



# Forest Industry News

## NEW PROJECTS ANNOUNCED

### Planning Phase

- **Weyerhaeuser** is planning to upgrade the woodyards at its Port Wentworth, GA., market pulp and kraft linerboard and at its Columbus, MS., market pulp and coated paper operation.
- **International Paper** is planning to upgrade the woodyard at its Bucksport, ME, pulp and coated groundwood mill.
- **UPM Rafsec**, a leading RFID tag manufacturer, is planning to build a new production facility in Fletcher, NC.
- **Kruger** has plans to install a new OSB production facility in northwest Ontario.
- **Ainsworth Lumber Co.** announced its intention to construct two OSB mills in Prince George and Quesnel, BC.
- **Ced-Or Corporation** is planning to start construction of an OSB mill at Bearn, in the Temiscamingue region, QC.
- **Oji Paper** revised its schedule for the Nantong project, China. Start-up of the 700,000 t/a pulp mill is expected in Q2 2008, and of the 400,000 t/a woodfree paper machine in late 2009.
- **Nine Dragon Paper Industries** is planning to install a 200,000 t/a fine paper machine at its mill in Dongguan city, Guangdong province, China.
- **Stora Enso** is attempting to finance the development of its timber plantations in China with a loan from IFC.
- **Stora Enso** announced the rebuild of its paper machine at the Suzhou mill, China, and increased capacity to 210,000 t/a.
- **Visy Paper, Australia**, is considering to double the pulp and linerboard capacity of its Tumut mill in New South Wales to produce approximately 500,000 t/a linerboard.
- **Metsa-Botnia, Finland**, is planning to construct a E55 million greenfield sawmill in Podporozhie, Russia.
- **Volga Pulp and Paper Mill** has set out a strategic development plan, under which it will invest approximately US\$58 million in modernizing the site in Balakhna, northern Russia.

### Implementation Phase

- **Bowater** received board approval for a US\$80 million project to convert 200,000 t/a newsprint production at its Calhoun, TN, to high brightness (80% plus) uncoated freesheet substitute.
- **Aracruz and Stora Enso** started production at their 900,000 t/a BEKP Veracel mill in Bahia state, east Brazil.
- **VCP, Brazil**, is carrying out a US\$91 million debottlenecking program at its Jacarei BEKP plant to increase production by 150,000 t/a to 1.1 million tonnes/year in 2007.
- **Metsa-Botnia Oy and Andritz Oy** have signed a letter of intent under which Andritz will supply the main process equipment for Botnia's pulp mill, currently being built in Uruguay.
- **HaiphongPaper, Vietnam**, started constructing a 32,000 t/a pulp mill in the northern province of Ha Giang.
- **UPM** started-up its new PM1 (450,000 t/a woodfree uncoated) at the Changshu mill, China.
- **APP China's subsidiary, Gold East Paper** is preparing to start-up a new fine paper machine (700,000 t/a) at its Dagang mill in Zhenjiang city, Jiangsu province, China.
- **Jiangxi Chenming Paper** has started production on a newsprint/LWC swing machine at its mill in Nanchang city, Jiangxi province, China.
- **UPM Nordland, Germany**, awarded a E60 million contract to Metso Paper for the rebuild of PM3.
- **Steinbeis Temming, Germany**, has started up a new 460 tonne/d deinking line to produce 230,000 t/a high quality coated web offset and high quality copy paper on its existing paper machines.
- **Holmen** has begun installing a new 300,000 t/a newsprint machine at its plant in Fuenlabrada, near Madrid, Spain.
- **Adolf Jass** has begun production on its 400,000 t/a testliner machine in Thuringa, Germany.



- *Sofidel* is constructing a 60,000 t/a tissue plant for US\$129 million in Arneburg, Saxony-Anhalt, Germany
- *Ilim Pulp Enterprise* will increase production capacity and pulp quality at the Ust-Ilimsk pulp mill, Irkutsk, Russia.

## MERGERS, ACQUISITIONS & PLANT CLOSURES

- *Rock-Tenn Company* reached an agreement to acquire the assets of Gulf States Paper Corporation's pulp, paper, and packaging business for US\$540 million.
- *Canfor Corporation* has entered into an agreement with Northwest Speciality Lumber to sell the Valemount sawmill and associated tenure for US\$ 3 million plus inventory.
- *Boise Cascade Company* delayed and lowered its planned IPO due to investor scepticism.
- *China Pulp and Paper* has purchased the equipment of the 350,000 t/a NBSK Skeena Cellulose mill and placed a bid on its property in Prince Rupert, B.C.
- *Arauco* must cut production at its Valdivia pulp mill by 20% to 440,000 t/y due to environmental concerns.
- *Brascan's Tricap Management Ltd.* currently controls 20.09% of issued and outstanding common shares of Western Forest Products.
- *International Paper* will indefinitely shut down an uncoated freesheet machine at its Bastrop, LA mill.
- *The Saskatchewan's government investment agency* has bought out the debt (C\$54 million) of the Millar Western Forest Products joint-venture market pulp mill in Meadow Lake.
- *Saputo* acquired an additional of 3.813 million shares in Tembec and now owns a total of 12.018 million shares or 14.04% stake in Tembec.
- *Tembec* announced the closure of the St. Raymond, QC mill producing 68,000 t/a hi-brite papers, as well as two sawmills in Québec and one in Ontario with a combined capacity of 120,000 mfbm/a pine and hardwood lumber.
- *NewPage Corporation* is the name of the former MeadWestvaco paper group, which was sold to Cerberus Capital.
- *Smurfit-Stone Container Corp.* has entered into a joint venture with Hang Yick Paper Products Company, China.
- *Carter Holt Harvey, New Zealand*, has received a number of conditional proposals in relation to the divestiture of the company's forestland.
- *AF Group, Sweden and AI Group, Brazil*, have agreed to develop a joint venture for their activities.
- *Kappa Packaging and Jefferson Smurfit Group* are in preliminary talks of a possible merger.
- *Matuissière & Forest's* board has approved plans to sell a 97.5% stake in the group to an undisclosed investor.
- *SCA* has completed its US\$28 million acquisition of Smurfit Munksjo's tissue mills from Jefferson Smurfit.
- *The Finnish Forest Industries Federation* announced on May 31 that the lockout will be extended until June 29, 2005.
- *Norske Skog* will shut down one of the newsprint machines at its Follum mill in eastern Norway.

## 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	625	Falling
BEKP (Europe)	m. ton	867	652	485	458	502	526	562	550	600	Flat
Newsprint	m. ton	670	565	585	465	503	546	605	580	605	Rising
Uncoated Freesheet	sh.ton	990	755	715	692	628	676	750	740	770	Flat
Light Weight Coated	sh.ton	1,226	1,065	1,017	867	829	859	1,000	1,020	1,000	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	385	Flat
OSB	Msf	245	205	159	160	380	370	315	185	320	Flat
Canadian Dollar	US\$	0.73	0.67	0.65	0.64	0.72	0.77	0.80	0.73	0.80	Flat