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# TWM

TISSUE WORLD MAGAZINE

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Cascades Tissue president and CEO  
Suzanne Blanchet to step down, p.15

# TWM

## TISSUE WORLD MAGAZINE

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# The sweet smell of success for tissue in Russia

It was the glaringly obvious thing for us to do to follow our inaugural TW Istanbul conference with a country report on Russia.

The two countries have strong geo-commercial links and are posting enviously healthy tissue growth figures – 11% in Turkey, anything up to 21% in Russia, which is the figure for luxury tissue products.

Russian consumers have a particular fondness for perfumed products. There is no reason why that fact seems slightly at odds with my admittedly narrow experience of the country, but it does.

It reminds me of that other BRIC nation Brazil, where perfume is nothing short of an obsession, and that other word which links all three of these countries: potential. Russia has five times the growth potential of European average consumption levels, and all the indicators are favourable.

Notwithstanding the current stresses in global and regional economies - the checks and balances of which were so clearly laid out for us in Istanbul by Oxford University's Andrea Boltho – Russians have more disposable roubles in their pockets.

There are a few big boulders on the growth path. The Ukraine crisis is putting further pressure on an economy that has already stalled over the past few years – in 2013 its economic growth was 1.3% compared with 8.5% in 2007. It has the greatest socioeconomic disparities in Eastern Europe and consumption per capita is underdeveloped.

Its tissue market is nowhere near mature. Russia represents just 13% of Eastern European production and ranks just 18th, which is low compared to other countries with similar resources and populations. Its T&T mills are geographically located in the western part of the country with only one mill each in the central and eastern regions.

But the crux of Russia's potential is that, even while its economy has been stagnating, its tissue industry and consumer base have been experiencing a series of new and crucial trends. Following years of the Soviet Union when tissue was scarcely available, more and more Russians are experiencing a significant shift from poverty to average

income, and it's predicted that this trend will remain the same in the next five years to form a strong middle class.

Historically, tissue quality has been low but these changing trends have resulted in a desire for luxury products such as tissue and towel. Coloured and scented toilet paper is also popular.

Advantageous energy and pulp costs mean its cost position is very strong. Russia is also the most populous country in Eastern Europe at 142m+, and its sheer size - 9,000 km from west to east that include 11 different time zones - means it offers the biggest potential in Eastern Europe.

## Tissue World Istanbul 2014

At first glance, Tissue World Istanbul was a success because of the 306 tissue professionals who attended from key tissue areas including Turkey, Western and Eastern Europe, Russia, the CIS, the Middle East, Central Asia and Africa.

But it was also a success in the sense that once underway it felt like a natural fit into TW's growing portfolio of global conferences.

In the last eight years tissue capacity in Turkey has more than doubled and the country is now the sixth largest towel and tissue producer in the European region.

In this issue we summaries some of the key reasons why that growth will continue.



Helen Morris

Editor,  
Tissue World magazine

## EDITORIAL HEADQUARTERS

### UBM Media (Singapore) Pte Ltd

6 Shenton Way #15-08, OUE Downtown 2, Singapore 068809  
Tel: +65 6592 0888 • Fax: +65 6438 6090

#### PUBLISHER

Ivan Ferrari  
ivan.ferrari@ubm.com

#### EDITOR

Helen Morris  
helen.morris@ubm.com

#### ASSISTANT MARKETING MANAGER

Gautam Jatwani  
gautam.jatwani@ubm.com

#### MANAGING DIRECTOR

Paul Wan  
paulwan@ubm.com

#### SENIOR VICE PRESIDENT

Chris Eve  
christopher.eve@ubm.com

#### PRESIDENT/CEO

Jimé Essink  
jime.essink@ubm.com

## ADVERTISING ENQUIRIES

### Americas and Europe

Paolo Rampetta  
Tel/Fax: +32 2 646 1606  
Skype: paolo.rampetta  
Mobile: +32 497 050 755  
Email: paolo.rampetta@skynet.be

### Asia-Pacific Sales

Ivan Ferrari  
Tel: +65 6592 0888 Ext. 886  
Fax: +65 6438 6090  
Email: ivan.ferrari@ubm.com

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Please send address corrections to **UBM Media (Singapore) Pte Ltd**

6 Shenton Way #15-08, OUE Downtown 2, Singapore 068809  
Email: info@tissueworld.com

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# Social media - a powerful tool for all sectors of the tissue industry

**T**o tweet or not to tweet – that's the question every company has to address at some point. Although many business leaders are reluctant to establish a presence on social media, the fact of the matter is that that's where all of your customers are. So as Ashleigh Soppet, social media executive at digital content marketing agency Headstream explains, those SMEs and larger manufacturing groups that aren't already on social media need to get there – fast.

"Statistics from Social Media London show that one quarter of all internet users visit video platform YouTube every day, ranking it as the third most visited website in the world," says Soppet. "Search media giant Facebook claimed second place, both losing out to search engine Google. With two of the most visited websites in the world being social media platforms and the other being the place for customers to find your social channels, it's time for all businesses – regardless of size – to get relevant."

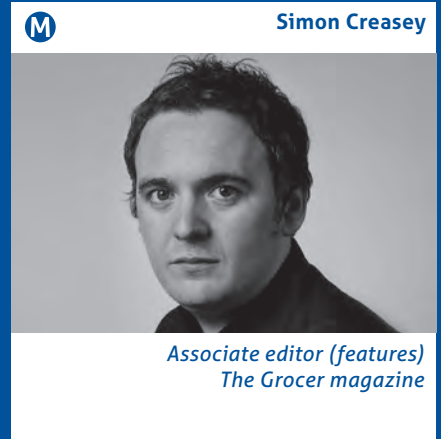
But how do you go about 'getting relevant'? How do you choose what channel to forge a presence on, how should you manage your social media channels when they're up and running and are there any potential pitfalls that you need to be aware of?

The first thing you need to consider when you've taken the decision to establish a social media presence is how you're going to use it. The beauty of the medium is that it can be used as a marketing, public relations and a customer service tool, and in the main you can enjoy all of these benefits for free, says Anna Lundberg, digital marketing consultant and coach at Crocus Communications.

"It [social media] gives you a direct channel through which you can talk to your customers and even more importantly listen to them and understand what they care about."

It's a view shared by Rebecca Appleton, managing director at digital marketing specialists Dakota Digital. "It's a fantastic medium for customer service as it allows for an instant response in a more informal setting," she explains. "Sites like Twitter and Facebook can really showcase your brand's commitment to customer service, with other users able to actually see how promptly you responded, how helpful and knowledgeable you were and what the client experience is like. It's also great for creating brand advocates – the nearest thing you can get to word-of-mouth online."

But it's not just a useful tool for B2C, adds Lundberg. "A strong social presence can also be effective for B2B



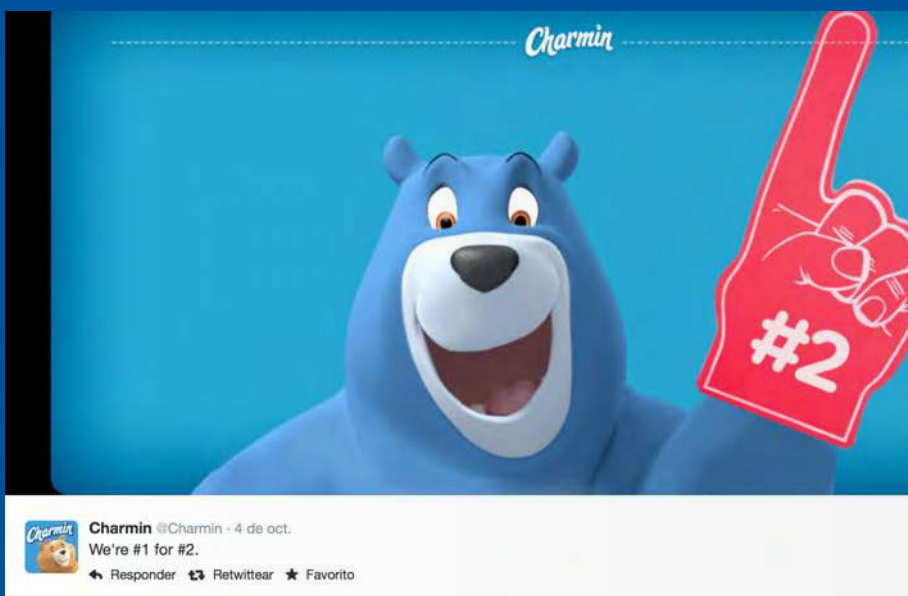
marketing in gaining your business exposure and increasing traffic to your website, as well as for reputation management."

The benefits of building a social media presence are clearly manifold, but how do you go about choosing what channels to build a presence on? It's not as straight forward a decision as it might at first appear – as a spokesperson for Kleenex explains: "Different channels have very different purposes so ultimately it depends on who you want to reach and how. Before making the decision on whether to plunge into Facebook, Tumblr or Vine, you need to have a view of what you're intending to achieve and who you're looking to reach."

Headstream's Soppet also cautions against companies spreading themselves too thinly. "You should aim to have an active presence on a couple of platforms so that you can do it well, as opposed to having a presence across all platforms, but be unable to seed different content to them all."

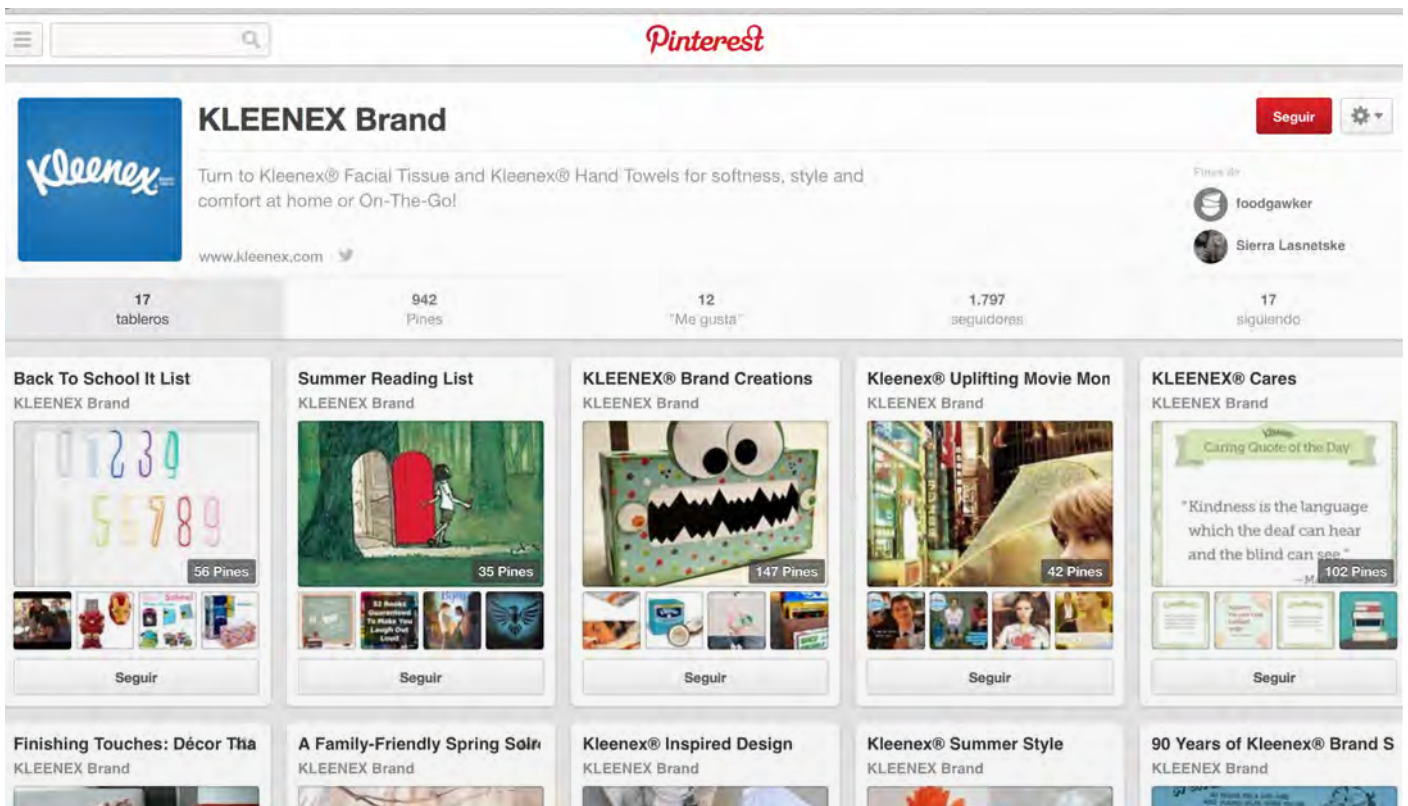
Each social media channel offers different benefits and potentially different consumer demographics, adds Soppet. She cites the example of Facebook, which has seen three million teenagers deserting the platform over the last three years, but these users have been replaced by a significant number of people aged 55 and over.

"In fact, Britons visit the site 24m times a day, so for a business marketing a product like tissues, which does not



A captivating image posted on Charmin's Twitter page.





A rich Pinterest page for the Kleenex brand

have a specific target audience as it is needed by everyone, Facebook is a great place to start," says Soppet. Twitter is commonly used as the platform of choice for businesses offering customer service and support as it allows for easy two-way communication in real-time, but as consumers expect an answer around the clock she advises Twitter users state on the page if the account isn't managed 24/7, otherwise this could antagonise consumers who are looking for an immediate response to a query. Then there are the visual platforms. "Instagram and social scrapbooking platform Pinterest are great for inspiring potential and existing customers, particularly the female demographic," explains Soppet. "Video platform YouTube is a good place to house television adverts and other video campaigns. And then you have platforms like Vine, Snapchat and WhatsApp, which are gaining in popularity with progressive brands that are experimenting with content placement, particularly those wishing to attract a younger audience, but this is more ideal for bigger brands as opposed to SMEs." Whichever channel, or channels, you ultimately opt for, it's vitally important that you create a strategy

to manage these platforms, according to Peter Qvillberg, SCA's online communications manager. "A social media strategy is very good, especially before you decide to form a presence in social media. Then the strategy can help you choose the right platform to support your goal. The strategy should contain the business directives and how to manage the presence, and the business objectives should be given very clear KPIs – if the goal with a Facebook page is to increase sales

you need a KPI that measures how many leads or sales you get from that Facebook page." This understanding of what you're trying to achieve through the use of social media channels is vitally important, according to Lundberg. "Do you want to raise awareness of a new product? Do you want to shift the perception of your brand? And who are you trying to target? What kind of questions do they want answered? Social media success sits

Another Twitter post for Bounty





By The Grocer's Associate editor (features) **Simon Creasey**

at the sweet spot between what you as a brand want to communicate and what content your audience wants to engage with. Once you have identified your objectives, your target audience and the content you want to focus on, you can get into the details of creating specific posts."

She suggests implementing a monthly editorial calendar where you plan posts ahead of time on different channels, but you will also need to be reactive just in case something unexpected happens that you need to address. This ties into one of the commonest errors made by companies, which is failing to keep their engagement going after an initial flurry of posts or tweets.

"You can't just launch and leave," says Lundberg. "A channel that is obviously poorly maintained and out-of-date can do more damage to your brand than to help it. Online marketing and social media especially is 'always on' 365 days of the year."

Another common pitfall many brands fall foul of is setting up too many social media profiles just to be on

the hottest property or site at the moment, says Dakota's Appleton. "Rushing in can mean you don't know enough about the platform to really get the most from it, or, take on too much and fail to update often enough or reply quickly enough."

A further often seen mistake is to treat social media profiles as just another sales medium, cautions Appleton. "One of the worst things you can do is push sales messages via social media constantly. Consumers use social media to communicate, inform and entertain. If you have nothing to contribute other than sales messages, it probably isn't the right space for your company."

By establishing a presence on a transparent platform like social media you also run the risk of opening yourself up to greater levels of scrutiny and criticism, with consumers able to communicate with you directly and to other social media users who can see this interaction taking place live online.

"Social media is an open platform," says the Kleenex spokesperson. "You

can't control what people will say so as a brand you have to be prepared and make sure you have a communications plan in place."

But even if people are saying negative things about your brand on social media there are ways that you can turn this negativity to your favour, says Qvillberg. "If you are able to manage that [interaction] in a good way you can restore faith in the company and many times the unhappy customer can become a very satisfied customer in the end," he explains.

And therein lies the power of social media. Normally it would cost you thousands of pounds in TV advertising, marketing materials or PR to generate this degree of brand loyalty and goodwill, but on social media you can essentially achieve this for free. So what are you waiting for – get tweeting!

*The Grocer is the UK's only paid-for online service and weekly magazine covering the whole FMCG sector.*

The Plenty brand's Twitter page

Buscar en Twitter ¿Tienes cuenta? Iniciar sesión

**plenty**

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Autumn generally means muddy floors. Check out this #toptip to keep your floors gleaming bit.ly/1nYJiQ #Genius

YouTube



## Tissue brands doing social well

**Headstream's social media executive Ashleigh Soppet assesses the performance of different tissue brands that are active on social media.**

### Andrex

"The toilet tissue brand ranked number 83 in Headstream's Social Brands 100 – The Youth Ranking 2014. This report is based on brands that are popular with the youth market – ages 18-24 – and the engagement levels their branded content invites across their social channels.

Andrex has a Facebook and YouTube presence and one reason for the brand's success – particularly amongst 18-24-year-olds – can largely be attributed to the adorableness of the Andrex puppy.

The result of this consistent and strong branding means that in Andrex's social media marketing it

now doesn't need to have a product or logo in every shot as the puppy is synonymous with the brand. This leads to a more engaging and less intrusive advertising."

### Bounty

"Bounty is a good example of a kitchen towel brand utilising Twitter to reach its customers. The brand recently partnered up with the Cincinnati Reds baseball team in America for its latest #RedsFoodPromo campaign, which aims to celebrate rather than fear the mess that can be created by snacks sold at ballparks – as long as you have Bounty nearby of course."

### Charmin

"The brand has found a gap in the market and is renowned for posting witty and humorous content across its social channels.

By thinking outside the box in regards to its content creation, Charmin continually comes up with new ways to engage with its community around the topic of toilet paper. Examples of content include the catchy hashtag #tweetfromtheseat and Vine

videos where the cameraman takes 'bathroom selfies' with unsuspecting strangers whilst they leave a toilet cubicle."

### Kleenex

"Facial tissue brand Kleenex also has a great brand presence across social media platforms. Going further than placing content on Facebook and Twitter, Kleenex has an active presence across visual scrapbooking platform Pinterest too.

Part of the brand's success is down to really understanding the demographic of their customer and varying their content outside of the product to suit their customer's interests. Branded boards include a back to school list, summer reader list and allergy season."

### Plenty

"Kitchen towel Plenty and Juan Sheet have hosted a range of helpful videos in the 'genius tips' campaign. Alongside Juan stars his 'nonna' and together they both share a huge assortment of helpful cleaning tips with their community via YouTube."

