



on global standardization, and the board will pay close attention to these efforts."

Muscling up

Norske Skog already took some "big and difficult" decisions during 2005 on restructuring, especially for its Norwegian business. But now, Grøholt warned, the company must undertake major restructuring in its worldwide business to meet global trends over the next five, 10 and 15 years.

"If we are to maintain our position as a world leader in the paper industry, we have to earn money," he emphasized. "We must have the financial muscle to implement the necessary restructuring, and we must give our owners an acceptable yield. This is the big job facing us."

He pointed to the closure of the Norske Skog Union mill in Norway, the sale of the shareholding in Canada's Catalyst Paper, and the disposal of Nordic Paper and Forestia as elements in the company's restructuring efforts.

The biggest event in global terms for the company last year was acquiring the remaining 50% of control of PanAsia Paper from Abitibi-Consolidated. This move was seen as being wholly in line with Norske Skog's strategy of expanding its presence in regions that offer the best prospects for publication paper.

Energy worries

Another big area of concern for the board is rising energy costs. In 2005, the group paid around \$77 million more. "This trend seems set to continue," Grøholt noted. "Securing sufficient energy supplies at competitive prices presents us with a big challenge."

"At the same time, politicians in both Norway and other countries should be concerned that the gap between supply and demand for energy is steadily widening. Politicians are good at calling for industry to show social responsibility. They should be equally concerned about the responsibility of government to the business community and jobs."

Grøholt also highlighted the company's health and safety performance, which he said ranks among the best in the world. Sickness absence in 2005 was 2.7%, while lost-time injury frequency per million working hours came to 1.3. Despite the tough times the company is going through, he said it was "reassuring to experience the commitment and loyalty" of the workforce.

One measure of loyalty concerns the promotion of group CFO **Christian Rynning-Tønnesen** to be President and CEO... just a few months after he announced he was leaving to run a major Norwegian energy provider. He was persuaded to think again when **Jan Oksum** was stepped down from the top job in March. A newcomer to the group, **Andreas Enger**, is the new CFO. — www.norskeskog.com

Westerlund Distribution continues rapid growth

Westerlund Group reports that 2005 was the best year ever for its logistics services arm, Westerlund Distribution. Business volume increased by almost 20%, and continued growth is expected this year.

IFPTA member **Ken Joris**, the subsidiary's General

Manager, said, "There was a substantial upturn in all activities (customs services, forwarding, handling, ships agency and cargo agency), and the biggest increase was in transport." Westerlund arranged close to 14,000 transports of paper products. Groupage, which accounted for around 5% of shipments in 2005, is expected to reach almost 10% this year.

Westerlund Distribution works for a broad range of some 60 companies in the forest products sector, including most of the world's top ten paper producers. Main products include palletized copy paper, printing and publishing papers, kraft-liner and other packaging papers, and fluff pulp in reels. Panel products such as plywood and OSB are distributed, too, along with sawn timber. Aluminum ingots, granite, tires and citrus concentrate complete the company's service range. Email: kjoris@westerlundgroup.com

Walki Wisa opens converting plant in China

Walki Wisa, a member of the UPM-Kymmene group, has opened a new converting plant in China at Changshu, near the parent company's printing paper mill.

The investment establishes Walki Wisa as one of the biggest producers of industrial wrappers for the paper industry in China.

The new plant, logistically well located by the Yangtze River, about 100 km from Shanghai, will serve the fast growing paper industry in China and the Asia-Pacific region. The plant took less than one year to build.

Walki Wisa (www.walkiwisa.upm-kymmene.com), with 1000 employees, is one of the world's biggest manufacturers of barrier-coated and laminated industrial wrapping materials. It operates other production plants in Finland, Germany, the UK and Sweden.

China set to suck in 1m ton more recovered paper

China's consumption of recovered paper could jump from an estimated 30.9 million ton this year to 33.6 million ton next year. This is the view of **Peter Wang**, CEO of America Chung Nam, Inc., the California-based company that is principal shareholder in Nine Dragons Paper, China's biggest producer of packaging grades. Chung Nam is also the producer's main supplier of secondary fiber.

Wang was a guest speaker at the Paper Division meeting, held during the **BIR** (Bureau of International Recycling) spring convention in Beijing.

He told the meeting that satisfying demand requires his company to be a consistent buyer in the market. He foresees domestic collection in China advancing from 13 million ton this year to 14.2 million ton next year, with imports surging from 17.9 million ton to 19.4 million ton. America Chung Nam is the world's biggest single exporter of recovered paper to China, and it is generally thought to be USA's biggest shipper of containers.

USA market share

Ranjit Baxi, BIR Paper Division Vice-President the head



of London-based J&H Sales International, summarized the situation of China's recovered paper imports. Last year saw a huge leap to 17 million ton from 12.3 million ton in 2004. These imports help supply a paper and board industry that produces around 50 million metric ton/year.

