. for E212 million plus financial debts of approximately E267 million.

The Finnish Forest Industries Federation (FFIF) and the Paperworkers' Union have concluded a new collective labor agreement, which marks an official end to the seven week strike.



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PRODUCT PRICE SUMMARY (US\$)

Product	Units	1995	2001	2002	2003	2004	2005E	2006E	Normalized	Current Price	Comments
NBSK Pulp (N.E.)	m. ton	880	547	462	525	618	625	640	625	595	Falling
BEKP (Europe)	m. ton	867	485	458	502	526	568	550	576	600	Flat
Newsprint	m. ton	670	585	465	503	546	605	630	595	610	Rising
Uncoated Freesheet	sh.ton	990	715	692	628	676	750	770	700	725	Falling
Light Weight Coated	sh.ton	1,226	1,017	867	829	859	1,000	1,050	1,010	1,035	Rising
Linerboard	sh.ton	510	444	427	421	469	490	490	450	455	Falling
Lumber #2&Btr.	Mbf	250	286	270	278	394	355	300	305	314	Falling
OSB	Msf	245	159	160	380	370	305	220	200	242	Falling
Canadian Dollar	US\$	0.73	0.65	0.64	0.72	0.77	0.80	0.77	0.77	0.82	Rising