618,451 Andrex followers on Facebook

facebook

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**Andrex**  
29 de septiembre

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- 2001
- 1998
- 1992
- 1986
- 1984
- 1981
- Nacimiento



# TISSUEWORLD

The launch edition of Tissue World Istanbul expansion into one of the world's great regions

The two-day event attracted 306 key tissue professionals from across Turkey, Western and Eastern Europe, Russia, the CIS, the Middle East, Central Asia and Africa.

Delegates, speakers, exhibiting sponsor staff, VIPs and media personnel attended the latest edition to the expanding Tissue World portfolio between 25-26 September at the WOW Convention Center in Istanbul.



# LD ISTANBUL

## has set the standard for the tissue industry's regions for potential development

### Tissue World Istanbul 2014 attracts 306 key tissue professionals to inaugural event

**T**he outstanding success of Tissue World Istanbul could not have had a more impressive ambassador for the nation's burgeoning industry than Erdal Sükan, the president of the Turkish Pulp and Paper Industry Foundation, to cut the metaphorical tape to get the conference underway.

Some 306 key tissue professionals attended the two-day event, including 175 participants from Turkey, 16 from Germany, 28 from Italy, 11 from the United Kingdom, 13 from the USA and eight from the United Arab Emirates.

The event also featured 15 exhibiting sponsors and social functions.

Sükan highlighted the growing demand for tissue products in Turkey, which has reached 600,000 tonnes with a yearly average growth of 11% in the last five years. With a population of 77 million, Turkey's per capita consumption is still in the five kg level and Sükan emphasised the market would offer an attractive investment opportunity if it reaches an average consumption of 15kg. He added the Turkish tissue industry offers significant opportunities for both national and international manufacturers. Additional conference topics looked at the outlook for the tissue sector in Turkey, Russia, the CIS, the Middle East and Africa, and how best the industry should leverage their dynamics. Tissue consumer and distribution trends as well as the latest technical developments were also discussed.

#### Talks included

After the dreams and catastrophes are over: Turkey and its neighbourhood in the next decade by Professor Soli Özel, Kadir Has University;

Economic recovery in the US and Europe: risks and uncertainties in the Middle East and Russia by Andrea Boltho, emeritus fellow, Magdalen College, University of Oxford;

Outlook for the tissue business in the near and Middle East region by Esko Uutela, principal, tissue, RISI;

Case study: multiply toilet tissue products: launch, production technology and consumer insight by Fatoş Başbuğ, tissue category R&D manager, Hayat Kimya;

"Easy to build, hard to keep running! The problem of HR in the tissue business in the MENA region" by Orhan Ögücü, chairman, Lila Kağıt.

Clockwise from top left: Erdal Sükan, Andrea Boltho, Erkan Tirnavali, Waheed AL-Qannas, Orhan Ögücü, Didem Korkut



In the past eight years, tissue capacity in Turkey has more than doubled and the country is now the sixth largest towel and tissue producer in the European region.

Its strong market position is a result of a sustained period of growth beginning back in 2005.

As a country, Turkey is already ranked 17th in the world and by 2020 it will have emerged as one of the top 10 economies in the world.

Not only is the country economically viable but it is a strategically crucial one, enjoying one of the strongest geo-locations in Eurasia.

***Tissue World Istanbul 2016 will feature a trade show and conference and will take place from 27 – 29 September 2016 at the Istanbul Congress Center (ICC).***





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# We're kicking off in São Paulo!

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## Here's what the industry has to say about the event:

“ We have noticed an increase of interest from South America for our tissue converting machines, and what better way to meet our present and future clients than at Tissue World exhibition in Sao Paulo, Brazil. ”

Aleksandar Tomovic  
Sales Director (Americas), 9. Septembar

“ We consider Latin America a fairly dynamic market with good growth trends and potential. Seeing that Brazil is a leader in the Latin American region, with a large population and good economic growth, we see it as very logical to be part of the trade shows catering to our industry in Brazil. ”

Jerry Kasper, Sales and Marketing Director, Bretting

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The long and winding road to Middle East stability: what part can Turkey play?

## **Professor Soli Özel, Kadir Has University, Turkey** **After the dreams and catastrophes are over:** **Turkey and its neighbourhood in the next decade**

An outline of the general political and strategic developments of the regions that surround Turkey as well as how the country's own ambitions have been thwarted by miscalculations, surprises, foul play and shifting sands.

The opportunities for Turkey in the next decade were also discussed, concentrating on energy and its economic vitality, and the way the economy can prove to be an integrating factor in the regions that sooner or later will stop their wars and start rebuilding.

It highlighted:

- Liberalised and more assertively nationalistic politics in Arab countries, coupled with greater self-reliance and autonomy in their management of regional affairs;
- A major reduction in the ability of outsiders — notably, the United States — to shape trends and events in West Asia and North Africa;
- The further isolation of Israel;
- The revival of Cairo, Baghdad, and Damascus as leading actors in the affairs of the Arab East—rejoining Riyadh in that role;
- A concomitant setback for recent Iranian gains in prestige and influence in a revived Arab world;
- Opportunities for Turkey to strengthen its newly prominent regional leadership;
- Accelerated development of Arab ties to East and South Asia (and possibly to Russia) to offset and balance past dependence on the United States, Britain, and France;
- The displacement of the jihadi threat to Arab societies as milder forms of Islamism assume a larger role in governance;
- Russia and the end of acquiescence to the West
- The annexation of Crimea, continuing trouble in Ukraine
- Turkey's delicate balance with Russia
- Great economic partner, source of 2 million tourists, flow of money
- Turkey's rising strategic value, stock market windfall

### **The changing composition of Turkish trade**

- MENA in Turkish exports: 13% in 2000, 34% in 2012, down to 30% in 2013
- The dream of an economically integrated region
- Iraq as the second largest export market
- 80% of goods sold in KRG are Turkish; 55% of registered foreign companies are Turkish; pipelines - gas and oil

## **Andrea Boltho, emeritus fellow, Magdalen College, University of Oxford, UK**

### **Economic recovery in the US and Europe: risks and uncertainties in the Middle East and Russia**

The US economic recovery is strengthening; Europe's economy is still very fragile, with deficits, debts and deflation threatening most countries in the Eurozone.

The outlook for Russia and the Middle East, modest at best even before recent events, has now been further clouded by mounting geo-political risks.

The US and Europe: There is light at the end of the tunnel. A recovery is in sight. However, the recovery is losing steam ... at least in Europe

Four clouds on the horizon:

The Russian-Ukrainian crisis

The likely rise in US interest rates

The risk of deflation

The burden of private and public debt

### **Why deflation is very dangerous:**

- i) Purchases are postponed in expectation of lower prices
- ii) Since nominal interest rates can hardly fall below zero, real interest rates will not only be positive, but could reach high levels
- iii) The real burden of debt increases (as revenues/incomes decline but debt repayments are fixed) leading to defaults and bankruptcies

The United States; back to steady growth

The Eurozone; struggling to avoid stagnation

Russia; a similar conclusion, even if the problems are different

Turkey; going through a difficult patch, but the potential for future rapid growth is still there

## **Esko Uutela, principal – tissue, RISI, Germany** **Outlook for the tissue business in the near and Middle East region**

Tissue consumption has grown strongly in the Middle East region and previous long-term (20 years) development shows an average growth rate of 9-10% per year, with only some slowdown in the most recent years.

Turkey is the largest market and it has developed as a major global tissue exporter while the domestic market, albeit grown, cannot absorb all the expansions.

Companies also prefer to get export revenues to be able to finance their foreign currency investments.

Iran seems to be in the take-off phase and has recorded very high growth with increased domestic supply. Political turmoil in a few countries, particularly Syria, but also still partly in Iraq, shadows tissue businesses in these countries. The region has a lot of new investments in the pipeline, and some more are on the drawing board.

The competitive situation is tight and based on the current supply-demand outlook, no relief in the situation can be expected the next three to four years.

### **Tissue consumption in the MENA region by main country, 2013:**

Turkey - 26.4%, S. Arabia - 13.9%, Iran - 10.2%, Israel - 9%, Egypt - 7.7%, UAE - 5.3%, Lebanon - 3.5%, Morocco - 3.3%, Iraq - 2.9%, Kuwait - 2.6%, Syria - 2.6%, Algeria - 2%, Jordan - 2%, all others - 8.5%

Total consumption: 1.36 million tonnes

Recent tissue market growth in the MENA region: political turbulences have taken their toll in the regional tissue market expansion

Average growth 8.9% per annum

Between 2006 - 2009 there was a strong expansion phase

2010 - 2013: crises brake growth

### **Volume Growth of Tissue Consumption in the MENA Region by Main Country, 2003-2013**

Turkey's tissue consumption volume growth has been the largest by volume in the past 10 years:

Turkey - 240,000tpy

Iran - 100,000tpy

Saudi Arabia - 100,000tpy

Egypt - 60,000tpy

Israel - 40,000tpy

## **Tissue market expansion and tissue consumption in the MENA region will continue and regional consumption will almost double in the next 10 years**

Iraq, Iran and Turkey are expected to have the highest relative growth rates, provided political turmoil will not sharpen. Average regional growth - 6.9% per annum

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### **Expected volume growth of tissue consumption 2013-2023**

Volume growth dominated by Turkey (38% of regional growth at nearly 400 thousand tonnes)

Tissue business in Iran is in a strong take-off phase (160 thousand tonnes)

Total expected regional growth 1.25 million tonnes

### **Capacity Shares of the Main Suppliers in the MENA Region, 2014 (September)**

Relatively fragmented industry: top 10 players account for 57% of capacity

Hayat Kimya - 11%; Nuqul - 8%; Lila Kagit - 7%; Saudi Paper - 7%; K-C - 5%; Ipek Kagit - 5%; Indevco - 4%; AK Uretim Pazarlama - 4%; ADNPM - 3%; Oriental - 3%; All others - 43%

Total capacity - 1.9m tonnes

## **Conclusions:**

- The MENA region has been a major growth base for the global tissue industry expansion in recent years but political turmoil has cut the growth in certain countries in the past few years.
- Strong demand growth can be expected to continue despite the threat of serious conflicts and civil war situation in Syria/Iraq and continuing sanctions against Iran. New regime in Egypt has ordered heavy energy price increases and new financial regulations. No good news for tissue companies operating there and the export market.
- A new investment peak is coming in 2015-2016 and there are limited possibilities to avoid regional overcapacity, project delays could help only marginally. Exports to other regions have limited chances to grow sufficiently to relieve the situation because of the existing tight international competition by Asian suppliers.
- The long-term outlook for the region is good as there is still a lot of growth potential, but the current outlook is less encouraging for new investments.

## **Max Blatt, director, Pöyry Management Consulting, Sweden**

### **Big improvements without big spending**

"Many tissue companies are disappointed with high energy (and also water) consumption rates of their machinery. Our findings show that while machine suppliers indicate the energy efficiency rates of their equipment, it's not always common for operators to achieve them. The priority for most companies is to spend money on additional capital.

However, the faster and more effective path to improvement can be achieved through addressing controllable gaps in operating effectiveness - which if closed, represent substantial financial improvements.

Energy is just one of the areas where Pöyry's targets to improve the performance and results of tissue operations. Opportunities can also exist within productivity, yield, quality, material costs, logistics, cost controls or distribution.

"These opportunities can be captured and performance improvement realised through improvements in operations management. The higher performers achieve better profitability and Pöyry has deep experience in improving operations management across North America, Europe and also in the MENA area."

## **Fatoş Başbuğ, tissue category R&D manager, Hayat Kimya, Turkey**

### **Case study: multiply toilet tissue products: launch, production technology and consumer insight**

"Toilet tissue paper products require a balance of several effects including strength, bulk and softness. Of these three parameters, the strength of the sheet and its corresponding softness and bulk are interrelated.

"While converting the base tissue with the application of embossing the bulk and softness gathered but at the same time the strength decreases. In countries where toilet tissue is used as wet, strength is quite important parameter for the consumer technical insight.

"The journey of six ply toilet tissue launch started with the consumer understanding model. The first step is to analyse the consumer technical insight. In order to understand the consumer needs and to define the most appropriate product design. The second step is to design the technology to produce multi-ply product.

"With the conventional methods three and four ply production is possible. On the other hand the conventional production methods cannot meet the desired quality parameters of six ply products. Especially the ply bonding is poor with conventional technology.

"As a result of this, B-Side Technology was developed. With the B-Side technology special lamination method is applied on the product and ply bonding is ensured. As an advantage of technology both sides of the tissue is decorated.

"To summarise, the journey starts with understanding the consumer needs. The consumer needs show that soft and bulk tissue with high strength values are always a preference for the consumer. The trial results indicate that multi-ply products compensate the consumer needs. To launch an innovative product on the market, the Six Ply Toilet Tissue Project Implementation was selected. Six ply toilet tissue is not just an innovative product but it also offers many kinds of benefits to the consumer like softness, bulky sheet and high strength. In addition to those properties, six ply toilet tissue launch supported by the claim of "one sheet is enough".

"Instead of three sheets of standard toilet tissue, one sheet of six ply is enough with its larger sheet size and enhanced strength and absorbency properties."





Hayat Marketing's Eda Dereli

**Orhan Ögücü, chairman, Lila Kağıt, Turkey**  
**Easy to build, hard to keep running! The problem of HR in the tissue business in the MENA region**

"Everybody is aware of the rapid growth of MENA region in tissue consumption and production. For example, built capacity in Turkey will increase from somewhere 200.000 tonnes in 2006 to over one million tonnes by 2016. This means 500% growth in 10 years. We see that other markets in MENA region are also growing at a pace, competing with China.

"What about the personnel? Can we educate, train and provide opportunities to "build" experts, at the same pace? How many years of experience does it take for an operator to run a tissue machine at the highest speed, with the right techniques, calculation and optimised consumption of resources? How many years does it take for a mechanics technician to be able to solve major problems, or to learn "true" preventive maintenance?

"Without a doubt, in an open and liberalised world with great opportunities to reach credit capital, and machinery, human capital (intellectual capital) is the most critical asset in an organisation.

"The issue we face are: The past of paper making in Turkey, how people were trained by the state owned company "SEKA"; the current problem of not having enough talented, trained and dedicated personnel and experts in this sector; the costs of this situation is bringing to the companies; and finally the alternate solutions.

"With the ideal solution of the formation of an education centre in tissue business, a win-win situation for both young potential personnel, tissue producing and converting companies and machine and material suppliers can be created. This would be a major solution to the problem at lowest cost possible, and an environment for R&D in our region would not be a dream."

**'Can we educate, train and provide opportunities to "build" experts, at the same pace?'**

**Ian Egerton, applications specialist tissue and towel, Solenis UK**  
**Yankee coatings: it's all in the mix**

"Spraying synthetic coatings onto a Yankee cylinder has only been common practice for the last fifty years. During that time, many papers have been authored describing the chemistry of the adhesive and what it can achieve.

"There are a number of different adhesive chemistries available to the tissue maker, each one often specific to their machine, however, little attention has been paid to the full chemical coating package applied to the cylinder. Often a complex mixture of adhesive, release, modifier and phosphate is applied with little understanding of the impact of each component and how the products react with each other.

"This paper will provide a better understanding of how the components work together to provide a system suitable for each machine, which as we know are all different and react in their own individual way. As such no single chemical program is suitable for all machine types and configurations."

**Vladimir Grigoriev, senior applications specialist, Kemira Chemicals, Germany**  
**New strength technology: opportunities for cost savings and machine productivity**

"The art of tissue making requires finding the right balance between key product characteristics such as strength, handfeel softness and dispersibility in water. The "right" characteristics not only differentiate tissue products in the market but also help optimise production efficiency.

"One of the most critical areas of optimization is the sheet strength, which is achieved via appropriate selection of fibres, refining level and dry and wet strength aids. These are associated with a high cost and various limitations.

"Kemira has recently developed the Fennobond 3300E

# 2014



Clockwise from left: the conference crowd with tissue professionals from countries including Turkey, Germany, UAE, the Middle East, Italy; Professor Soli Özel address the crowd; the inaugural Tissue World Istanbul.

strength aid that increases flexibility of the tissuemaking process, improves sheet quality and allows for optimization of the production cost. The Fennobond 3300E resin is designed to provide both dry and wet strength.

"It is an effective "no COD" alternative to starch and CMC. It can also partially or completely replace the conventional wet strength resin, improving repulpability and dispersibility of the wet-strengthened sheet in water without sacrificing the required strength targets.

"High solids and extended shelf life of this new strength aid provide advantages over other synthetic resins. In this paper, we will present on this new technology and demonstrate the benefits using laboratory data and industrial case studies."

### **Waheed Al Qannas, site operations manager, Al Sindian Paper Mill, Nuqul Group, Egypt** **Sustainable tissue with 100% eucalyptus fibre**

"Nuqul tissue, as part of Nuqul group, has its high reputation to preserve; for many years, Nuqul tissue has provided its customers with the highest quality products. It is a commitment that we made to keep our reputation; in our success, we always kept in mind our society and our environment dimensions.

"For these reasons we are participating in this conference with a sustainability focused presentation. We can achieve cost savings through realising resources efficiencies. Through these we can improve our tissue structure design by using 100% eucalyptus fibres in toilet product and achieve a sustainable tissue product design.

"This ensures a continuous improvement of business through measurable environmentally and socially sensitive performances. Eucalyptus is one of the most widely used fibres in the tissue industry, between 40% and 70% is commonly used in conjunction with hardwood and softwood in a standard tissue paper recipe.

"This presentation will show the environmental benefits

relating to reduced energy consumption, better land utilisation, improved biodiversity, and quality benefits relating to softness, structure and formation, achieved, from using up to 100% eucalyptus in the tissue paper recipe. We will use data collected from various sources, and from actual results obtained when running 100% eucalyptus on a wide, high speed crescent forming machine."

### **Luca Collareda, sales and applications engineer – water treatment division, O.M.C. Collareda, Italy** **Smart solution on designing tissue plant and integration among internal technologies**

"Tissue production is spreading worldwide at a constant growth rate, depending on the country and continent, from 2% up to 10% per year. Demand of the customers, in order to have reliable new projects with shorter ROI, gives the possibility to have the maximum flexibility in terms of reduction on energy consumption and fresh water.

"Furthermore we have to enhance the environmental part of the project (i.e. effluent discharge) which has to match the new regulations.

"O.M.C. Collareda, looking for continuous development in order to meet changing market demands and provide better assistance, has recently expanded its technologies with the introduction of additional equipment for water recovery and treatment, thereby covering completely the sector at 360°. Furthermore O.M.C. Collareda has extended its production programs to include also the specific sector of supplying equipment and plants designed for stock preparation.

"The paper will present a practical application for 80 TPD Virgin + Recycled Line for Tissue, going through the integration of various technologies and know-how available at OMC Collareda. This project is specifically designed and developed for a customer located in Central – South America, who has given to us 100% of the responsibility. Process data and plant performances will be presented."



## GLOBAL

### Cascades Tissue president and CEO steps down

Cascades Tissue has announced that its president and chief executive Suzanne Blanchet is to step down after more than 17 years at the head of the group. She will join the corporate ranks of the Cascades management team as senior vice-president, corporate development. Jean Jobin will succeed her and add

confidence that the team that is now in place will lead the group to continued growth."

President and chief executive of Cascades, Mario Plourde, said: "Suzanne has had a profound impact on our industry and on the tissue paper sector in particular.

"I am very pleased that she is joining the corporate team to play, among other things, the role of strategic advisor.

