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Forest Industry News

NEW PROJECTS ANNOUNCED

Planning Phase

- **Potlatch Corp.** plans capital spending of US\$45 million in its Idaho operations (wood products, pulp & paper) this year.
- **Brazil's Melhoramentos Papeis** is planning to install a fourth tissue machine at one of its two paper mills in Brazil.
- **Paperlinx, Australia** has plans to increase pulp capacity at its Maryvale mill by 80,000 tpy.
- **Timbercorp and IPG**, Australia, are studying plans for a 350,000 tpy CTMP mill in Heywood, Victoria.
- **ARC International** of Hong Kong is currently evaluating possibilities for two greenfield BCTMP mills in Australia.
- **Oji Paper** may be forced to alter the schedule for its Nantong project in China, a 700,000 tpy greenfield BKP mill and a 400,000 tpy fine paper machine including a coater, due to delays in the approval process.
- **April (RGM Int.)** is planning to install a 400,000 to 500,000 tpy uncoated woodfree paper machine at its mill in Kerinci, Sumatra, Indonesia. Furthermore, the company is looking to increase capacity of its cartonboard machine at the Rizhao facility by 250,000 tpy in addition to expanding the pulp mill's capacity to 1.5 million tpy in the long term.
- **Hindustan Paper** has signed up Jaakko Poyry to carry out a feasibility study on a proposed expansion (100,000 tpy) of its subsidiary's newsprint mill in the southern Indian state of Kerala.
- **Hindustan Paper** has signed up the Canadian firm, Sandwell, to draw up the project blueprint for an expansion of its two fine paper mills in the northeast Indian state of Assam.
- **ITC, India** is planning to build a 200,000 tpy pulp and paper complex for a total of US\$573 million.
- **Sappi** intends to debottleneck (+43,000 tpy) its dissolving pulp mill in Unkomas, South Africa.
- **Metsä Botnia** plans to build a greenfield pulp mill in Russia within the next decade. The firm is currently building a sawmill near St. Petersburg and has plans for another one in the next few years.
- **Tetra Pak** plans to open a third liquid packaging plant in Russia for EUR100 million.
- **Ahlstrom** announced a EUR18 million plan to expand its production capacity of SC release based papers at its Turin plant in Italy.
- **AssiDomán** plans to upgrade the cartonboard machine at its Frovi mill in Sweden, by 80,000 tpy.
- **LPC Group of Scotland** has unveiled plans to add recycling capacity, as well as paper making and converting capacity to its Kilbagie site in Scotland.

Implementation Phase

- **Metsä Botnia's** Board of Directors approved the construction of a one million tpy BEKP mill for US\$1.1 million at Fray Bentos, Uruguay. Excavation of the site will start immediately.
- **CENIBRA**, has selected Metso's pulping technology for the modernization of fiber line no.2 in their Belo Oriente pulp mill. The mill's total annual pulp production will increase from 940,000 tpy to 1,140,000 tpy.
- **Smurfit Carton of Colombia** has begun basic engineering for the first stage of a three-stage investment program to increase the paper machine and recovery boiler capacity at its Yumbo mill.
- **Nibong Tebal Paper**, Malaysia, just started commercial production on a new 100 tpd tissue machine at its Penang mill.
- **Nine Dragon Paper Industries**, China's largest containerboard producer is preparing to start trial runs on a new 450,000 tpy recycled fluting machine in Taicang near Shanghai.
- **Shandong Chenming Paper**, China, has started commercial production of its greenfield mill in Shouguang city. The mill includes a 400,000 tpy cartonboard machine and a 250,000 tpy BCTMP line.



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- **Jiangxi Chenming Paper**, China, is starting up its 400,000 tpy LWC/newsprint swing machine which is fed by a 400 tpd deinked pulp plant and a 550 tpd BCTMP line.
- **Pyang Longfeng Paper** is installing a 100,000 tpy APMP line at its greenfield plant in Puyang, Henan, China.
- **Emirates Paper Mills (Sharma Group)**, United Arab Emirates, is upgrading its tissue production facilities for US\$65 million to a total capacity of 78,000 tpy of high grade tissue paper.
- **Spain's Paperalia** will start commissioning the 60,000 tpy UFS machine at its mill in Legoterras in Northeast Spain.
- **Arkhangelsk Pulp and Paper Mills**, Russia, are currently installing a new woodyard as part of a EUR100 million investment scheme.
- **Mercer International** is installing two additional batch digesters at Zellstoff Stendal GmbH, Germany.
- **Rottneros** started trial runs on a new BCTMP mill at its Utansjo Bruk mill in Sweden.

MERGERS, ACQUISITIONS & PLANT CLOSURES

- **Ainsworth Lumber Co.** has signed a letter of intent with Chatham Forest Products Inc. for the purchase of a proposed OSB mill in upstate New York.
- **Neenah Paper Inc.** has closed one of its two pulping lines at Terrace Bay, removing 125,000 tpy of BKP capacity.
- **IP** plans to close indefinitely two UFS paper machines (250,000 tpy) at mills in Florida and Maine.
- **IP** announced that they would sell its Industrial Papery Business to Kohlberg and Co., LLC for approx. US\$180 million.
- **Abitibi Consolidated** is planning to shut down one of two paper machines at its Kenora paper mill in Ontario.
- **China Pulp & Paper (CP&P)** is evaluating the acquisition of bankrupt Skeena Cellulose Inc. in British Columbia.
- **Cascades** is proceeding with its new strategic plan to focus on packaging and tissue. The company is planning to divest its fine paper division and its Canadian distribution business.
- **Elof Hansson**, Sweden has acquired Timber Valley Forest Products LLC, a timber export company in Georgia, USA.
- **Eastman Kodak Co.** announced that it will close its photographic base paper mill (88,000 tpy) in Rochester, N.Y.
- **Plum Creek Timber** signed a definitive agreement to purchase 56,000 acres of timberland in Florida from Soterra LLC.
- **Kimberly-Clark of Mexico** has sold its industrial products business including P&W paper, cigarette papers, and notebooks.
- **Arauco** purchased a bundle of forest product assets in Argentina and Brazil for US\$300 million from Louis Dreyfus, a multinational group focused on grain and energy trading.
- **April** has completed the acquisition of a 90% stake in the Chinese cartonboard producer Shandong Rizhao Senbo.
- **Siemens** is expanding its business in industrial drive technology by acquiring Flender Holding GmbH, Germany.
- **SCA** received approval for acquiring Munksjo's tissue operations located in Sweden.
- **Stora Enso Timber** has acquired the remaining 34% shareholding in the Estonian Stora Enso Timber SA.
- **Stora Enso** acquires UPM's minority shareholding in Corenso United Oy, a world leader in specialised core and coreboard commerce and technology.



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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	658	610	650	Rising
BEKP (Europe)	m. ton	867	652	485	458	502	526	562	550	580	Rising
Newsprint	m. ton	670	565	585	465	503	546	605	580	580	Flat
Uncoated Freesheet	sh.ton	990	755	715	692	628	676	750	740	730	Rising
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	417	Flat
OSB	Msf	245	205	159	160	380	370	260	185	385	Flat
Canadian Dollar	US\$	0.73	0.67	0.65	0.64	0.72	0.77	0.80	0.73	0.82	Flat