



Forest Industry News

NEW PROJECTS ANNOUNCED

Planning Phase

- **Bowater** is assessing the conversions of the 250,000 tpy PM 5 at Thunder Bay to ULWC and another machine at an undisclosed location to super hi-brite paper.
- **UPM** announced plans for a new 496,000 tpy PM at its Blandin mill, Grand Rapids, Minnesota.
- **Weyerhaeuser** to replace rebuild several mill boilers, including a recovery boiler at Grand Prairie. Throughout NA about 44% of the 251 recovery boilers are more than 35 years old.
- **Metsa Botnia, Finland and ENCE, Spain** both studying pulp projects in Uruguay.
- **International Paper** is investigating a 900,000 tpy market BEKP pulp mill or a 500,000 tpy UFS integrated mill at Tres Lagoas, **Brazil**. Proposed start-up of either plant is 2008.
- **Aracruz** is studying 5 potential sites for a proposed pulp mill with a capacity of around 1 million tpy. Construction would not begin before 2010.
- **Aracruz** is evaluating bottlenecks at Barra do Riacho. Capacity would be raised by 155,000 tpy by end of 2006 and at Guaiba by 30,000 tpy in 2005.
- **Bahia Sul** intends to build a new 950,000 tpy BEKP line due to start-up in 2007.
- **Ripasa** is increasing BEKP capacity at Limeira by 105,000 tpy in 2005.
- **Cenibra** will increase capacity by 260,000 tpy in 2007. A further 600,000 tpy expansion is currently being studied.
- **United Fiber Systems, Indonesia** is planning a new 600,000 tpy BHKP (acacia) mill in South Kalimantan.
- **Kiani Kertas (Kalimantan)** is under new management and output is expected to increase by 350,000 tpy over the next 2-3 years.
- In **Tasmania**, Gunns is studying a mill project with a capacity between 500,00 tpy and 1.3 million tpy.
- In **Western Australia**, the government is promoting a project for either a kraft or BCTMP mill.
- In **Victoria, Australia**, the Infrastructure Project Group (IPG) announced that they intend to start planning a 350,000 tpy CTMP pulp mill in Heywood, Australia.
- **RGM / April** are planning to build a 1 million tpy BHKP pulp line at the recently acquired Rizhao mill in Shandong.
- **Pulp United (Pty) Ltd. in South Africa** a joint venture between Södra Cell and NCT Forestry Co-operative, are planning a 300,000 tpy aspen BCTMP mill. Potential sites are Richards Bay or in the KwaZulu region. Two suppliers have already been short-listed.
- **Gulf Paper Industries** is considering a new 450 tpd linerboard machine at its Riyadh mill in Saudi Arabia.
- **International Paper** is studying to build a new 200,000 tpy aspen BCTMP line at its Svetogorsk plant in **Russia**.
- **Forscot, Scotland** is investigating an integrated forest industry project in Invergordon, Scotland.
- **The North South Market Development Steering Group** kicked off a feasibility study on a new paper mill in **Ireland** last month.

Implementation Phase

- **Veracel** start-up is scheduled for May 2005.
- **Arauco's (Chile) Itata's mill** currently under construction, is expected to start production end of 2006 / beginning 2007
- **Lwarcel** will start a new 80,000 tpy BEKP line in Lencóis Paulista in October 2005.
- **CMPC** will increase BEKP capacity at Santa Fe by 780,000 tpy starting in September/October 2006.
- **Riaupaper** Indonesia will start-up its new 350,000 tpy woodfree PM.
- **Rottneros** will start a new 100,000 tpy aspen CTMP line at Utansjo, Sweden, this April. The existing sulphite mill at this location will close.



January 2005

- **M-Real** is building a new 300,000 tpy BCTMP mill at Kaskinen to start-up late 2005.
- **Maragheh Paper Industries Company (MPIC)** has launched production on a 60,000 tpy second-hand paper machine. The company plans to commission its 50,000 tpy APMP line (Andritz) at the end of February 2005.

MERGER, ACQUISITION & PLANT CLOSURE

- **Abitibi Consolidated** announced the permanently shut down of newsprint mills in Sheldon, Texas, and Port Alfred, QC.
- **MeadWestvaco** announced the sale of its paper business and associated timberlands to Cerberus Capital for \$2.3 billion including five paper mills and 900,000 acres of timberland.
- **Domtar & Tembec** announced the permanent closure of its Kirkland Lake, Opasatika and Chapleau sawmills in Ontario for early March 2005. Tembec will invest \$10 million to build a new finger jointed lumber plant at Kirkland Lake.
- **Lee & Man Paper** the second largest containerboard producer in China, will purchase the US Samoa 210,000 tpy market pulp mill from Stockton Pacific Enterprises for less than \$10 million.
- **Caraustar Industries** permanently closed its No. 2 coated recycled 80,000 tpy PM in Rittman, Ohio.
- **Spanish** uncoated woodfree paper manufacturers, **Papelera Tolosana** and **Papelera del Leizaràn**, are evaluating a potential merger.
- The **Swedish** venture capital firm, **EQT**, has agreed to buy the **Munksjö** pulp and speciality paper business from Jefferson Smurfit for EUR 450 million. EU approval is expected by end of February 2005.
- **Klippan** is looking to acquire **International Paper's** fine paper plant in Maresquel, Northern France including a 15,000 tpy laser paper machine (PM 1) and a 90,000 tpy uncoated woodfree Machine (PM 3).

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	617	640	610	625	Flat
BEKP (Europe)	m. ton	867	652	485	458	502	526	599	550	550	Flat
Newsprint	sh.ton	670	565	585	465	503	547	605	580	580	Flat
Uncoated Freesheet	sh.ton	990	755	715	692	628	676	750	740	740	Falling
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	468	500	420	500	Flat
Lumber #2&Btr.	Mbf	250	295	286	270	278	394	320	300	372	Rising
OSB	Msf	245	205	159	160	380	369	240	185	303	Falling
Canadian Dollar	US\$	0.73	0.67	0.65	0.64	0.72	0.77	0.79	0.73	0.81	Falling