"Her collaboration will be invaluable in helping all of Cascades to meet the challenges facing us and to continue along the path of growth."

*Suzanne Blanchet: "Starting with a single mill, we have managed to climb to the rank of fourth largest producer in North America."*



the title of president to that of chief operating officer.

Blanchet said: "I am very proud of how far we have come since we began our activities in the tissue paper sector.

"Starting with a single mill, we have managed to climb to the rank of fourth largest producer in North America and to become a key player, not only in the retail sector, but also in the commercial and industrial sectors.

"I firmly believe in the importance of ensuring the sustainability of the ingredients that have made Cascades successful since the beginning, and I am

Jobin joined Cascades in 1992 and has served as controller and manager in various groups of the company, both in North America and in Europe.

He said: "I take on this challenge, being fully aware of the key role that our operations play in Cascades' strategic plan.

"Rest assured that we will be on the lookout for growth opportunities, especially in the American market."

Founded in 1964, Cascades produces, converts and markets packaging and tissue products that are composed mainly of recycled fibres.

### Södra hikes up prices

Södra has increased the market price for its NBSK in Europe to USD 950 per tonne. The company made the increase on 1 September and said it was "due to low global softwood pulp stocks and solid demand".

The new price is a USD 10 per tonne increase from the price of USD 940/tonne which Södra implemented on 1 March 2014.

### Futura appoints Piero Ceccon

Futura has appointed Piero Ceccon as head of sales and Procure and vice president of international operations.

Ceccon is based at the Lucca headquarters of the converting machinery supplier.

Chief executive Fabio Boschi said: "Piero's wealth of experience and proven record for generating excellent results with major international tissue players will strengthen Futura's global sales and Procure activities.

"He also brings his considerable talents to leading the Procure excellence programme for complete customer support in which the company is currently engaged."

Futura has completed more than 160 projects worldwide since its inception in 2002, and holds more than 70 patents for its innovations.

## GERMANY

### WEPA to build two new tissue machines

German tissue giant WEPA is poised for growth as it plans to spend more than Euro 50 million on two new tissue machines. The new lines will be installed at WEPA's mills in Lille, France and Marsberg, Germany and will have a total capacity of 64,000tpy.

According to the group, the capacity expansion will optimise its existing procurement and logistics structures in Europe and strengthen its competitiveness.

The new PMs will be supplied by Toscotec. Both lines will be 2.80m wide and will have a design speed of 2,000m/min.

The machine in Lille will start operating in July next year, while the launch of the Marsberg PM is scheduled for November 2015.



Ben Dessy

## TWM cartoon | November/December 2014

WEPA chief executive Martin Krengel said: "The investment in two state-of-the-art machines safeguards a sustainable future for us as a family-owned company. The expansion of our production capacity will cover our demand for mother reels permanently, and we will be able to pass on this supply guarantee to our customers in the consumer and away-from-home markets.

Technical director Walter Hirner adds: "The paper industry numbers among the most energy-intensive industries.

"Efficient production processes and the economical use of electricity and gas in the production of semi-finished goods contribute significantly to the reduction of CO<sub>2</sub> emissions, saving resources and optimizing cost structures."

Moreover, WEPA will be able to optimise the logistical streams between its European sites and counterbalance rising freight costs thanks to the reduction of additional purchases of semi-finished products.

WEPA was founded as "Westfälische Papierfabrik" in 1948. The group started up as a trading company, developed into a converting business and has been focusing on its present core business, paper production, since 1958.

Today, WEPA employs some 3,000 people at 11 sites in Europe. The

group produces a total of 640,000tpy of tissue for high-quality toilet paper, kitchen towels, handkerchiefs, facial tissues, napkins, industrial rolls and paper towels on 16 paper machines and generates annual sales of around Euro 1 billion.

News from RISI ([www.risiinfo.com](http://www.risiinfo.com))

## USA

### Roses Southeast Papers acquired by Peak Rock Capital affiliate

Atlas Southeast Papers, an affiliate of private equity firm Peak Rock Capital, has acquired tissue manufacturer Roses Southeast Papers.

Headquartered in Sanford, Florida, Atlas Southeast is now an integrated tissue manufacturer of tissue paper products, capable of producing both virgin and recycled grades.

It operates a state-of-the-art tissue paper mill where it manufactures tissue jumbo rolls for resale as well as converts tissue paper into finished products.

The acquired facility produces a complete line of tissue products,

including bath tissue, towels, and cocktail, dinner and dispenser napkins. Peter Leibman, managing director of Peak Rock Capital, said: "Atlas Southeast's manufacturing expertise and overall commitment to excellence have allowed the company to produce a diverse set of product offerings that are highly in demand.

"We are excited to now own the Roses Southeast facility and to support the company's growth through organic initiatives, strategic partnerships and potential add-on acquisitions.

"Today's announced acquisition further evidences our enthusiasm for the tissue paper manufacturing sector, a space which we know quite well through our 2013 investment in Atlas Paper Mills."

### G-P completes acquisition of SPG

Georgia-Pacific has completed the previously announced acquisition of SPG.

Financial details of the agreement are not being disclosed.

SPG is a specialty paper packaging supplier focused on the catering industry. As a result of the acquisition, G-P has acquired all of the equity of SPG held by investors in the company including CIC Partners, a Dallas-based middle market private equity firm that has been the lead investor in the company since 2011.





## *The next evolution in tissue production.*

Premium and ultra premium tissue using less fiber and less energy. Through development projects in conjunction with our customers, fabrics have been optimized to enhance the efficiency and consistency of tissue production while simultaneously our own production has been improved in both quality and efficiency.

Albany International – making paper manufacturers more efficient and profitable.

[www.albint.com](http://www.albint.com)

**ALBANY**  
INTERNATIONAL

The acquisition includes SPG's three manufacturing facilities in Green Bay, Wisconsin; Hattiesburg, Mississippi; and Augusta, Georgia; as well as a sales and administrative office in Dallas.

Operated by approximately 500 employees, SPG and its facilities now become a wholly owned subsidiary of G-P in the acquisition.

### Von Drehle Corporation to start up NTT line

Von Drehle Corporation is to become the first tissue manufacturer in the USA to produce tissue with Valmet's flexible Advantage NTT technology.

The new line will be installed at the company's facility in Natchez, Mississippi, USA. Startup is planned to be in late 2015 and the value of the order was not disclosed.

Von Drehle currently operates two Advantage DCT tissue machines at its Cordova, North Carolina operation.

The new tissue machine will have a width of 2.6m and a design speed of 2,000m/min.

The raw material for the new line will be

America after it announced a US\$55m investment in a new tissue converting facility in Wagram, North Carolina.

Start-up is planned for the end of 2014 and the investment will reorganise and expand the company's converting activities in the area, which it said was a targeted area of growth.

Suzanne Blanchet, outgoing Cascades Tissue Group president and chief executive, said: "Cascades is expanding its presence in the Southeast, one of the fastest growing markets in the United States.

"This investment will allow us to optimise our converting platform by relocating equipment presently used elsewhere, by adding new manufacturing equipment and installing robotized warehouse management. In doing so, we are moving closer to many key markets, and improving our productivity and logistics while enhancing customer service."

The total annual capacity for the new converting plant is approximately 10

## RUSSIA

### Syktyvkar Tissue Group starts up new tissue PM

Syktyvkar Tissue Group (STG) has started up a new 114tpd tissue machine at its brownfield Semibratovo plant in the Yaroslavl region in northwestern Russia.

The 2.7m wide PM makes tissue from recovered fibre, which is converted into (AfH) tissue products on the facility's three converting lines. While Semibratovo mostly focuses on the AfH tissue segment, some of the PM's output will also be used to make toilet paper, napkins and towels for the at-home use, STG said.

STG, which is one of the largest tissue producers in Russia, also operates a mill in Syktyvkar in the Republic of Komi, which produces some 50,000tpy of tissue on two paper machines.

News from RISI ([www.risiinfo.com](http://www.risiinfo.com))

*Von Drehle: the first American tissue manufacturer to produce tissue with Valmet's NTT technology*



recycled fibre and the production line is optimised to save energy and fibre as well as add possibilities for product differentiation and increased capacity of premium quality products.

### Cascades expands into US south east

Tissue giant Cascades has expanded its tissue presence in the south east of

million cases on six converting lines, with the capacity to produce various tissue products including bathroom tissue, kitchen towels, paper napkins and hand towels for both the Away-from-Home and Consumer Products markets.

Cascades Tissue Group, a division of Cascades Canada, is the fourth largest manufacturer of tissue paper in North America.

## CHINA

### Guangdong Shaoneng invests in Steel Yankee

Guangdong Shaoneng has invested in an Andritz-supplied PrimeLineCOMPACT II tissue machine with Steel Yankee.

It will be installed at its Shao Guan,





Guangdong Shaoneng's new PM will have a design speed of 1,600m/min and a width of 2.85m

Guangdong province site and start-up is scheduled for the end of 2015.

Guangdong Shaoneng is one of the leading producers of pulp and paper in China. Bamboo pulp produced at the mill location will also be used in tissue production.

The ANDRITZ machine has a design speed of 1,600m/min and a width of 2.85m. The order also includes the complete stock preparation plant, automation, and drives.

### Yunnan Yunjing starts up 30,000tpy tissue PM

Yunnan Yunjing Forestry & Paper has started up a new 30,000tpy tissue PM at a mill in Puer city, Yunnan province.

The unit, provided by Valmet, has a width of 2.85m and an operating speed of 1,870m/min.

In-house virgin fibre will be used to feed the PM.

The mill currently operates two bleached kraft pulp lines with a combined capacity of around 195,00tpy.

News from RISI ([www.risiinfo.com](http://www.risiinfo.com))

### Hwagain Group closes 55,000tpy mill in Guangxi due to environmental concerns

Hwagain Group has shut down a 55,000tpy mill in Nanning city, Guangxi autonomous region.

The mill, which had a combined capacity of around 20,000tpy of tissue and 35,000tpy of uncoated fine paper, stopped production in late August.

The mill's 60m chimney was demolished on 31 August to great local fanfare.

The site that the mill occupies will be used for commercial developments. Public facilities such as a park and a bridge are planned there.

The mill has long been a target of local residents' anger over pollution.

And in recent years, the quick pace of urbanisation has brought the site into the center of Nanning's Wuxiang New District.

The district is becoming Nanning's administrative and commercial center, as well as a transportation hub and production base.

Moreover, Nanning will host the 45th World Artistic Gymnastics Championships in October, and the main stadium is not far from the mill site.

In view of all these factors, the local government had decided to dismantle Hwagain's chimney by the end of August.

According to the authorities in Nanning, the shutdown of the mill has progressed smoothly.

Some 1,350 former staff members have seen their employment terminated and received compensation.

The local government has not mentioned any relocation plans for the mill, and sources report that the firm has not planned a new facility around Nanning.

Hwagain presently runs a mill in Ganzhou city, Jiangxi province.

It has a capacity of 170,000tpy of bamboo pulp, 135,000tpy of tissue, and 50,000tpy of printing and writing paper. Last year, the firm mulled over purchasing a 130,000tpy bagasse pulp mill in Nanning from Nanning Sugar Industry. But the plan was abandoned.

News from RISI ([www.risiinfo.com](http://www.risiinfo.com))

### Two out of four new Yuen Foong Yu's PMP lines running

Yuen Foong Yu has said two of its four new PMP Group-supplied Intelli-Tissue® 1600 Advanced lines are now up and running.

The tissue producer announced at the end of April 2013 that it had invested in four new lines with the supplier.

On 28 August, a second PMP Intelli-Tissue® 1600 Advanced line was brought on stream at the YFY's Yangzhou mill in China.

The new 2.8m width CF tissue machine (PM8) has an operating speed 1600mpm and capacity of 75tpd.

It produces virgin fibre-based tissue in the basis weight range at reel from 13-31.3gsm – for conversion into facial tissue, toilet rolls and kitchen towels.

It is the second out of four start-up's that will be performed by YFY and PMP Group in 2014/2015.

Currently Yuen Foong Yu brands include Mayflower, Tender and Delight.

Through production expansion, product line extensions, and strengthening branded products, the company's goal is to be ranked as one of the top five tissue producers in China.

## BRAZIL

### Nobrecel plans to produce first tissue paper roll this week

Brazilian pulp and paper producer Nobrecel expects to produce the first roll of tissue paper sometime this week at the Pindamonhangaba mill, in São Paulo state, southeast Brazil.

A contact at the company said: "In the past week the team was on site conducting the last adjustments and finalising the equipment maintenance.

"The power was re-established on 25 August as we expected, and we're hoping to produce our first roll of paper by the end of this week."

According to the contact, most of the company's current contracts were closed with Nobrecel's former customers.

Many were future orders which helped finance the investment in recovering and reopening the Nobrecel site.

Nobrecel filed for bankruptcy on August 2013 and has been recovered by the Coruputuba pulp and paper cooperative (Cocepelco), a group comprised by former employees which injected

approximately Real 3-4 million (\$1.3-1.7 million) in the venture.

The expectation is to fire up within the next few days the paper machines (PM) No.1 and No. 3, which have a combined output of approximately 18,000tpy.

In a second stage of the project restart, Cocepelco plans to recover and resume operations on the plant's 73,000tpy bleached eucalyptus kraft (BEK) pulp line, which has been idled since January 2012.

News from RISI ([www.risiinfo.com](http://www.risiinfo.com))

### Carta Fabril starts up new 30,000tpy tissue PM in Anápolis

Brazilian tissue producer Carta Fabril has fired up production on its new 30,000tpy tissue paper machine (PM) installed at its Anápolis mill, in Goiás state, Midwestern Brazil.

According to the company's industrial director, Victor Coutinho, the machine started production on 13 May.

He said: "The machine was ready to run in April as previously scheduled, but due to a delay on the energy grid we were only able to get it operational in May." The PM was expected to be running at its full capacity by the end of October. The ramp up period is expected to last for six months and the PM should be running at its full capacity by the end of October.

Originally scheduled to begin operations in December 2013, Carta Fabril's new tissue PM was the result of a Real 50 million (\$21.8 million) investment.

Supplied by Hergen, it is focused on making double-layer toilet paper and towels.

News from RISI ([www.risiinfo.com](http://www.risiinfo.com))

## MEXICO

### Kimberly Clark de México starts up DCT line

Kimberly Clark de México has successfully started up a Valmet Advantage DCT tissue line at its Bajío mill.

The Advantage DCT 200TS tissue line adds 60,000tpy of high quality tissue paper to the current production of facial, toilet, napkin and towel per year.

The Bajío mill now operates four tissue machines and produces structured tissue products for the domestic and global markets.

Bernardo Aragón, Kimberly Clark de México's operations director, said: "We are pleased with the overall execution and start-up of the Bajío machine four. "Our internal team of project engineers developed the site, oversaw engineering, procurement and machine installation with very good support from Valmet throughout the process.

"The machine is currently operating as expected after a very short start-up curve."

The tissue machine has a width of 5.4m and a design speed of 2,000m/min and is optimised to save energy and to enhance final product quality.

Valmet's delivery included a complete tissue production line featuring stock preparation system and an Advantage DCT 200TS tissue machine.

The tissue machine is equipped with an OptiFlo headbox and a cast alloy Yankee cylinder.

It is also featured with the Advantage tissue technology including a ViscoNip press for improved press dryness, an AirCap hood with air and heat recovery system as well as a SoftReel reel with center wind assist.

Kimberly Clark de México S.A. B. de C.V. was founded in 1959 and operates five tissue mills in Mexico producing facial, toilet, napkin and towel grades for the domestic consumer and AfH markets as well as for exports. Through the new investment the total production capacity of Kimberly-Clark de México will be approximately 700,000 tpy.

## ARGENTINA

### Celulosa Argentina receives equipment for new 30,000tpy tissue PM

Celulosa Argentina has received the parts of its new 30,000tpy tissue paper machine (PM) purchased in August last year from the German equipment supplier Voith, the company said.

The new PM will mark Celulosa Argentina's entry in the tissue paper market.

The company currently produces up to 142,000tpy of coated woodfree (CWF) paper, 45,000tpy of uncoated

woodfree (UWF) paper, 20,000tpy of kraft papers, and 90,000tpy of bleached eucalyptus kraft (BEK) pulp. The total investment in the project is estimated at Euro 18.5 million (\$24.4 million), which will be financed over a 10-year period. The company expects the venture to increase its paper converting capabilities by 20% and has scheduled the startup for the first quarter of 2015.

"Regarding the future conversion and sale of the new tissue PM production, we highlight the long-term strategic partnerships forged by the company with other producers such as Kimberly-Clark and San Andrés de Giles, which will largely contribute for the project's sustainability and success," Celulosa Argentina stated.

News from RISI ([www.risiinfo.com](http://www.risiinfo.com))

## TURKEY

### Parteks boosts capacity

Parteks has successfully started up a Toscotec-supplied tissue line installed at its mill in Kayseri.

Founded in 1996, 300-staffed Parteks Paper is a fully integrated large manufacturer of tissue paper producing household and community, corrugated cardboard and fluting paper.

The existing plant houses the TM1 tissue machine, the PM1 fluting machine and corrugating line, and covers an area of 100,000 square metres.

The new line has a width of 2,85m and a design speed of 1,600mpm, the new production line produces 75tpd of high-quality facial, toilet and towel grades.

The delivery was based on an intensive energy-saving concept and included the approach flow featuring ultimate Toscotec technology TT SAF®, broke line, a MODULO-PLUS tissue machine with single-layer headbox, single press configuration and Toscotec steel Yankee dryer TT SYD-12FT.

The supply also comprises an electrification and controls package, tissue machine auxiliaries like a natural gas heated hood, steam and condensate system, provided by Toscotec associate Milltech. A two unwind stands Toscotec rewinder TT WIND-P completes the package.





The start up team at Turkey's PARTEKS

## Ipek Kagit Tissue boosts converting capacity

Ipek Kagit Tissue has successfully started up a new Forte line at its Yalova plant.

The move is part of the company's expansion plan to become a regional powerhouse in the international market.

Supplied by PCMC Italia, the Forte line will convert high-quality two and three-ply toilet rolls and kitchen towels at high speeds. The rewinding concept is based on a precise winding technology and includes features such as the sectional web tensioning control.

Ipek Kagit manufactures products for the consumer and AfH markets such as kitchen towel, bathroom tissue, hanky, hand towel, industrial towel and toilet roll, napkins.

Founded in 1969 to provide Turkish consumers with modern tissue paper products, it produces consumer brands such as Selpak, Solo, Silen and Servis as well as the AfH brand Selpak Professional for the fast growing tourism catering and institutional customer segments.

Ipek Kağıt is headquartered in Istanbul, Turkey and employs 860 people. It has manufacturing operations in three locations: Yalova, Turkey (tissue production and converting), Manisa, Turkey (converting) and Almaty, Kazakhstan (converting).

Already exporting to 50 countries, the company is now focusing on increasing its international sales fourfold and doubling its total revenue in the next five years through investments in production, technology and marketing.

Ipek Kagit is part of Eczacibasi Group which operates in businesses of building materials, healthcare and consumer products as well as finance, information technology, welding technology, mining and property development and facility management.

