



# Forest Industry News

## NEW PROJECTS ANNOUNCED

### Planning Phase

- **Grant Forest Products Inc.** will invest more than US\$400 million in South Carolina, building two manufacturing plants for engineered wood panel products.
- **Anthony Hardwood Composites** is planning to build a new US\$10 million laminated hardwood plant in Sheridan, AR.
- **Louisiana-Pacific Corporation** signed a project agreement with Clarke County, AL, the Clarke County Industrial Development Board and the State of Alabama to build a new OSB mill in Clarke County, AL.
- **Procter & Gamble** is currently evaluating several locations for the installation of a new tissue machine in the U.S.
- A **new tissue machine**, based on recycled fiber, is currently being considered by an undisclosed investor to be built in the state of Utah, U.S.
- **Shandong Huatai Paper of China** is planning to install a new 400,000 t/a newsprint machine at its Dongying city mill in Shandong province. Government approval is expected in the first half of 2006.
- **Japan's Daio Paper** is planning to install a new coated printing paper machine and two deinked pulp (DIP) lines at its Mishima mill in Shikokucho city. The start-up is expected in mid-2007.
- **The Jordan-based Nuqul Group** is planning to invest US\$80 million to build a new 54,000 t/a tissue mill in the Gulf Cooperative Council (GCC) region of the Middle East.
- **Pulp Mill Holding (PMH)** of Austria is planning to spend US\$75-80 million on revamping PM1 at its Kiev mill in the Ukraine.
- **Forscot** has appointed Environ, UK, to carry out an environmental impact assessment (EIA) on the proposed £1 billion forest products complex in Invergordon, Scotland.

### Implementation Phase

- **Ainsworth Lumber Co.** will proceed with a US\$200 million capacity expansion of its oriented strand board (OSB) mill near Grand Prairie, AB. The project also includes construction of a hardwood sawmill in Valleyview, AB.
- **Tolko Industries Ltd.** announced that its board of directors has approved the construction of a new greenfield oriented strand board (OSB) plant in Slave Lake, AB, for approximately US\$200 million.
- **Tissue machine supplier Recard** will deliver an 80 – 110 t/d tissue machine to an undisclosed U.S. customer.
- **Veracel** is moving from trial to operational status on its new 900,000 t/a pulp mill in Bahia state, eastern Brazil.
- **Metso Paper** will supply an upgrade to the new pulp drying line at Ripasa S/A Celulose e Papel, Limeira, Sao Paulo state, Brazil.
- **Aker Kvaerner** has won a contract for the delivery of the world's largest bamboo cooking plant, worth approximately US\$10 million. The plant will be constructed in the People's Republic of China.
- **Mondi Business Paper** has begun upgrading PM31 at its Merebank mill in Durban, South Africa, as part of a US\$150 million two year expansion project. The current capacity (90,000 t/a SC paper) will be increased to 260,000 t/a uncoated woodfree paper.
- **Perlen Papier** of Switzerland has started a rebuild of its fiber lines to increase capacity and improve fiber quality. PM5 will switch approximately 40,000 t/a of its 125,000 t/a newsprint to improved grades. The mill's PM4 will increase its output of LWC paper by 45,000 t/a up to a total of 200,000 t/a.
- **Stora Enso Timber** has completed a E12 million investment in a glue-laminated beam mill in Imavere, Estonia. The total capacity of the plant will be 80,000 m<sup>3</sup>/a.



- **International Paper, Kwidzyn, Poland**, is carrying out a US\$80 million rebuild to increase the capacity of PM4 (cartonboard) by 50,000 t/a and achieve a better print performance on the top and back layers.

## MERGERS, ACQUISITIONS & PLANT CLOSURES

- **Abitibi Consolidated** continues to pursue a sale of over 200,000 ha of timberlands North of Thunder Bay, ON, and South of Duluth, MN, as part of its larger debt reduction plan.
- **Tolko and Canfor** recently announced the formation of a jointly owned sales and marketing partnership to sell bleached and unbleached kraft paper from their Canadian mills.
- **NewPage Corporation** is evaluating the sale or restructuring of its carbonless business and associated facilities.
- **Weyerhaeuser** completed the sale of its B.C. Coastal Group assets to Brascan Corporation of Toronto.
- **International Paper** has completed the sale of its industrial paper business to an affiliate of Kohlberg & Company, NY.
- **Quebecor World** intends to sell its commercial (short-run non-contracted work) printing division in North America.
- **Aconagua Holdings BVI** has acquired Temple Pembroke Inc., which includes a MDF plant in Pembroke, ON.
- **Blue Heron Papers** is close to reaching an agreement on the purchase of Smurfit Newsprint's 150,000 t/a recycled mill in Pomona, CA.
- **Nippon Paper, Japan**, outlined its growth strategy to become one of the world's top five pulp and paper companies.
- **United Fiber Systems** is progressing to build a new woodchip plant on Laut Island, South Kalimantan, Indonesia.
- **United Fiber Systems** has signed a letter of intent with Kingsclere to buy the firm's stake in the Indonesian market pulp producer Kiani Kertas.
- **Stora Enso Timber** has acquired the remaining 49% of Stora Enso Timber Australia Pty from Moxon & Company Pty.
- **International Paper** is considering options for selling its 50.5% stake in Carter Holt Harvey of New Zealand.
- **UPM** is acquiring 40% minority shareholding in ZAO Chudovo-RWS, Russia, from the shareholders of UPM's Russian partner Novgorodlessprom.
- **Stora Enso Timber** will buy the remaining share of 51% of its affiliated company Holzwerke Wimmer GmbH, Germany
- **Cofina** has received approval from the Portuguese government to acquire Portucel Tejo for E37.9 million.
- **The Finish Forestry Industries Federation and the Finish Paperworker's Union** reached an agreement on the paper workers' collective labour agreement on June 29, 2005.
- **Norkse Skog** is considering closing its Union paper mill in Skien, Norway, which produces 260,000 t/a standard and improved newsprint paper.
- **Steinbeis Temming**, Germany, is planning to sell its Gemmrigheim mill, with a total capacity of 95,000 t/a uncoated and coated woodfree paper.

## 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	625	600	Falling
BEKP (Europe)	m. ton	867	652	485	458	502	526	562	565	600	Flat
Newsprint	m. ton	670	565	585	465	503	546	605	595	605	Flat
Uncoated Freesheet	sh.ton	990	755	715	692	628	676	750	700	740	Falling
Light Weight Coated	sh.ton	1,226	1,065	1,017	867	829	859	1,000	1,010	1,000	Flat
Linerboard	sh.ton	510	470	444	427	421	469	500	450	485	Flat
Lumber #2&Btr.	Mbf	250	295	286	270	278	394	370	305	349	Flat
OSB	Msf	245	205	159	160	380	370	315	200	270	Flat
Canadian Dollar	US\$	0.73	0.67	0.65	0.64	0.72	0.77	0.80	0.77	0.81	Flat