He reported that the USA share of Chinese recovered paper imports fell from 51% to 44% in 2005, despite an increase in volumes from 6.23 million ton to 7.47 million ton. However, the American share rose to 48% in the first-quarter of this year.

Europe last year claimed a 27% share of the Chinese import market, boosting shipments to 4.57 million ton. The previous year, 2.66 million ton accounted for 22% of the same market. Shipments from elsewhere in Asia – notably Japan and Hong Kong – maintained their 23% share of the market in 2005.

Recovered paper volumes far outstrip China's other imports of secondary raw materials, accounting for some 43% of the total.

Recently, there has been a marked shift in the types of recovered paper that China requires. Ranjit Baxi said that newspapers made up 59% of total recovered fiber imports in 2000, but this had slipped to 29% last year. In contrast, the share of corrugated board rose from 31% to 52%.

He added that the present rising trend in shipping rates should reverse as more shipping capacity was introduced: almost 17% more this year, 14.5% next year, and a further 13% in 2008.

David Symmers, of the Independent Waste Paper Processors Association, underlined the UK's status as the leading European exporter of recovered paper to China, with around 1.5 million metric ton shipped in 2005 alone.

UK exports to all countries "may well exceed" domestic consumption of recovered paper in the current year, he added.

Big expansion plans

Two other guest speakers also highlighted the rapid and on-going development of China's paper and board industry.

Zhang Cheng Fei, Executive Director and Principal Deputy CEO of Nine Dragons Paper, confirmed the company's plans to increase its current capacity of 3.3 million ton/year to 5.3 million ton as early as next year.

Nine Dragons, which was fully owned by America Chung Nam, staged a successful IPO earlier this year with its stock currently listed in Hong Kong.

Bold expansion plans were also revealed by **Billy Leung**, Managing Director of the Hong Kong-based Fook Woo Group. His company, which collects and processes more than 290,000 ton of recyclable materials every year, was aiming to improve product quality and efficiency through automation, delegates learned.

Restructuring setbacks

Other market reports delivered to the BIR Paper Division meeting emphasized the impact of restructuring within the European paper and board industry.

Divisional President **Dominique Maguin**, of Soulier, based in France, pointed to the closure of four Smurfit mills in his home country. Hubert Neuhaus, of BVSE, Germany, said the merger of Kappa and Smurfit would mean domestic

capacity losses. **Merja Helander**, of Paperinkerays, Finland, noted that UPM-Kymmene was planning to cut 680,000 ton/year of coated paper production in Finland; while Stora Enso, M-Real and Myllykoski were also engaged in restructuring programs.

Spat with CEPI

In his submission to the convention, **Maarten Kleiweg de Zwaan**, President of the European Recovered Paper Association (ERPA), explained that CEPI (Confederation of European Paper Industries) had decided to publish the *Guidelines on Responsible Sourcing* without ERPA's agreement.

The ERPA President said that it had not been possible to find a common position on fundamental issues relating to food safety. He added that his organization felt strongly that recovered paper and board from households, if intended for use as grades that come into contact with foodstuffs, must be sorted before being forwarded to a mill.

• **BIR** (www.bir.org), based in Brussels, is the international trade association of the recycling industries. More than 55 countries are represented through national trade associations as well as individual recycling companies.

New website for industry

RISI, the information provider for the forest products industry, has launched a redesigned website – www.risiinfo.com – after changing its name from Paperloop (*IFPTA Journal*, No 1 2006).

The site integrates content previously located on several sites operated by the group: paperloop.com, resourceinfo.com, woodandtimbernews.com, and crows.com

Subscribers now can access industry information in highly customized format that focuses exclusively on the grades, regions or news topics they need.

Brazilians call in Andritz to boost pulp output

Andritz, the Austrian technology group, has won an order worth around \$80 million to increase the capacity of Aracruz Celulose's fiberline C from 700,000 ton/year to 950,000 ton.

The capacity of the fiberline, which was delivered by Andritz in 2002, has already been increased to substantially above its original design level. The order, part of the Aracruz expansion project 2330, is concerned mainly with washing, screening and bleaching equipment.

In addition, Andritz will deliver a new chipping line, and a new bleaching stage that significantly reduces chemicals consumption.

Also in Brazil, Andritz has signed a letter of agreement to supply a 140,000 ton/year CTMP (chemi-thermo mechanical pulping) plant to the São Paulo-based Klabin group for a new board production line at the Monte Alegre mill, in the southern state of Paraná. The value of the contract is around \$64 million.

The plant, scheduled to start producing pulp for mostly liquid packaging board (LPB) in September 2007, will be one of the first of its type to use eucalyptus as raw material. – www.andritz.com