## TAIWAN

### Yuen Foong Yu moves further into tissue

Taiwan-based Yuen Foong Yu (YFY) has invested in the high-quality facial, toilet and towel market after it signed for a new tissue line.

The Toscotec-supplied tissue line will be installed at the company's Ching-Shui mill located in Qingshui District, Taiwan. Start-up will be in the last quarter of 2015.

With a width of 3.6m and a design speed of 1,700mpm, the new production line will produce 120tpd of high-quality facial, toilet and towel grade from 13.5g/m<sup>2</sup> to 23g/m<sup>2</sup> basis weight.

The delivery, based on an intensive energy-saving concept, includes the stock preparation plant with the approach flow featuring ultimate Toscotec technology TT SAF®, water system, an AHEAD-1.5M tissue machine with double-layer headbox, jumbo suction press TT SuctionPressRoll-SPR1425 and Toscotec steel Yankee dryer TT SYD-18FT.

The supply will also comprise the electrification and controls package, tissue machine auxiliaries like the steam heated hood, steam and condensate system, dust removal system provided by Toscotec's associate Milltech.

In April last year, YFY said it was poised to invest \$268m in building several tissue paper machines at its mills in China and Taiwan over the next three years.

This new investment is part of its big expansion plan into the tissue segment.

The company was founded in 1924 and worked in the fertilisers, sugar, and grain industries.

Yuen Foong Yu Paper was officially

established in 1950. Yuen Foong Yu Paper produces reading and writing, industrial, and home use paper.

It currently operates in the tissue industry in China with three mills (Yangzhou-Jangsu, Kunshan-Suzhou Jangsu, Beijing-Mafang) with a total annual capacity of 150,000 tpy, and in Taiwan with two mills (ChingShui and Yangmei) with a total annual capacity of 74,000tpy.

In Taiwan the company has around 25% of the domestic market and it is looking at expanding its market share to 35% in the next three years.

## UK

### Accrol Papers reveals plans to build paper mill

UK independent soft tissue converter Accrol Papers is set to join the paper production side of the market.

A spokesperson for the firm confirmed local news according to which Accrol Papers intends to set up a paper mill in close proximity to its existing operations in Blackburn, Lancashire.

The private equity firm North Edge Capital revealed in July it has backed Accrol Papers in a £66 million (\$113 million) deal.

According to Tim Bullough, commercial director of Accrol Papers, the deal will accelerate the firm's plans, one of which is a paper mill.

"We would endeavour to locate the paper mill as close as possible to our current converting facilities.

"Furthermore, we have made a senior board appointment, and he will take up his position shortly and will head up the mill project."

Moreover, RISI learned that the firm is considering a new 5.5m-wide machine.

Accrol Papers was established in 1993 by the Hussain family. Today, the firm generates annual sales of more than £100 million and employs 300 people.

It can produce in excess of 80,000 tonnes of household and AfH tissue products.

Majid Hussain, chief executive of Accrol Papers, said: "The investment from North Edge follows a sustained period of growth for the business during the last five years.

"The capital will allow us to accelerate capital expenditure to increase output and ensure that we continue to deliver the highest quality products and services to our customers."

# Rising incomes spur growth in Russian tissue

**W**ith a tissue market worth US\$1 billion, Russia dominates the Eastern European retail tissue landscape, accounting for 31% of sales in the region – and it's not just size, growth is also strong. In 2013, the Russian tissue market registered 15% current value growth, the second highest in the region. With this fast growth forecast to continue, Russia is a key market for tissue players, but what is behind this growth and which categories are benefiting?

## Growth hinges on rising disposable incomes

More than anything else this impressive growth hinges on favourable economic circumstances. Disposable incomes have steadily increased across the country, with consumers living outside the major cities seeing the largest rises in their disposable incomes, despite earning less overall. This extra income has facilitated consumers both trading up and entering new categories, spurring the category's growth. Despite a more moderate economic forecast for the years ahead as escalating tensions with Ukraine impact, disposable incomes should nevertheless continue their upward trajectory – a 17% rise is predicted to 2018 – and so healthy growth should continue to be seen in retail tissue in Russia.

## SCA and local players lead competitive landscape

SCA leads retail tissue in Russia, holding 33% of the market, gaining share year-on-year over the last decade and making great strides thanks to its acquisition of Georgia-Pacific's tissue operations. Its products have a strong reputation for quality – Zewa, for example, has a strong reputation in toilet paper, winning Russian Product of the Year on an annual basis throughout the review period. This reputation for quality means the company has naturally benefitted from consumers trading up when incomes allow.

While SCA is the clear leader in Russia, Kimberly Clark lags behind with 7% of the market, down two percentage points over the review period, with domestic players holding their own. Although lower down the price spectrum, they are also benefitting from consumers trading up. Of the top 10 players in 2013, six were local, with Syassky, Syktyvkar Tissue, Naberezhniye Chelny, Bumfa, Hygiene Kinetics and Kondrovskaya Bumazhnaya Kompaniya together accounting for 29% of retail value share.

Domestic players have the advantage of a strong distribution reach, taking them outside of the major cities to areas where disposable incomes are increasing at a faster rate. SCA, Syassky and Syktyvkar have all recently invested in upping their production capacities in Russia – a sign that the

battle for market share is steadily intensifying.

## Toilet paper dominates Russian tissue

Toilet paper accounts for 86% of volume sales and 68% of value sales in Russian tissue. It is also by far the lowest-priced product in the category, with a unit price of RUB75/kg in 2013, compared to unit prices of more than RUB190/kg for all other product areas. Despite consumers being happy to trade up when incomes allow, affordability still dictates purchasing decisions, and, as a result, many households use toilet paper for all their retail tissue needs, hence the large size of the category.

Luxury products registered the strongest value growth in toilet paper in 2013 at an impressive 21% – the highest in retail tissue. As disposal incomes allowed consumers to trade up, savvy local manufacturers catered for the increased demand by launching new two- and three-ply products. Syassky, which steadily gained share over the review period, upgraded its production facilities in 2011 to allow production of better-quality products at more affordable prices than foreign brands. This proved a smart move – Syassky gained more share than any other domestic player in the category over the review period as a result.

Indeed, Syassky is one to watch in the years to come. In 2013, it launched premium brand Kleo, with the intention of competing with the likes of Zewa, Kleenex and Lambi. In so doing it became the first local player to set its sights on an area of the market that has traditionally belonged to the multinationals. It seems certain that other leading local players will follow suit, but Syassky, with its strong distribution network in place, stands to benefit from first-mover advantage.

Despite the strong growth seen in luxury tissue, the majority of Russian consumers remain price sensitive and have relatively low disposable income levels. Because of this, recycled – typically low priced and low in quality, akin to Western



*Euromonitor International's  
global head of tissue and  
hygiene research*

**'Luxury products registered the strongest value growth in toilet paper in 2013 at an impressive 21%.'**



**'Consumer income and the purchasing of kitchen towels are strongly linked, with growth in disposable income levels matching the expansion of the kitchen towels category.'**

European economy paper – and standard toilet paper still dominate, accounting for 47% and 39% of the category, respectively. What this indicates, however, is that as incomes continue to rise there is plenty of room for further growth at the premium end of the category – SCA and Syassky have everything to play for.

### **Kitchen towels offers good opportunities**

Despite toilet paper accounting for the vast majority of the Russian tissue market and its value sales set to remain strong, its future evolution doesn't offer much "spark". Aside from upping paper ply, there is little in the way of innovative flair from manufacturers – and this is unlikely to change anytime soon. Kitchen towels, however, offers more in the way of excitement.

Kitchen towels saw strong value growth in 2013, up 20% to reach US\$177 million. As is the case in toilet paper, this impressive growth again hinges on rising disposable incomes. Consumer income and the purchasing of kitchen towels are strongly linked, with growth in disposable income levels matching the expansion of the kitchen towels category. A country's per capita disposable income has to surpass around US\$4,000 before consumers can begin to consider adding kitchen towels to their shopping lists instead of reusable cloths.

Once per capita disposable income reaches US\$8,000, however, kitchen towels can become a regular purchase – around 2kg use per annum or 15 standard rolls per household. Russia

has just reached this sweet spot, with disposable incomes hitting US\$8,709 in 2013, up from US\$7,848 in 2012 – facilitating the strong growth seen in kitchen towels. The hygiene, health and wellness trend currently gaining momentum in Russia has ensured that consumers have entered the category as it has become affordable, attracted by its disposable, hygienic nature and the fact that kitchen towels can be used to drain fat from food.

Looking ahead, because kitchen towels is, by its nature, positioned as more of a luxury product, there may be room for more premium innovations. Printed or coloured kitchen towels are one option, while another is to extend usage occasions beyond the kitchen, positioning the product as a replacement for napkins or for use wiping hands in the garage – tactics that have proven to pay dividends in North America and Western Europe.

Of course, Russia is a country of great income disparities – it boasts the greatest socioeconomic disparities in Eastern Europe – and higher-income consumers are driving kitchen towel growth. However, as incomes rise, more consumers are likely to enter the category for the first time and the category is forecast to see an extra US\$3 spent per household to 2018, adding US\$166 million and almost doubling the size of the market.

Again, this represents a real opportunity for the likes of SCA and Syassky, which, as in toilet paper, dominate the category. For the time being at least – as long as disposable incomes continue to rise – there looks to be opportunity enough for local and global players in Russia.

**'Russia is a country of great income disparities - it boasts the greatest socioeconomic disparities in Eastern Europe - and higher income consumers are driving kitchen towel growth.'**



86%

**Toilet paper volume sales**



33%

**SCA's market share**



20%

**Kitchen towel value growth in 2013**



US\$8,709

**Disposable incomes in 2013**



## CRAIG'S NEEDS



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# Russia – underdeveloped market with improving growth trend

Russia's economy has been experiencing sustained expansion since the collapse of the Soviet Union. Fuelled by commodity exports (most notably natural gas and oil) economic growth was averaging around 7% per year until the global recession of 2008-2009 slowed it to its currently projected 2.5%. Prior to this, investments in Russia, including pulp and paper in general, were on the rise but Russia's involvement in the Ukraine conflict is resulting in further pressure on the economy and growth could continue to drop or stop completely.

Towel and tissue growth has lagged behind the general economy leading up to the 2008-2009 recession. Compared with Eastern European countries where growth in the last 10 to 12 years has been steadily rising, Russia's has been relatively modest (Figure 1). Russia is the most populous country in Eastern Europe. With a population of 142+ million and abundant energy and forest resources it could have a strong

forest products and T&T industry, but it ranks last in per capita T&T production in the region.

Russia is Eastern Europe's third largest producer of T&T, making 275 thousand MTPY. Although large compared to most other Eastern European countries, Russia's production is small compared to Turkey and Poland (Figure 2). At its current capacity, Russia represents only 13% of Eastern European production. Globally, Russia ranks 18th - low compared to other countries with similar resources and populations.

Russia's T&T mills are geographically located in the more populous Western part of the country with only one mill each in the Central and Eastern regions (Map). Russia ranks 3rd in the number of operating machines outnumbering most, albeit much smaller, countries but this is significantly fewer than the two highest producing countries (Figure 3).



Bill Burns

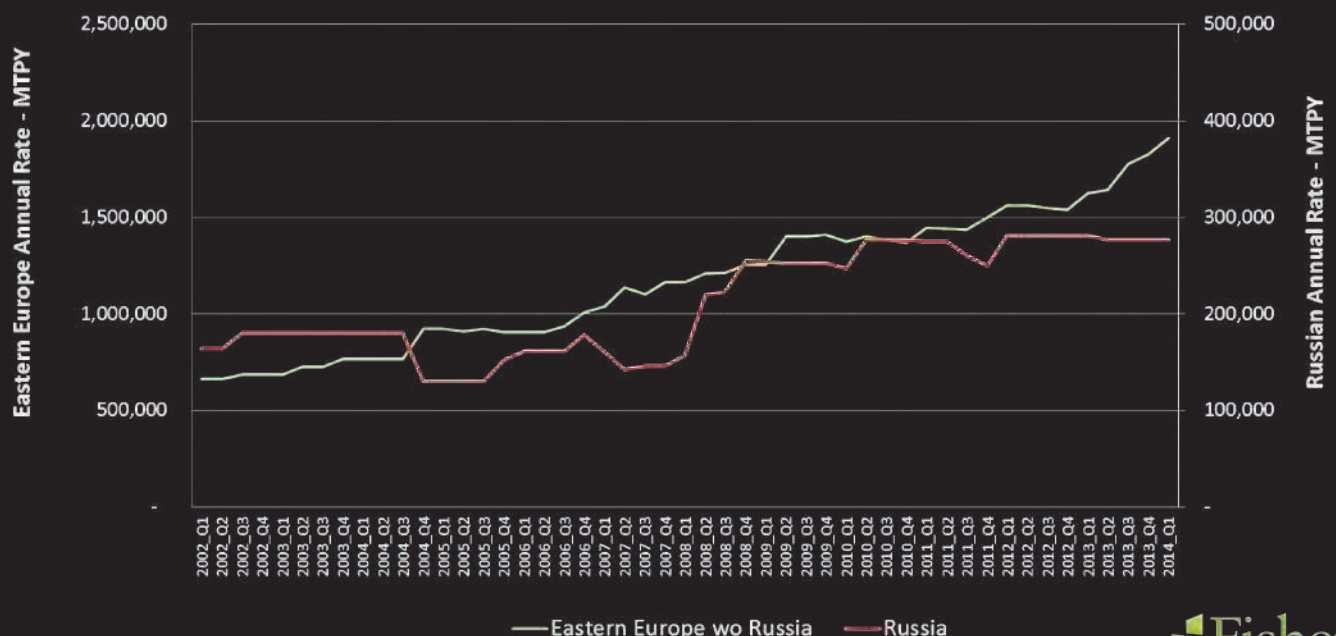
Senior consultant,  
Fisher International

T&T machines in Eastern Europe vary from narrow two-metre machines to six metres, and while machines in Russia are similar in terms of the trim range they are lacking in width compared to others in the region (Figure 4). Machine production in Russia is a little above average compared to other producing countries in Eastern Europe at nearly 40,000 MTPY, as is the technical age of Russian machines with an average of about 20 years (Figure 5).

Russia's cost position is very strong in Eastern Europe; it is the low-cost producer by a good margin. Much of this is driven by advantageous energy and pulp costs (Figure 6). Fibre mix in Russian mills

Figure 1

Eastern Europe T&T Annual Rate Production Trend  
Russian Growth Compared to Eastern Europe (w/o Russia)  
(MTPY by Quarter)



2.5%

Average  
projected  
economic  
growth

7%

Average  
growth  
before  
2008/9 crisis142+  
millionRussian  
population

Figure 2

## Eastern European T&amp;T Production

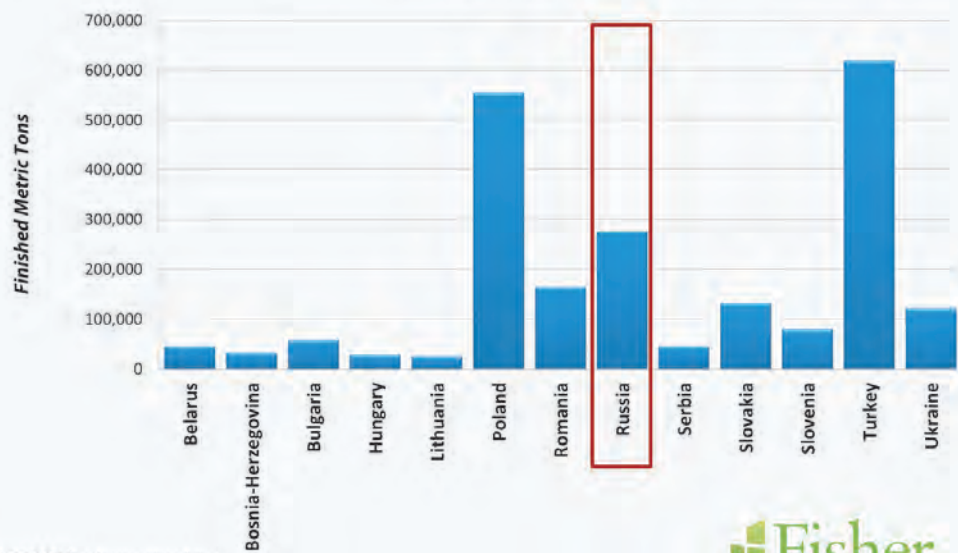
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Figure 3

## Quantity of Eastern European T&amp;T Machines

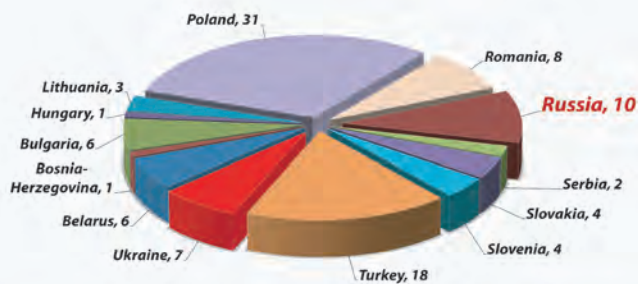
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Figure 4

## Eastern European T&amp;T Machine Trim Range by Country

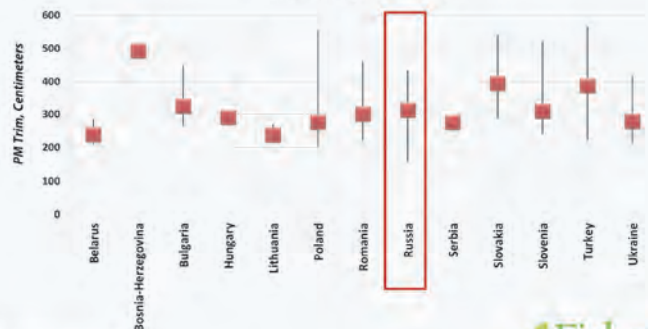
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Figure 5

## Eastern European T&amp;T Machines by Country MTPY versus Tech Age

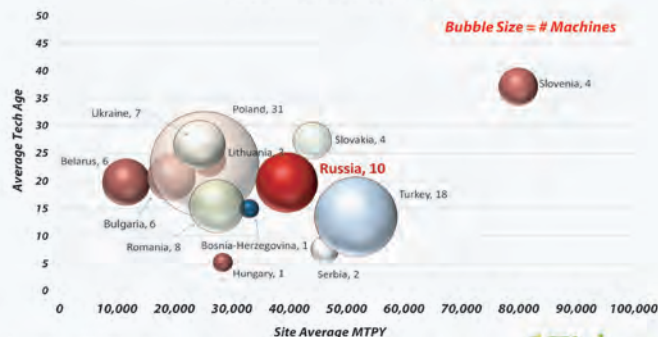
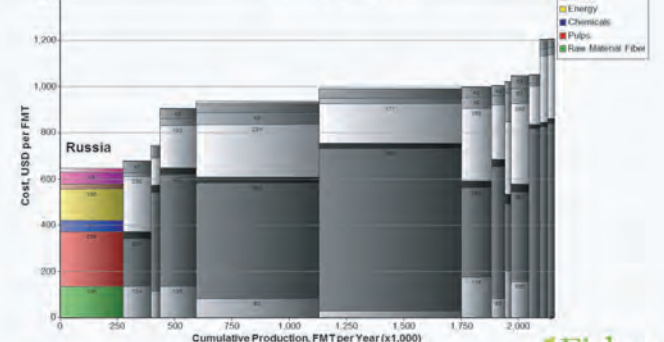
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Figure 6

## Eastern European T&amp;T Cumulative Cost Curve Russia Highlighted

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is 40% recycled fibre with the remainder being market Kraft, Sulfite and CTMP (Figure 7).

Russia's T&T machine production rates are fairly well distributed ranging among the smallest to the regional highest making 40,000 MTPY. Only 20% of the machines are among the more capable machines producing above the 50,000 MTPY range (Figure 8). Machine trims are narrow with half of the machines being less than 3.0

metres (Figure 9). There is no machine wider than 5.0 metres.

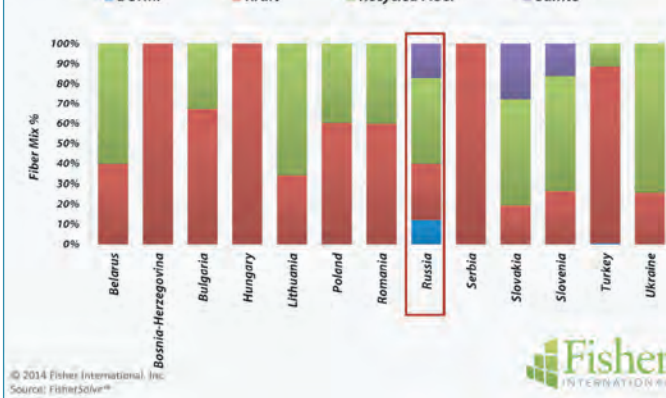
Machine speeds are split at 50/50 for machines below and above the 1,000 mpm mark (Figure 10). Only 30% are running above 1,500 mpm. Competitively, Russian machines regionally are somewhat newer and following the regional dispersion in size.

Worldwide, the machines are also somewhat newer and well distributed

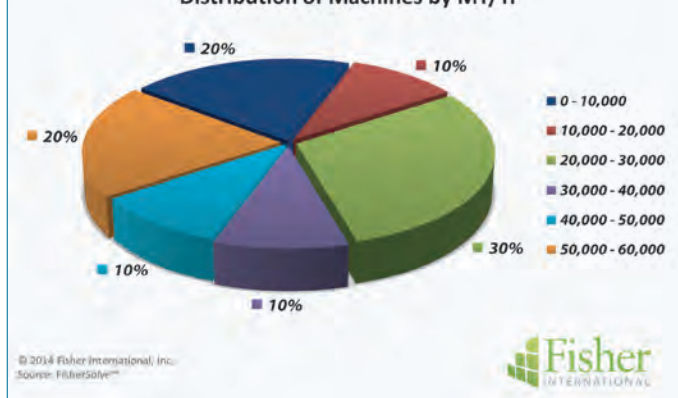
in capacity (Figure 11). While Russia's T&T business is international in ownership, external investments are limited to two Swedish mills (Figure 12).

Russia's low cost position on the Cost Curve is not repeated on the Carbon Emissions Curve. Russia ranks highest in modelled emissions levels with the heaviest contribution coming from energy and materials (Figure 13).

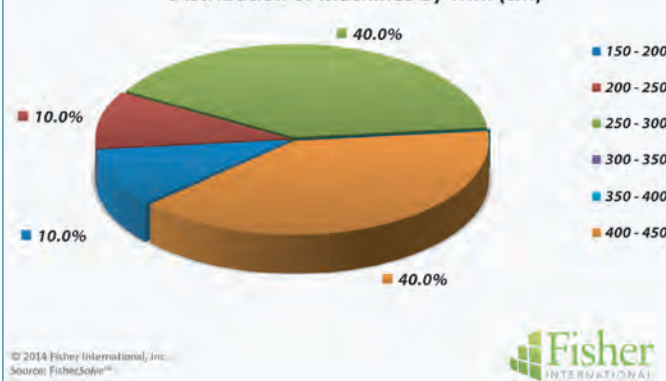
**Figure 7 Eastern European T&T Fiber Mix by Country**



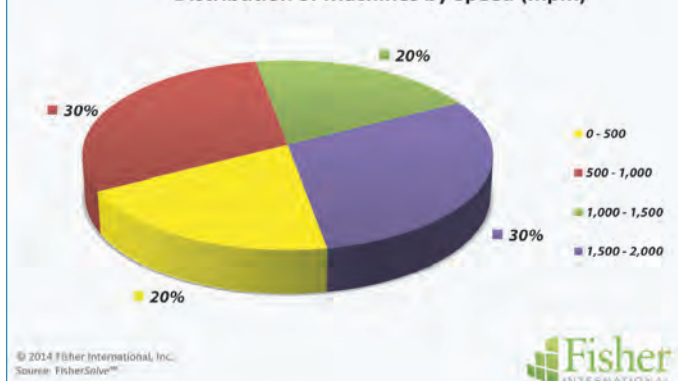
**Figure 8 Russian T&T Machines Distribution of Machines by MT/Yr**



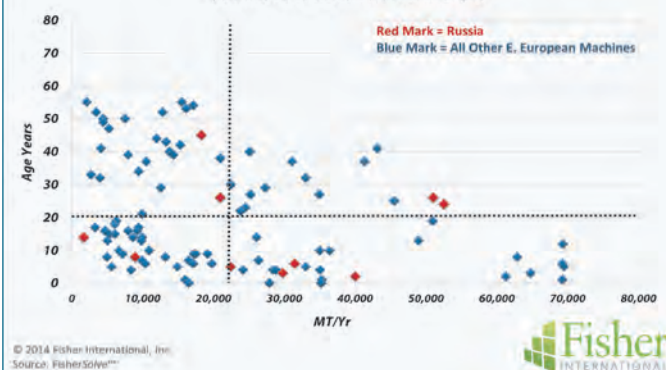
**Figure 9 Russian T&T Machines Distribution of Machines by Trim (cm)**



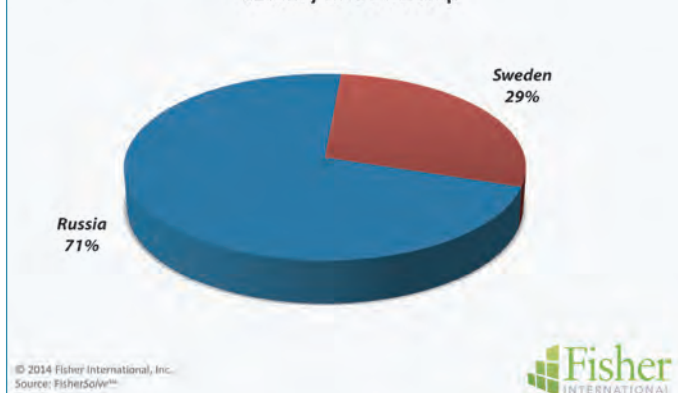
**Figure 10 Russian T&T Machines Distribution of Machines by Speed (mpm)**



**Figure 11 Eastern Europe T&T Machines Age versus Capacity Quartile**  
(Quartiles Based On Worldwide T&T Averages)



**Figure 12 Russian T&T Mills Country of Ownership**



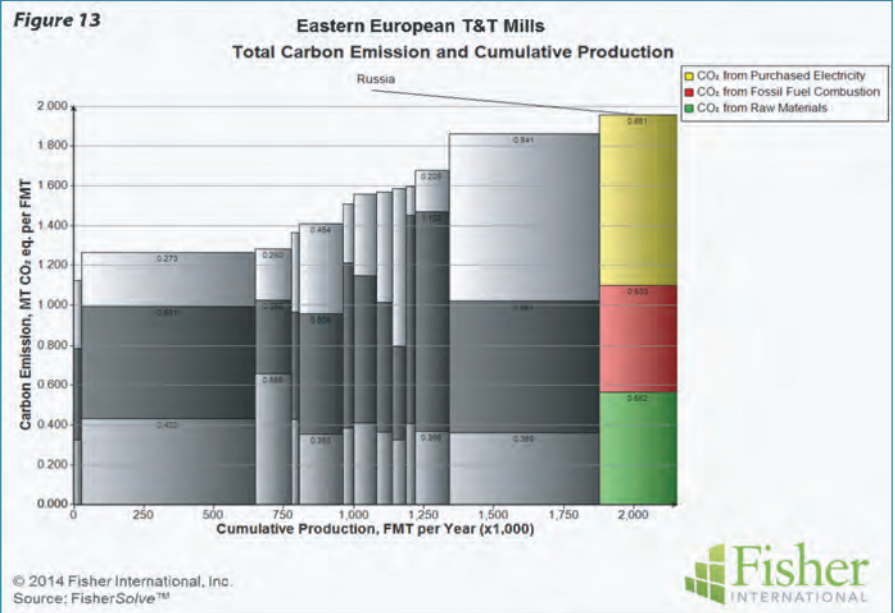
The source for market data and analysis in this article is FisherSolve™. Data tables behind Figures 1 - 13 can be obtained from Fisher International. E-mail requests to [info@fisheri.com](mailto:info@fisheri.com).

30%

Machines  
running  
above  
1,500mpm

20  
years

Average  
technical  
age of  
machines



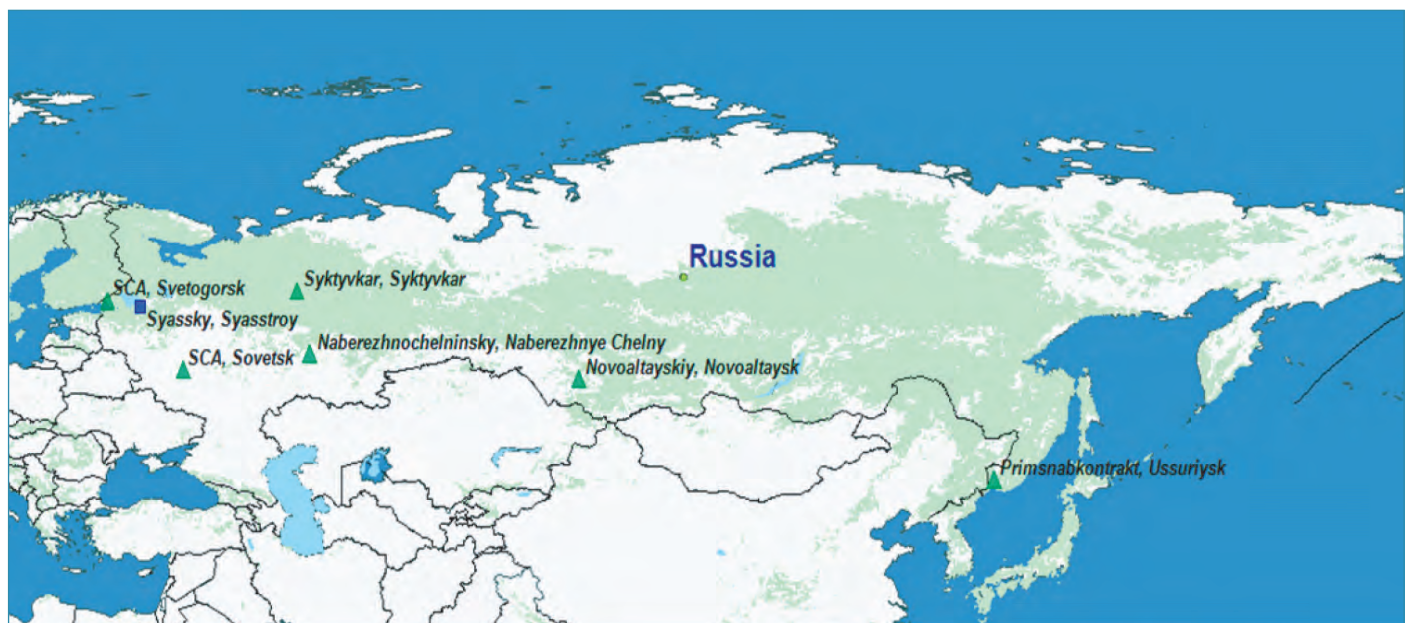
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#### Russian Operating T&T Mills Locations





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By Tissue World magazine editor Helen Morris

# Dynamic economic growth – massive consumer markets - unique geographical position

***With Russian tissue consumption expected to rise fivefold in three years, Hayat Kimya - the largest tissue manufacturer in Eastern Europe and the Middle East - sees higher quality soft, coloured and perfumed products as a key strategy in a rapidly changing market***

**H**ayat Kimya's persistent drive to break records, push boundaries and move quickly into new geographical areas has been causing waves in the European and Middle Eastern tissue industry for a good few years now. "We've made tissue investments every year for the last three years," the company's tissue plants global director Lütfi Aydın tells TWM from the Alabuga tissue plant located in the Republic of Tatarstan, Russia. "This year we had to leave a bit of time to optimise our operations. Now we're back to our original pace. Last year we opened up our Iranian tissue

mill. And of course here in Russia, where we're aiming to be up and running very shortly in the coming months."

TWM first met Aydın at the company's Izmit site near Istanbul for the Turkish Country Report in 2012. At the time, it had just broken the World Speed record for tissue machines running its Valmet PM2 at 2,210m/min continuously for a 24-hour period. Its latest ventures into Russia, Iran, Turkey and Egypt have further accelerated its growth pace and will boost the company's production capacity to 420,000tpy;



this will make it the largest tissue manufacturer in Eastern Europe and

*The Alabuga tissue plant located in the Republic of Tatarstan, Russia*





By Tissue World magazine editor Helen Morris



*Plant director Ergun Gungelen in-front of the 5.6m Valmet-supplied Advantage DCT 200 TS TM which will soon start production*

the Middle East, and, according to Aydin, the seventh largest player in Europe.

The Russian mill is located a three hour drive east from Kazan in southern Russia. Mile after mile of flat and sparse land ends at Russia's second largest industrial complex where all of us - TWM, Aydin, and the plant's director Ergun Gungelen - need a

signed and stamped invitation letter to enter.

Surrounded by many of Russia's manufacturing giants, Hayat's mill is striking. It's mostly in the final stages of start-up and at the time of TWM's visit it's on a tight schedule to start production in the coming months. "The winter here is harsh, temperatures can decrease to minus

30 degrees and there can be up to six months of snow," Aydin says. "We are committed to making the start up before the harshest of the cold days."

Once up and running, the 5.6m Valmet-supplied Advantage DCT 200 TS tissue machine will produce 70,000 tpy of high-quality facial, toilet and towel grades – products



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By Tissue World magazine editor **Helen Morris**

that are increasingly in high demand in Russia. The move into the country for the Turkish tissue producer isn't surprising given the potential of the tissue market there. Russian tissue growth before 1990 under the Soviet regime was moderate because of strict economic controls. Tissue then wasn't seen as a necessity. However, after the collapse of the USSR around 1990, and a further five years later, the Russia tissue market started to recover.

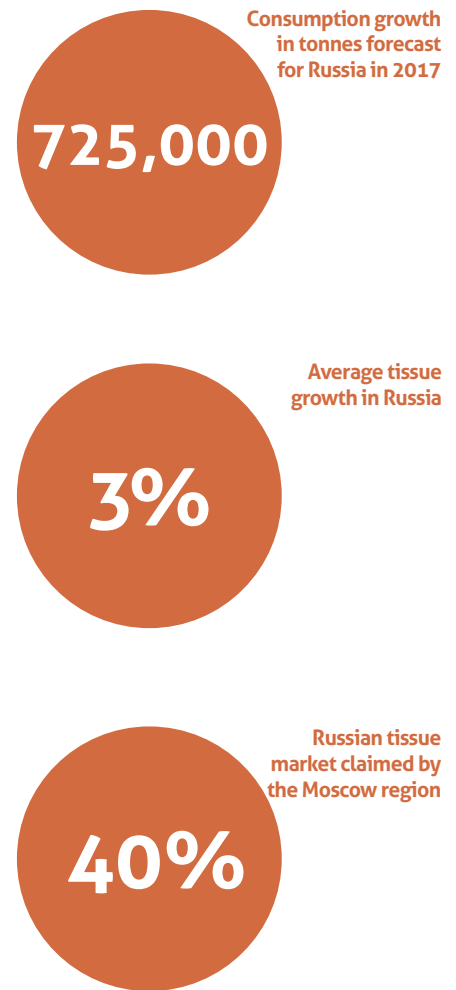
Since then, consumption growth has increased rapidly. Since 1996, it has risen at an annual average rate of 7.5%; the global recession in 2008 cut tissue market growth but in 2013 it increased 9% to 510,000 tonnes. Significantly, with more and more Russians having a disposable income, it's projected to increase 17% to 725,000 tonnes in 2017. "That's five times the growth potential that we're seeing in the current market," Aydin says. "The current situation in Russia is 3.3kg per capita with a population of 142m+ and demand for 565,000 tpy. In the ideal case and if we take the European average they will need five times the growth potential. That's a big emerging market for tissue and we are capitalising on that. The country has been seeing dynamic economic growth and has one of the largest consumer markets and a unique geographical position."

Neighbouring countries have also reached good consumption levels and Aydin says if Russia reaches its full potential it will have greater consumption than in Turkey. "The world average tissue growth is 4.4%, Turkey is 4.4%, Russia is 3% average, so there's still a lot of room," he adds. The Russian tissue market is made up of just a few international players. SCA has the largest market share and Kimberly-Clark is the next largest global player. He says the company isn't expecting to see

many tissue companies from other countries come into the market here as Hayat has, "which helps to make our market position strong," he says. "Our market strategy is to make superior quality products. We'll be competing in the market by placing our differentiated brands on the shelf that address consumer needs, so people will prefer our products. Softness is very important for the Russians and there is an opportunity there. We will compete with quality but be comparable with price."

He adds that after you see two kilos of demand in a market place, it starts to grow very fast. "We definitely see acceleration of growth here now up to three kilos. People's habits and ways of living are changing .. many people in Russia live alone and so they are eating out or cooking alone, and families are also getting larger." Currently, the overall quality of toilet paper in Russia is rather low as the majority of local tissue production in Russia is focused on recycled paper. In Soviet Union times, when there was no toilet paper at all, Russian consumers were first introduced to one ply - one roll recycled products. But habits are changing. While one ply is still a huge market, steadily increasing disposable incomes have meant that lower quality products are in decline. Aydin says one ply toilet paper consumption is expected to decrease in the medium term as more people travel and want better quality products that they see elsewhere. Aydin adds that while two ply toilet paper products still dominate, Hayat will be addressing unmet quality seeker consumer needs.

Hayat considered building a tissue plant close to the Moscow region, as that region of Russia is seeing the highest demand for tissue products claiming 40% of the market. However, it decided on the region of Tatarstan



because it has some advantages in terms of utilities infrastructure, tax incentives and land allocation.

Despite the proximity of Russia to China, Aydin says he's not seeing any particular impact of trends on the Russian market, "just some small demand towards the east of Russia". The current trends are expected to last for the next five years, resulting in a strong Russian middle class. Hayat will also look to sell into the Moscow and St Petersburg markets once up and running. Keeping an eye on Russia's growth trends will establish whether the company opens up a second tissue plant in Russia. "If we see the future is good, we will invest in another paper mill here within five year," Aydin says. "But we want to make sure the first one is going well first."

By Tissue World magazine editor Helen Morris

## Pulp Invest targets No.1 position in Tatarstan as Russian tissue surges

*In the emerging Republic of Tatarstan, Pulp Invest is on the brink of a major start up. With the towering presence of the Kazan Kremlin never far from sight or mind, TWM finds population growth and disposable incomes the keys to the future.*

**D**riving through Kazan towards Pulp Invest's mill, the city's striking pale sandstone Kazan Kremlin is impossible to miss. Declared a World Heritage site in 2000, its construction was ordered in the 15th Century by the Grand Prince of Moscow 'Ivan the Terrible' on the ruins of the former castle of Kazan khans, itself begun some 500 years earlier.

The city is the capital and largest of the Republic of Tatarstan, lying at the confluence of the Volga and Kazanka Rivers in the south of European Russia. It has a complex history that has most recently seen it again become the centre of Tatar culture

and identity, and with the return of capitalism following the dissolution of the Soviet Union it has become one of the most important areas for the Russia Federation.

In terms of population, Kazan now ranks eighth in Russia. It is also known for its sport: last year it hosted the 2013 Summer Universiade and it is also gearing up to host matches at the FIFA World Cup in 2018.

Walking around Pulp Invest's plant and the company is clearly nearly ready to start production, which is expected to come on stream at the start of 2015. Once up and running, the 2.80m-wide Andritz PrimeLine



Compact II tissue machine will produce 30,000tpy of high-quality toilet rolls, kitchen towels and

*Production at the Kazan-based site is expected at the start of 2015*





By Tissue World magazine editor Helen Morris







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By Tissue World magazine editor **Helen Morris***Gearing up for production: the Andritz Primeline Compact II*

napkins, which will then be converted into rolled products. They will start at a weight of 14 gsm and both two and three-ply toilet paper products will be produced. Converting will take place at the site on an Amica line supplied by PCMC as well as an Omet line.

"In the past five years we have seen a lot of new demand for these products in this area," Pulp Invest's chairman of the board Stanislav Averyanov tells TWM in English from his office. "Generally across Russia, the tissue market is growing 20-25% year-on-year and this growth is expected to continue."

Russia is undoubtedly a key market

for tissue players: its significant growth is underpinned by a steady increase in disposable incomes which has seen consumers trading up and starting to use new tissue products. Tatarstan is a key example, and its potential and the gap in the marketplace was recognised by Pulp Invest when it formed in 2012. The company is targeting the private label and own brand markets with its brands such as Perina.

The changing way of life for many people in Kazan is driving a lot of the demand, he says. "There is a rapidly developing tissue market here. The population is growing and with that people are using tissue products

more, it is becoming more of a habit. Population growth is having quite an impact and with more money, people here are starting to spend more."

Looking at tissue trends in Moscow and St Petersburg, there is a lot of promise for increased consumption in Kazan and the region. "These two areas have a tissue consumption of around 8-9kg per person. But this isn't a different mentality, it's not like the differences in tissue use which is a cultural choice seen in regions such as northern and southern China. It's a question of money and the level of disposable income.

The Russian tissue market has many

By Tissue World magazine editor **Helen Morris**

small independent domestic players that are feisty in their fight against tissue giants such as SCA, which leads the retail Russian tissue market with a 33% share following the acquisition of Georgia-Pacific's European tissue operations. Additionally, Turkey's Hayat Kimya have just started up its first tissue plant in the country, while businesses such as Syassky are in the general paper production market as well as the tissue industry.

Averyanov says this competition has had quite an impact on the country, and has impacted its own market strategy so that it offers high quality products at a mid-range price. "Our market strategy won't see us selling anything cheaply," he adds.

There is currently no overcapacity in the Russian tissue market and Averyanov points out as a knowledgeable aside that cellulose is the only product the supply of which is exceeding demand. "During 2014, we have seen a 5-10% deficit in tissue, napkins, etc. And a lot of low quality paper. In Russia, consumption is around 6kg per person while in other countries in Europe it's 11-12kg per person. So there is potential for us to grow and we expect the market here in Russia to be growing by 5-10% per year by 2018."

As to whether the business will be looking to buy additional machinery once it's up and running, he says it has "a very good opportunity to grow". "For now our plan is to sell the maximum production capacity of the Andritz machine, but then after that, we will be looking to expand further into the local tissue market."

There is export potential and Kazakhstan is one of the key export markets for the company. "It's like the tissue market was in Russia five years ago," he says. "There are some opportunities in the wider CIS regions; they have a big demand for tissue products and there's a great potential for the market there. But for now, our target is to be number one in Tatarstan."



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## Home and away ... Anika compares West and East

Here in Korea, I don't recognise any of the tissue brands that I'm used to in Belgium, so that really affects what I buy. When I buy tissues here I mainly look at the price, I don't care much about brands or where they're from. I just pick the one that attracts me the most in terms of packaging and price.

The main difference I've noticed between tissue products in Belgium and those in South Korea is the unavailability of the small packet of tissues. They do not sell them anywhere. I have a hard time finding them and when I do, it's usually sold as a single packet rather than in a pack of 12 or more. When we go to the supermarket in Belgium we usually buy a big pack of 12 smaller packages of tissues. It's impossible to find these in Korea.

"Here in Korea, I usually have a very hard time finding normal tissues for everyday life, so I use kitchen roll or toilet paper instead."

At home, I buy tissue products just when I need them. When I've run out but don't necessarily need it, I don't run to the closest store to stock up. It's only when I realise I need it for something that I would go out and get it. Then I go to the closest supermarket rather than a convenience store, as despite the convenience store being located closer to my place, the tissue products there are more expensive.

I use only wipes, kitchen roll, and then napkins when I am in restaurants. Here in Korea, I usually have a very hard time finding normal tissues for everyday life, so I use kitchen roll or toilet paper instead.

In Belgium, I do care about whether the product is environmentally friendly or has green credentials, as I understand what is written on the packet. Then I look

"I have no preference over branded tissue products or supermarket own-brands, but at home in Belgium we usually have brand products."



*Born in Belgium, Anika Michielsen has just returned from a year in South Korea where she was studying a masters in business administration, majoring in international relations. She tells TWM of her contrasting tissue experience.*

for environmental certifications. In Korea however, I don't understand what's written on the packages; so it's all down to how appealing the packaging is. I haven't especially looked for tissue products with environmental certifications, but I also don't think I've seen many.

I have no preference over branded tissue products or supermarket own-brands, but at home in Belgium we usually have brand products. I'm more willing to buy those in the supermarket instead of supermarket brands.

I also carry tissue products when I travel long haul, either flight, in a car or a bus. I always try to have a package of tissues in my bag.

# PIX Pulp indices 30.9.2014

## NBSK pulp Europe

**T**he August pulp data from PPPC came out better than expected for the hardwood pulp but the BSKP numbers were disappointing. Total shipments were up in August by 2.5%, y-o-y, which brought the cumulative eight month growth to 1.1%. In BSKP, shipments were down by nearly 4.5% for the month and now down by slightly more than 1% cumulatively. If the still positive fluff pulp data was removed from the BSKP total, pure paper grades softwood numbers would be even more negative. With the weak delivery data, market BSKP producer inventories moved up by two days including the seasonal adjustment and by three days without the adjustment. The market has remained firm in Europe but has showed some weakness in the other key consuming regions. Euro weakened again, this time by 0.9% against the US dollar. Our PIX NBSK index value headed further downwards, at least temporarily, as the index value retreated by 1.29 dollars, or by 0.14%, and closed at 930.74 USD/tonnes. When converting this dollar-value into the weakened euro with last Friday's exchange rate, the benchmark moved further up by 5.82 euro, or by 0.80%, and the PIX NBSK index in euro ended at 731.02 EUR/tonnes.

## BHK pulp Europe

In hardwood pulp, PPPC statistics showed an 11% growth in August, y-o-y. This brought the cumulative growth up to 3.8%. The earlier predicted impact of the abnormally high price gap between softwood and hardwood pulp is beginning to be seen in the consumption patterns. The approaching closure of Huelva and the idling of Old Town mill earlier in Maine help to absorb the growing volumes from the new lines in Brazil, Uruguay and China. Producer inventories in market BHKP were flat without the seasonal adjustment but came down by two days with the adjustment. Some producers have announced a 20 dollar price hike from 1 October, in addition to ENCE's earlier announcement of a 20 dollar hike for all new business from September 15. Euro weakened by 0.9% against the US dollar. The PIX BHKP index value in Euro moved up again, this time by 5.74 euro, or by 1.02%, and landed at 569.29 EUR/ton. The PIX BHKP index value in dollars gained 55 US cents, or 0.08%, and closed at 724.82 USD/tonnes.

## Paper industry

Paper industry profitability remains sub-par, caused more by weak pricing than by higher costs. The number of recent mergers



is not very high but capacity closures continue, especially in the graphic paper sector. Another recent trend has been the conversions of newsprint and other graphic paper capacity to another grade, typically brown packaging grades. Overcapacity has also led to some delays in building new capacity. This has been particularly clear in the tissue paper sector in China and other Asia.

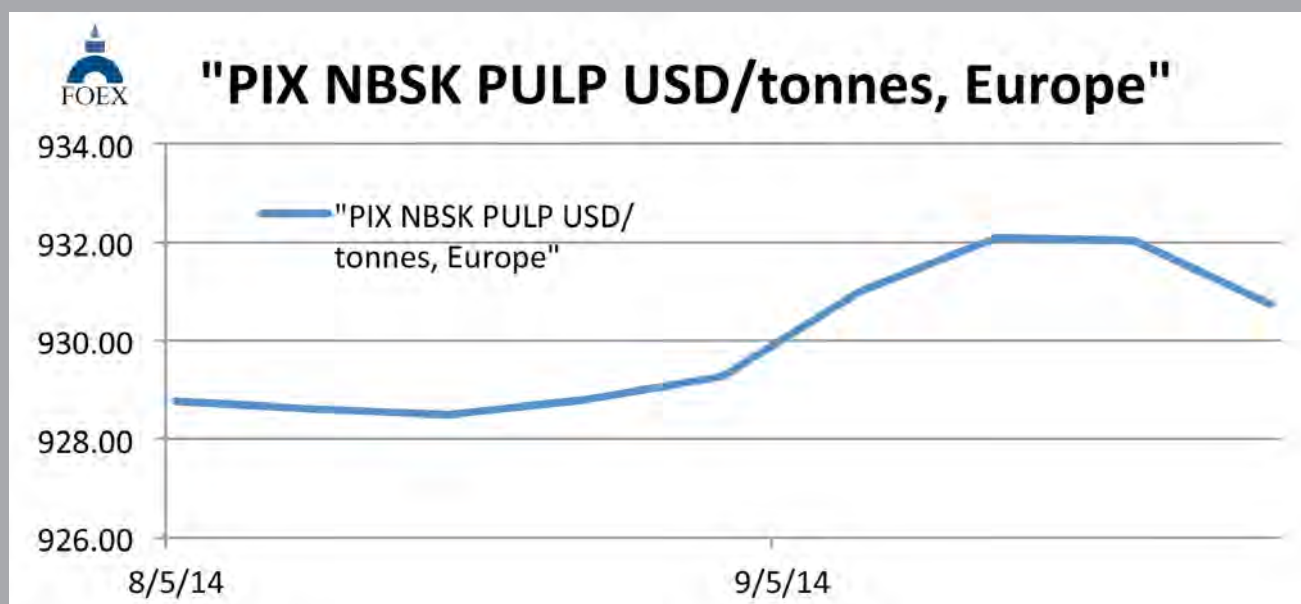
Paper and paperboard shipment and production statistics over the first 6-8 months of the year confirm the earlier made predictions that the decline seen in the graphic paper sector over several years now will be slower in 2014 than in the previous two years. With that and with a slightly faster growth in the packaging sector, global paper and board production will grow more this year than in 2012 or 2013. There are big differences between the nations and regions, however. As an example, US paper and paperboard production was down by 1.9% over the first eight months. During the first seven months, production in the CEPI countries was up by 0.1%. In Japan, the first six months ended up with an increase of 3.6% with even the paper sector up by 2.6% over 1st half 2013. Statistics from the developing countries are less regularly available but the numbers available point to a similar growth in 2014 to last year, depending, of course, on how the major correction in the Chinese statistics over 2013 data is treated in this comparison.

**Subscription** - For access to the latest PIX Pulp and Paper index values and commentary, please subscribe to the "PIX Pulp and Paper Service" via the following link [www.foex.fi/subscribe/](http://www.foex.fi/subscribe/)

**"In BSKP, shipments were down by nearly 4.5% for the month."**



## Source: FOEX Indexes



FOEX Indexes produces audited and trade-mark registered PIX price indices for certain pulp, paper packaging board, recovered paper and wood based bioenergy/biomass grades. The PIX price indices serve the market in a number of ways. They function as independent market reference prices, showing the price trend of the products in question. FOEX sells the right to banks and financial institutions to use the PIX indices for commercial purposes, while RISI Inc. has the exclusive re-selling rights for subscriptions to the PIX data and market information. Please enquire for subscriptions at [foexsubs@risi.com](mailto:foexsubs@risi.com) or via the following link [www.foex.fi/subscribe/](http://www.foex.fi/subscribe/).

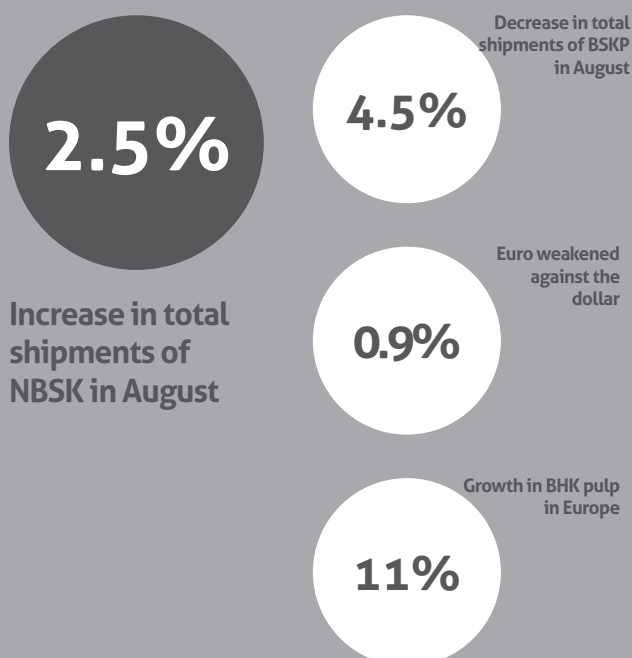
Tissue papers are produced either from virgin fibre, recovered fibre and various mixes of both, depending on the end product. High quality hygiene tissue products like medical tissue products, facial tissues, table napkins or other such household and sanitary products are often made exclusively or almost exclusively from virgin fibre pulp, whereas the share of recovered fibre typically increases in tissue products for a variety of end uses outside personal hygiene, such as kitchen towels or towels for garages or other such industrial production facilities etc. Providing PIX pulp price indices gives the paper producer and buyer insight in the price trends with a weekly frequency. PIX indices are used as market reference prices e.g.

- by banks or exchanges that offer price risk management services for pulp buyers and sellers
- by buyers and sellers of pulp or paper in their normal supply contracts
- companies who want to employ an independent market reference price for internal pricing (e.g. pulp mill – paper/paperboard mill, paperboard mill – box

plant) through licensing the commercial use from FOEX.

In addition, our price indices are widely used in financial analysis, market research and other such needs by all kinds of parties linked directly or indirectly to forest product or wood-based bio-energy industries.

This way the companies have better tools to budget their cost or income structure and profitability, and may concentrate on their core businesses with less time spent on price negotiations, which tend to increase in these days as the planning span narrows in the wake of the short, quarterly business cycles and, nowadays, in most cases, monthly raw material pricing decisions.



# ANNUAL REVIEW



**Industry experts tell TWM about how emerging technological, cultural, political and commercial changes could shape global tissue in the years ahead**

**Once consumers try private brands they are staying with them**

**Kit Vale, Daymon Worldwide global director**

"As we see more and more paper manufacturers consolidate, they create a larger footprint that can service more retailers efficiently. These manufacturers are growing their business at the expense of the smaller producers. As their business grows, they are in a better position to improve their facilities, machinery, and grow their sales force.

"Additionally, European manufacturers are beginning to establish themselves in the US. These manufacturers come with a lot of capital expenditure capability from the stronghold they have in Western Europe. It will be interesting to watch as their global expansion continues.

"For the key trends we are seeing, convenience is the main driving macro trend for tissue innovation. Special Car packs, soft large packs, unique travel packs are growing in the napkins and facial tissue categories. In Europe, innovative paper towel delivery has been created. Stronger towels are touted as having dual use as both a towel and sponge. One paper towel manufacturer will be launching a towel with water-activated dish liquid. Another manufacturer has launched a towel with water-activated anti-bacterial substance for hand cleaning. These multi-purpose uses all respond to the consumer need for convenience.



Kit Vale :  
Convenience is  
the main driving  
macro trend for  
tissue innovation

***'European manufacturers are beginning to establish themselves in the US. These manufacturers come with a lot of capital expenditure capability from the stronghold they have in Western Europe.'***





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"Additionally, manufacturers in the private brand arena are adding TAD bath tissue skus to their product portfolio as alternatives to branded offerings. This trend will have a two-fold effect. Private brand will continue to grow share in this tier while there will be margin pressure placed on the national brands.

"The global tissue business environment is in better shape now than a year ago. The US is seeing less unemployment and consumers are spending more. The biggest change is in private brands, as once consumers are enticed to try them they are staying with them, which is driving segment growth. Additionally, consumers are shopping more channels. With the growth of dollar stores, the data shows that their shoppers include more than just the strictly value consumer."

### Competition will be better without the small players in the market

**Nidal Zeidan, Nuqul Tissue, business, development and marketing manager**

"The acquisition we have seen in the tissue market is very healthy and leads to unify all efforts and results in the introduction of better product quality and prices for the customer. Competition will also be better without the small players in the market. We are not expecting any further merging at the near future.

"The main key trends that we expect to impact the tissue industry next year are pulp resources alternatives as well as energy costs.

"In spite of the turmoil situation in some countries in the MENA, we are still witnessing strong market expansion mainly in Turkey, Iran and UAE, which is showing better investment activity than it has done in the last 12 months. We are expecting modest growth globally specially after the huge expansion in China during 2013.

"In 2015, as the leader in the MENA region Nuqul Tissue (NT) has evaluated the supply/demand figures for all regions so that it can penetrate the most promising ones. MENA is our core area with a future focus in Sub-Saharan Africa and east European countries."

### Too many negative developments in the world for strong growth

**Greg Grishchenko, project management at Georgia-Pacific for over 20 years, currently international independent consultant**

"This year the mergers and acquisitions in the tissue business affected mostly North America and Europe but not that much to show significant results. The Asian "invasion" into the US market, both from legitimate convertors like APP and grey market jumbos utilised by small local producers, reflects the existing growth potential. The further consolidation is doubtful, unless triggered by some unexpected events (this year we have plenty).

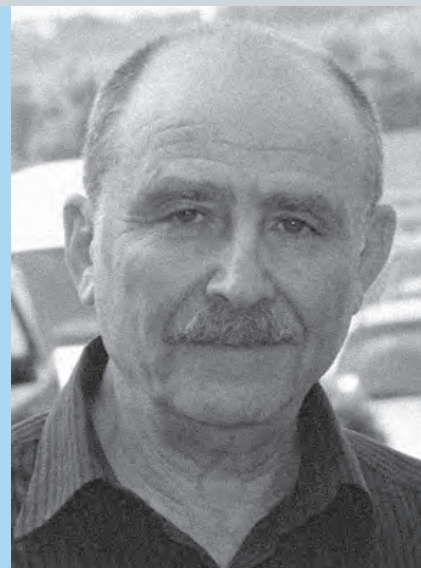
"One of the key trends we're seeing in the tissue industry is the growth of private labels which are increasingly matching premium brands in quality in developed markets. We're also seeing the conversion of paper mills to tissue mills and the increasing introduction of non-conventional fibre sources.

"However for the global tissue market, it's doubtful it will continue to see very strong growth. There are too many negative developments in the world such as the war in the Ukraine, events in the Middle East and global epidemics to predict strong growth. Tissue industry growth in Eastern Europe was flat before the war in Ukraine. The most promising player in this region – Russia - may cancel or postpone several tissue machine installations as the result of economic sanctions. Elsewhere, Middle Eastern tissue exporters from the likes of Jordan and Egypt may be affected by on-going turmoil. The bright spot is Turkey but it is not enough to drive up regional growth. Moderate growth is expected in China as they are fazing out old antiquated tissue mills and gradually improving performance on newly installed modern tissue machines.

"What growth there will be will be in the diaper sector or other incontinence products in the developing world due to an ever increasing aging population. Growth in 2015 and beyond for some quite unconventional players such Iran, Cuba, Venezuela, Belarus and North Korea could be seen, firstly due to low benchmark production and consumption and secondly because of potential political improvements that may lead to the growth of consumerism."

***'The Asian "invasion" into the US market, both from legitimate convertors like APP and grey market jumbos utilised by small local producers, reflects the existing growth potential. The further consolidation 's doubtful, unless triggered by some unexpected events'***

Greg Grishchenko:  
Growth of private  
labels matching  
premium brands  
for quality in  
developed markets





Global economy is going to be  
in a parlous state for a while yet

**Phillip Lawrence, managing director at  
Eco Logical Strategies and masters in business  
by research, Ecological Modernisation Theory,  
PhD Scholar, Political Economy**



*Phillip Lawrence: Industries that  
engage in Long Run Economic  
models must be very big to  
get economies of scale*

"It is very hard to imagine any industry sector around the world that isn't ripe for either buyouts or mergers. Large scale manufacturers are in the business of long run economics which unfortunately means slight cost changes has a long term impact on the business viability. The continuity of fibre supply and the impact that climate change will have on some forestry resources in the future must be keeping some people awake at night. Climate change will influence future forest growth rates which changes yield rates in plantation areas. Natural events such as fires and floods will also pose concerns. So

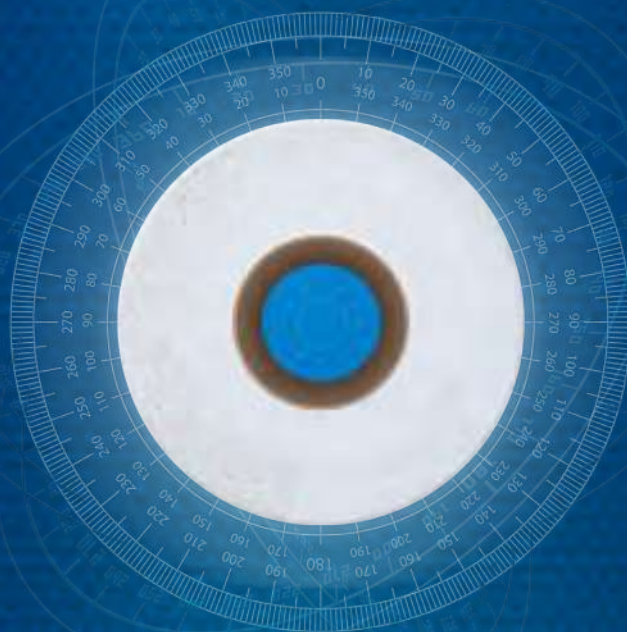
the pressure to merge might be more the ability to control input resources as well as adding the size of the business. Industries that engage in Long Run Economic models must be very big in order to get economies of scale. So the consolidation forces will continue to be played out in the tissue market.

"Christine Lagarde, the managing director of the International Monetary Fund (IMF), let out the big news that most people in the world already knew some time earlier that the world economy is in an extend period of mediocrity. Slow, low growth will be the norm for some time to come. But importantly the slowness will now likely spread to the east as the Western world slows down demand. So the world will not be getting out of first gear for a while. The internal growth of many of the "non-Western" countries has for a while propped up the total global growth figure, but now we should expect to see a slightly slower growth in countries such as China, Indonesia and India. Because tissue is an "affluent" product in these markets it is likely we should see the large growth rates over recent years begin to slightly cool down. Production sites in the East will need to explore manufacturing and input efficiencies to maintain profit margins. Once again the long run economic model can suffer badly from shifts in margin.

"I believe the global tissue market will still achieve good growth in the coming year or two. However, the global economy is going to be in a parlous state for a while yet; it's hard to say what specifically will pull it out of the current period of low growth, low interest rates and low inflation. Demand for a wide range of consumer products is generally low. The main growth for tissue has been

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in the Eastern growth markets and now they are beginning to catch a slight case of Western "mediocrity". So while growth will still in total be good, there should be a slight reduction. Low job figures in the US, Europe's slowing market demand and Asia now beginning to slightly follow the lead from the West would reduce tissue growth a little over the next year or two."

## Maghreb region oil exporters have no cash problem financing investments

### Omar Chabane, former senior paper industry officer

"The tissue market has performed well over the last year despite a gloomy economic atmosphere marked mostly by the huge levels of states' national debts by a high level of unemployment in European countries. Countries like Italy, Spain and France are still fighting hard to recover and alleviate their debt. The level of overall consumption has dropped.

"However the regions of tissue growth still look safe for the near future. In China the rate of growth is still interesting while Latin America is still investing in this industry and their pace is good too. Brazil and Chile in particular are pushing ahead and investing in new tissue machines and this progress looks set to continue during the coming year. The domestic consumption is being fuelled by local output and import.

"What is good for the goose is good for the gander. Consequently the Middle East area, despite political turmoil and uncertainties, will continue to grow in tissue paper for two main reasons: to catch up and bridge the present gap, and to confirm the present move of investment on tissue machines under way both in the Maghreb zone and the near east.

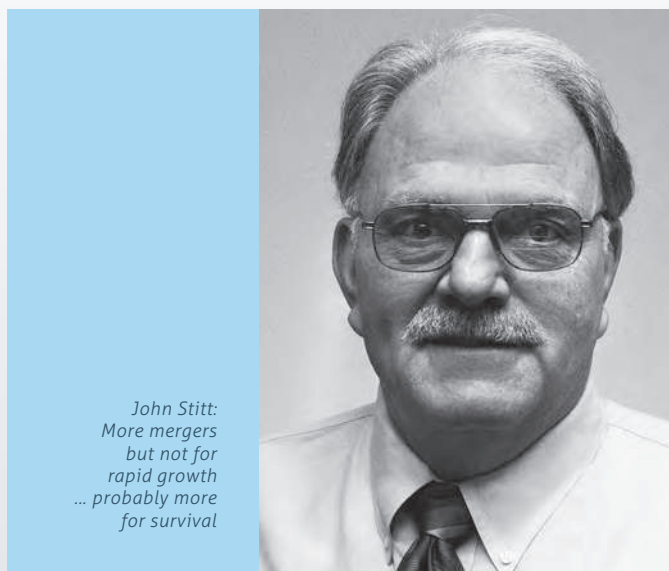
"Tissue machines are either being assembled or ordered in the Maghreb region and we expect this trend to continue next year. In addition to this, these countries are mostly oil exporters and do not have any cash problem to finance their new investments. Another important reason for this is that the states are pulling back from the commercial sphere and repealing state monopolies leaving the economic actors at work. All this has certainly freed the market forces in the sense of further liberalism.

"I believe that the merger and acquisition activity we've witnessed this last year has in fact had a good impact as the market is still in great demand, and we are also seeing environment rules progressively absorbed. We will see many tissue investments start from scratch next year. These are new proper investments rather than mergers and this will continue at a controlled pace. Overall, I'm much more confident of the business environment now than a year ago."

## Merger histories often don't produce great results or enhance competitiveness

### John Stitt, Buckman International, global specialist – tissue processing and creping

"There have been some mergers in tissue companies but even more significantly with suppliers in the past years. Large investment companies initially see the tissue industry and its suppliers as high



*John Stitt:  
More mergers  
but not for  
rapid growth  
... probably more  
for survival*

## 'In tough times there are some dynamics in the tissue industry that have held true.'

margin/high return potential, but after some time learn doing business in this industry takes more resources, including capital and expertise, and does not deliver the returns they initially thought.

"In the supplier community there are divestitures. There may be more mergers of tissue companies, maybe to expand area, product line or customer base, but not for rapid growth like in the good times, now probably more for survival.

"Merger histories often don't produce great results or enhance competitiveness. There are exceptions of course. With a merger the dominant company buys market and sales volume but it doesn't necessarily change the fundamental profitability trends of the two companies. The economies of larger scale seem to be inversed and for a year or two the mergers seem to produce painful disruption.

"In tough times there are some dynamics in the tissue industry that have held true. Because the high margin part of the industry (at home) is consumer driven and reactive to innovation and consumer taste differences, more agile, usually smaller companies with quick response can capture specific target markets, where many huge companies are too bureaucratic and often too slow to change in time to gain the lead. Eventually they may get a good piece of a market with brute force marketing but the high margin days are usually gone by then. The companies that can incorporate a rapid response to change seem to win. But unfortunately these companies grow and eventually become larger and bureaucratic, and a new group of the dynamic companies comes along. We are seeing a new crop of these emerge now.

"With the capacity in most areas exceeding demand there will be corrections. And as Tennyson said: 'The old order changeth, yielding place to new...' Old inefficient assets will be shut down, yielding their orders to the newer more efficient machines.'

"In terms of global trends, we are following the classic cycle in tissue production of high demand and then expansion beyond



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Tel: +86 21 6464 1527  
Fax: +86 21 6481 2993  
Email: info@cnta.org

**JAPAN**  
UBM JAPAN CO LTD  
2nd Floor, Kanda 91 Building  
1-8-3 Kaji-Cho, Chiyoda-ku  
Tokyo 101-0044  
Japan

**Yohei Fujioka**  
Tel: +81 3 5296 1020  
Fax: +81 3 5296 1018  
Email: yohei.fujioka@ubm.com

**KOREA**  
UBM KOREA CORPORATION  
8F, Woodo Bldg  
#129-3, Sangbong-Dong  
Jungnang-Gu, Seoul 131-861  
Korea

**Enoch Jeong**  
Tel: +82 2 6715 5400  
Fax: +82 2 432 5885  
Email: enoch.jeong@ubm.com

actual market demand for capacity. With overcapacity we will see shut down and/or consolidation of inefficient assets. AfH producers will be hit the hardest with margins cut to maintain full production. Globally, At Home toilet tissue and towel production will be more and more structured tissue. With a few exceptions, traditional dry crepe will be seen as more of a tool of the AfH producer. With the price of eucalyptus down, and an overcapacity in producing that fibre, plus the Chinese demand for secondary fibre, we will see more AfH or mid-market At Home companies converting to higher, if not total, virgin fibre content. To survive in the same segment higher quality is going to be demanded and price competition will be strong. It just makes good business sense to produce with a lower real yielded fibre cost (virgin fibre) raw material package.

"Another trend is the significance of manufacturers producing premium quality products for the big box chain stores such as Costco, Walmart and others. Already the premium store brands are rivalling the premium name brand products and at lower prices. As more and more consumers realize what is happening brand power is going to become less important.

"Global tissue markets continue to expand at its plodding rate, with some regional brighter spots, but I'm not optimistic about the next year to three years. The market will continue to slowly grow, but everyone had the same idea and planned on expanding. Now the next years are going to be for the smartest and most efficient. China can soak up all their new internal machine capacity, but the next few years are going to be a competitive struggle for their exports and for most of the rest of the tissue world. Already we are seeing capacity expansion postponed and capacity utilisation figures declining.

"As a supplier, we're definitely looking at who and what will be the leading producers and products in the years ahead. We're looking at what the tissue industry will look like in five years. I think essentially all the premium tissue in the regions of cushy softness and high absorbency will be made on structured tissue machines in the future. Premium towel will essentially all be structured. We will see some aggressive companies that are not too bureaucratic, have good business practices, and can quickly respond to market changes arise and capture the market expansion, and even perhaps a significant amount of business from the large bureaucratic global companies. The mid-sized aggressive tissue producers offer great opportunity for suppliers.

"One cannot ignore China's growth and the rest of Asia offers potential. Doing business in Asia is hard for most Western companies, but we continue to learn and grow there. South America, Eastern Europe and Western Asia (including the Middle East, especially if the current conflict ends soon) offer great growth potential for suppliers. Like tissue producers, suppliers who can change with market demands will prosper."

## Significant increase in bleached eucalyptus kraft pulp availability

### Paul Watson, Canfor Pulp Innovation director

"As an NBSK supplier, in the last year we have seen demand for high quality long fibred pulp for obtaining optimal strength and softness in tissue remain very strong and it is expected to remain so. M&A activity and consolidation will continue in the tissue industry, as well as increasing cooperation between major players in the industry.



*Paul Watson:  
Strong demand  
for high quality  
long fibred pulp  
for obtaining  
optimal strength  
and softness*

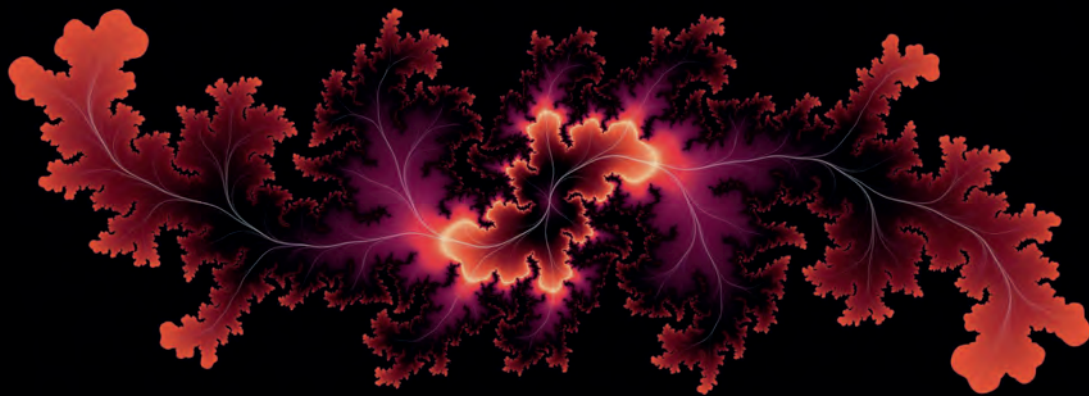
**'Another trend is the significance of manufacturers producing premium quality products for the big box chain stores such as Costco, Walmart and others. Already the premium store brands are rivalling the premium name brand products and at lower prices. As more and more consumers realize what is happening brand power is going to become less important.'**

"From a fibre perspective, the key trend we're seeing is the significant increase in bleached eucalyptus kraft pulp availability which, next year and beyond, might be expected to drive pricing of hardwood pulp lower. Consequently this will influence the buying behaviour as tissue customers who will continue to try to reduce direct fibre costs by displacing the more expensive long fibred softwood kraft pulp in the tissue base sheet.

"We have remained confident about the global growth of the tissue market. Our order files are strong and the majority of our customers are contracted, we sell very little pulp on the spot market. The growing demand for higher quality tissue products suits the value proposition for lower cost and higher softness tissue base sheet production.

"We are constantly on the lookout for new customers and because of Canfor Pulp's location near Canada's west coast, we are especially suited to supply the Asian markets in addition to North America. Other geographical markets are serviced as well and we are working actively with shipping companies to evaluate new market opportunities, as transportation cost is often a determining factor."





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## Rare instance of quality and efficiencies advances enjoyed with improved energy

### Bud Chase, Enzymatic Deinking Technologies (EDT) global general manager – tissue

"Mergers on the supplier side of the tissue industry are creating challenges for the now larger entities to provide value across multiple technology segments. The primary challenge for those larger supplier companies is to organise existing resources of parent and acquired companies in ways that provide the most value. Some ability to provide value will likely be lost as companies pursue the cost reductions and various synergies that made the acquisition attractive in the first place but ultimately the interconnected product offerings should be efficient and workable for much of the industry.

"Mergers on the paper manufacturing side tend to be larger in terms of headcount and cultural differences seem to come into play more heavily. Quality standards, willingness to take risk and views towards early adoption of technologies all need to get redefined for at least one side of the merger and very often results in a hybrid solution. I think it a near certainty that further consolidation will take place on the manufacturing side.

"Interestingly, the supplier side of our industry has a more uniform global presence than does the manufacturing side. Because tissue and towel manufacturing sites feed regional markets, there can be less global shipping of products and companies are required to have a manufacturing base that is global before they can truly be global. To achieve this, these companies will be forced to deal with the business culture issues associated with consolidations and societal driven cultural issues arising from these different geographical areas.

"This is an exciting time for our industry. Significant trends in our industry typically have been driven by either quality or production efficiency or both. Lately this duality has expanded to include environmental awareness or sustainability. Two major technical trends in our industry today are energy efficient structured tissues and enzymes. Each of these technologies is in a unique historical position to significantly affect either quality and/or production efficiency. They also both have the ability to improve sustainability. This has not occurred in our industry too often in the past. Historically our industry has advanced a technology if either quality or production efficiency gains were there. We are seeing a rare instance where quality and efficiency advances can be made while enjoying improved energy efficiency. The new structured tissue machines are capable of this and enzymes are expanding operating windows on all machine types to allow for reduced costs, higher quality and larger fibre choices. These developments are the potential to transform the way tissue is made.

"There are a number of manufacturers taking downtime on machines and this will likely occur for the next six-12 months. A number of new machines have come on line in several key markets and the industry is in a traditional oversupply situation in parts of North America and Europe. In the MENA region, a significant number of new machines have come on line and more are planned which could cause significant oversupply in the next 12-18 months in that region.

*Brian Work:  
The more towel  
or tissue that  
can be placed  
in a dispenser  
the better*



"Some new machine projects will likely get delayed to mitigate this supply balance. While this may seem challenging from a short-term business standpoint, in the end our industry will have newer, more advanced assets in all markets and be well positioned to provide high quality products. I am confident that the tissue industry is healthy and continuing to grow.

"EDT is continuing to grow rapidly and we will be entering several new markets as our Refinase technology continues to be the beneficiary of a rapid adoption rate within the tissue industry. In the last five years, our industry has gone through phases of technology adoption including initial investigation, mid-term use and now broad use across large segments. Because this technology is viewed as a competitive edge in many respects by customers, our focus is more on particular tissue manufacturing companies than it is on specific geographies."

## Expecting larger capacity AfH industrial roll tissue and towel

### Brian Work, American Paper Converting operations manager

"Merger and acquisitions activity in the tissue industry has shown little impact on our business in the Pacific Northwest. We continue to see good service by our vendors but may be under a different name. I would expect to see further consolidation as that seems to be the trend in all markets.

"In the next year we're also expecting to see larger capacity (more footage) industrial roll tissue and towel in the AfH market. It seems the more towel or tissue that can be placed in a dispenser the better. We currently only do business domestically and here we are hearing less talk from customers about overseas products. In 2015, our goal is to penetrate more into the retail tissue market in the United States."



# Tissue packaging evolution in North America

**T**issue papers are considered a consumer staple and are sold throughout major retail channels. This category has been evolving along with changes in consumer preferences and buying behaviour, and packaging has been directly impacted by these changes.

## Changes in buying behaviour

At the beginning of the 2008 recession, consumers were buying private label products to cut costs. By 2013, approximately 70% of consumers in North America were buying private label products out of preference. Private label tissue products were also part of this change and demand for these products grew at a healthy rate of 8% during the same period. It is noticeable that large retailers, such as Costco and Walmart, continue to invest in their own tissue store brands increasing their own shelf space at the expense of national brands. Improved product quality, enhanced packaging design and different pack size options are considered key enablers for the success of private label tissue products.

Concurrently as consumers migrate towards more private label tissue products, they are also searching for the right solutions for their specific needs. Tissue manufacturers have expanded pack choices to fulfill consumer needs, and today we have over 15 different choices for bath tissue pack size, from one roll up to 56 rolls per pack. While four and 16 rolls per pack are still the majority of the retail bath tissue volume, larger sizes are gaining share (30 and 50 rolls presented double digit growth in the last five years).

## Increased focus on efficiencies and package reduction

As part of continued efforts to improve efficiencies and meet sustainability goals, tissue companies are taking actions that directly impact packaging. Increased penetration of larger packs enables changes in packaging configuration. Tissue

manufacturers are constantly looking for ways to enhance bath and towel tissue rolls stackability, and optimise shipping and shelf space at the retailer stores. Large tissue packs are also shipped directly on a shrink wrapped pallet, reducing the need of corrugated boxes.

Leading bath and towel tissue manufacturers have cut the number of sheets per roll ("desheeting") and also trimmed the size of each sheet in the last years enabling savings in packaging costs.

The recent national release of Scott Naturals® coreless bath tissue is another good example of packaging reduction. Kimberly Clark claims that the simple step of skipping the centre tube in its Scott Naturals bath tissue could have a positive impact in the environment, eliminating a large chunk of 17 billion such tubes thrown away each year.

Also worth noting is the move by tissue producers towards more compressed facial and napkins packs, and tighter bath and towel rolls. This move allows manufacturers to take the air out of packs and consequently reduce the amount of packaging material and also favourably impact freight costs

## Standing out from the clutter

Tissue brand owners are constantly looking for product differentiation to maintain consumer interest in spending



Soile Kilpi



Director,  
Pöyry Management Consulting



Kleenex®

By Pöyry Management Consulting's director Soile Kilpi

more on their products, the same way other consumer product manufacturers have been able to. Product differentiation in the tissue category can go from package colour, change in packaging substrates to customised packaging.

Kimberly Clark's Kleenex® Expressions® line, for example, offers an oval-shaped facial tissue box, with prints and colours inspired by worldwide trends to be also used as room accessory. With this line, the company looks to burnish its credential as a trendsetter in home décor. Kimberly Clark, that offered fruit inspired wedges tissue boxes in the past, has also a website where it's oval facial tissue box can be customised with customers' choices of colours, images and messages.

Another bold move in product differentiation was Procter and Gamble's new Puffs® SoftPack facial tissue, positioned as a more convenient alternative to the traditional square tissue boxes. Glow in the dark tissue boxes and bright neon colour bath, towels and facial packs are also adopted by tissue makers as an effort to differentiate products on the shelf.

### Implications / key takeaways

Although the North American tissue market is mature and per capita consumption is high (25 kg per person per year), there is movement in the product category. Packaging is driven by buying behaviour, role of tissue products in retailing, producers' technology choices and increased efficiencies and focus on sustainability.



Kleenex®

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## B&B – MAF bagger technology

*The independent packaging machinery manufacturer talks to TWM about its latest innovation for end-of-line packaging products*

**T**he end-of-line packaging of tissue products is one of our specialities: over the years continuous improvement in this sector puts B&B – MAF in a position to offer packaging solutions for a multitude of tissue products.

Among those one key focus is the development of baggers for toilet paper rolls, kitchen towels, facial tissues or folded paper towels and napkins. During the last few years we have increasingly concentrated on the optimisation of toilet paper roll baggers. The main goals for the advancement are to increase production to meet market demand and decrease down time from changeovers.

To reach these targets almost all components were improved and redesigned and this included:

- Re-engineering the infeed conveyor for controlled transfer to the roll turning and separating system
- No need for an additional buffer area in front of the machine
- Roll turning system with 90° swivel unit for faster change-over to horizontal orientated cores
- Fully equipped with servo drives to realise easy adaptation to all formats
- Bag opening units individually adjustable in width
- Format parts with attachment brackets for faster change-over
- "Easy-operating" system with visualisation – operator manual, circuit diagrams and spare part lists can be checked on the touch screen
- Easy access of the machine for cleaning and maintenance

Additionally the product range was extended with a lane diverter which can synchronise the in-feed and divide the products from four to three, four, five and six lanes. As a result

we are now in a position to offer a complete solution for this market segment.

For the AfH and consumer market the so called bag filler BF 15 is based on the existing lines. The machine was extended by a compression device which is integrated into the proven electronic gear system. This lately developed innovative unit ensures a controlled, constant and tight package, as well as a gentle product handling experience.

Different in-feed systems allow an individual connection to the upstream machinery on customer's request. The BF 15 is able to pack horizontal and vertical orientated products wrapped in paper or PE while speeds of up to 30 bags per minute can be achieved.

By using standard components a steady machine performance, high dynamic machine motion and short changeover times can occur. The long lasting experience in sealing systems guarantees perfect seams and a very long lifetime. Depending on the format the optional extension of the wicket conveyor allows an operating time of almost one hour without having to add any bags.



*The main goals are to increase production to meet market demand and decrease down time from changeovers.*



## Will a large project pay off? Decentralised concept with ten palletisers

In plants with multiple packaging lines, there are two alternatives for palletising hygienic paper products: a single large central palletiser processing off of several lines, or a decentralised concept in which a small, dedicated palletiser is located at the end of every packaging line.

Optima palletisers are specially designed for the demands of hygienic paper products. As an example, a dozen such palletisers are currently being used in multiple production plants, each installed at the end of a packaging line. Additional palletisers are scheduled to be delivered through 2014 as part of this large order, and expanding this decentralised concept to additional locations is currently being considered. But why would a company invest in a range of different palletisers instead of one single machine per plant?

### Comparing two systems: centralised vs. decentralised

It might initially seem that a central palletising concept would make sense in large plants with multiple lines, in particular due to the lower investment cost. But this does not necessarily prove to be the case, as the following example shows. Although this instance involves the largest palletising project currently realised by Optima Nonwovens, multiple Optima palletisers have already been de-centrally deployed in a number of other companies.

When analysing centralised vs. decentralised concepts from an economic point of view, two main factors come into play: capital costs and reliability. Capital costs (decentralised concept) must be weighed against the cost of potential downtime (centralised concept). Initial outlays for a small palletiser are less than those for a large one. But not surprisingly, the total acquisition cost of palletisers in the decentralised concept quickly exceed those of a central unit. The advantage of the decentralized concept however is that it is more reliable. Whether planned or unplanned, downtime in the centralised concept means reduced total output. Most hygienic paper plants already operate 24 hours a day, seven

days a week, so lost production time cannot typically be made up. Even short downtimes can be highly problematic, because intermediate storage or buffer needs to be arranged. The costs of just one hour of downtime are immense. Longer production breakdowns directly translate into lost sales.

Assuming identical availability of all palletiser machines, it is apparent that sales losses due to downtime in the centralised concept are multiplied by the number of packaging lines served by a central palletiser. It must be taken into consideration that decentralised palletisers also experience downtime, but the effect is much smaller.

Another interesting issue is the actual availability of the complete lines; how well co-ordinated are the packaging lines, including the palletisers? One can assume that an integrated line concept with a palletiser at the end of each line is easier to achieve than a palletiser which serves multiple lines. Whether more complex systems actually lead to reduced line availability remains to be seen in actual plant practice.

### Apart from that? Additional factors

An analysis of acquisition costs and downtimes alone yields an incomplete picture. There are a number of other factors to consider, for example packaging quality and the brand message



Oliver Rebstock



Managing director,  
OPTIMA nonwovens



A part of a complete turn-key line that includes primary packaging



at the point of sale. The related issue is whether the packaging actually reaches the sales point intact following palletising. How "gentle" are the palletisers on the packaging?

Packaging quality and design have a significant influence on purchasing behaviour, according to psychologist and neuromarketing expert Oliver Frenzel from the Gruppe Nymphenburg brand consultancy: "As soon as customers see packaging on the shelf, an associative brand awareness is activated in their brains". Of course product price and quality play an important role, but customers also unconsciously ask themselves: "Do I like the packaging? Is the brand a good match for me?"\*

How high are losses when distorted or damaged printed films or boxes end up on shelves? Personal experience is more helpful than a mathematical formula in answering this question and is just as valid: When faced with a choice between a damaged package and an undamaged one, the vast majority of consumers prefer the undamaged option. This is also reflected in the discounts stores offer for damaged packaging. Price reductions of 30 - 70% are typical even if the contents are undamaged. Damaged packaging however is usually immediately sorted out at supermarkets and drugstores in order to avoid negotiating discounts with consumers.

### Design advantages

The Optima palletiser for Nonwovens is designed with a special grabber system to gently move the light, soft plastic film and cardboard packaging without damage and to protect it on the pallet. Rounded edges limit the gripping force. Vacuum suction cups in contrast often distort the printed image when the attached weight is too large and are therefore non-ideal if damage to the package is to be avoided.

The special design of the Optima palletiser for Nonwoven products has a number of advantages, a main one being parallel stacking and wrapping. The film is already stretched while the lowering frame is still stacking the products. The system constantly measures the force used in this task, resulting in stacks of hygienic paper products in the desired form, without

overhanging corners or edges. The products remain in the desired position and are better protected as a result.

The user-friendliness of the Optima system is another persuasive argument in its favour. Employees can adjust the palletising process themselves via a menu in the HMI, eliminating the need for complicated programming. Different pallet arrangements can be easily achieved, including reinforced edges and corners or intermediate layers. Changing formats without having to switch format parts means greater user friendliness and enhanced investment productivity.

### Example configuration

This example involves a new investment that became necessary due to strong demand for the manufacturer's hygienic paper products. The palletisers were (and continue to be) delivered and installed in multiple stages. The machines are used to palletise both cardboard boxes and bundles of film packaging, either as direct transport packaging or as printed sales packaging. The parallel handling of plastic film and cardboard packaging was another key reason for this customer to choose the Optima system.

All the supplied palletisers are identical and can be used for all types of (bundled) hygienic paper products. No manual modifications are required when formats are changed; all adjustments are carried out via actuators and the control system. Before ordering, the customer tested the system in the Technidrome at Optima Nonwovens in Schwäbisch Hall.

The hygienic paper product manufacturer and Optima Nonwovens have been working together as partners for many years. The packaging lines which culminate in these palletisers are likewise from Optima and consist of stackers, baggers (primary packaging) and case packers. Foil bundlers (packaging in plastic films), some linked in parallel with the case packers, have also been installed. Case packers and bundlers carry out secondary packaging.

*\*Quote from the Financial Times Deutschland (meanwhile discontinued).*



Optima Nonwovens' palletiser

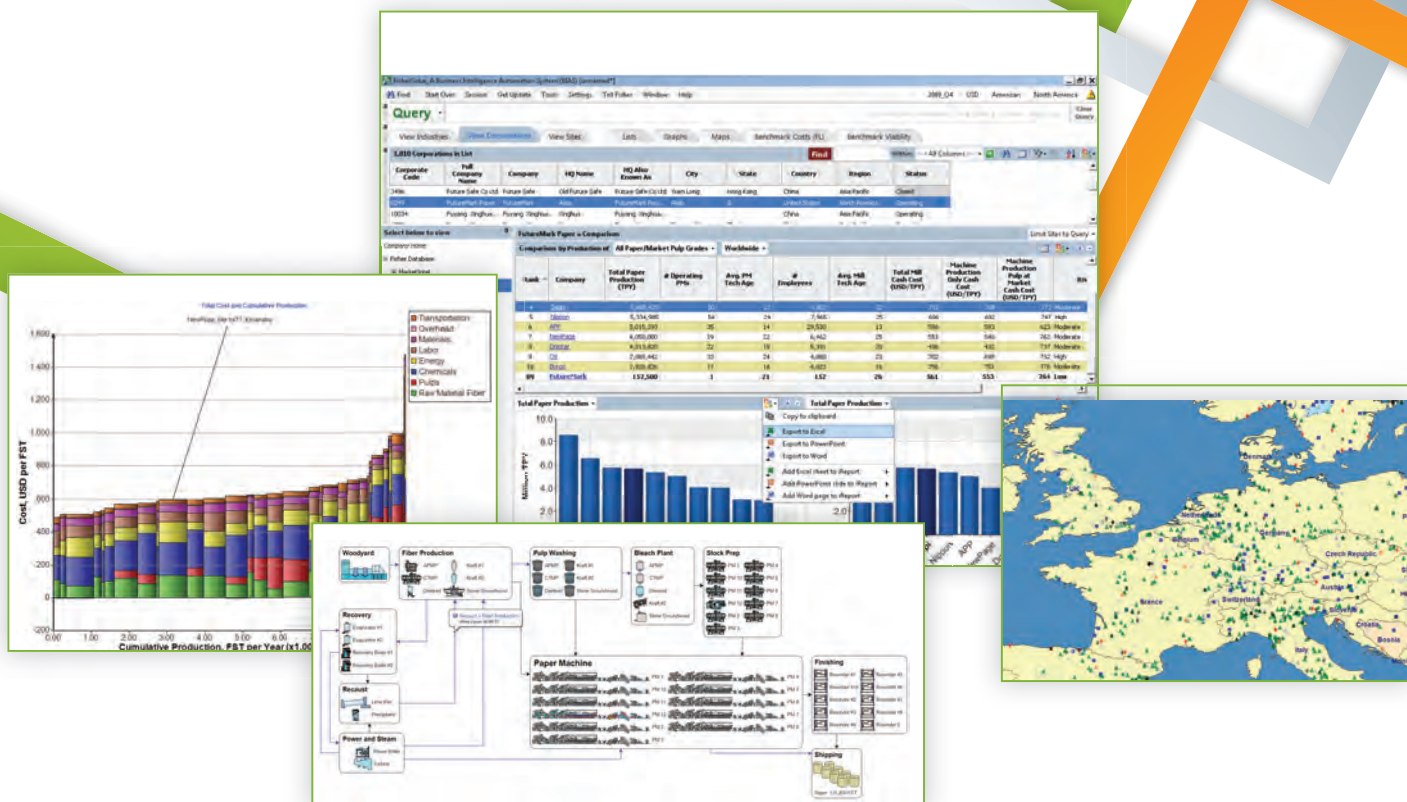
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# Capacity additions plus aggressive promotions spell interesting times in North American tissue markets.

**W**e believe that North American tissue margins could remain below historical levels for the next several years, particularly on the mid-to-low end of the quality spectrum. The industry is still absorbing the new capacity added in H2/12 and Q1/13, and will see another wave of capacity additions start-up in H2/15 and 2016 (see Fig 1 on page 60).

While some in the industry expect some older, higher-cost capacity to be shut as the new machines come online, we have not modelled in any unannounced closures. In addition, we suspect that a few of the future start-ups will be delayed in their start-up date but have not factored these into our supply-demand balance yet (Fig 2).

So the market looks congested ahead, but we know from experience that there will be movement in the current timetable to accommodate the capacity additions without material margin erosion.

US retail private label producer Clearwater Paper has reported

**'Clearwater Paper has reported increased price competition from branded/private label competitors throughout H1/14 ... citing one estimate that the branded producers' ad spending was up 65% year-on-year in Q1/14.'**

increased price competition from branded/private label competitors throughout H1/14. In addition to increased promotional spending by branded producers (Clearwater cited one estimate that the branded producers' ad spending was up 65% year-on-year in Q1/14), the industry also contended with lighter-than-expected order books in Q1/14 as retailer customers faced lower store traffic due to adverse weather conditions in January and February.

While Q2 demand conditions improved, there was no shortage of branded promotional spending dollars seen. Many in the industry expect this "promotion rich" environment to be the new normal, as branded players fight the market share growth of private label producers.

On the Away-from-Home (AfH) side, we anticipate that a portion of the 8-10% AfH price hike announced by all major producers for July 2014 will be implemented. We view demand growth in the AfH market at 2-3% annually, with limited supply additions, which suggests that market conditions will improve in this smaller sub-sector of the market.

A potential issue on the supply side is the growth in parent roll production as producers with new machines that are unable to get enough orders for converted products are forced to sell increasing volumes into this low-margin end-market. Additional parent roll supply, typically lowers pricing to the point where



independent converters produce for the AfH market.

We anticipate lower operating rates in the medium term. We estimate demand growth at 1.6% per year, or 160,000tpy, largely driven by population growth with capacity creep at 95,000tpy.

This implies that the market requires at least one new 70,000tpy machine annually in order to stay in balance. Factoring in likely capacity shuts, some in the industry believe that 2.5 new 70,000tpy machines per year are needed to meet rising demand. Unless additional capacity shuts are announced, we expect industry operating rates to decline

**'Historically, paper and packaging producers only gain pricing power when operating rates are 95%+, and prices start to become 'sloppy' below 92% as pricing power then falls to the buyers.'**

By RBC Capital's markets analyst **Paul Quinn**

to 91% in 2016. Historically, in paper and packaging businesses, producers only gain pricing power when operating rates are 95%+, and prices start to become 'sloppy' below 92% as pricing power then falls to the buyers.

Given additional capacity announcements for H2/15–H2/16 from Asia Pulp & Paper (two new 66,000tpy machines) and First Quality (two new TADs in addition to a planned ATMOS), we suspect that medium-term prices may be impacted by further capacity expansion (particularly if KP Tissue and Clearwater Paper end up adding additional TAD capacity).

In addition, Von Drehle is adding

a new NTT machine in Q4/15 (35,000tpy). Further out, China's Shandong Tralin has plans for a

**'RISI noted unconfirmed trade musings that an unnamed Chinese/Hong-Kong-based containerboard company is preparing an engineering study on the potential for placing up to eight new tissue machines in the US.'**

large \$2 billion straw-pulp mill with integrated tissue production in Virginia (capacity unknown;

construction to begin early 2016).

RISI also noted in April unconfirmed trade musings that an unnamed Chinese / Hong-Kong-based containerboard company (which we suspect is Lee & Man Paper) is preparing an engineering study on the potential for placing up to eight new tissue machines in the US.

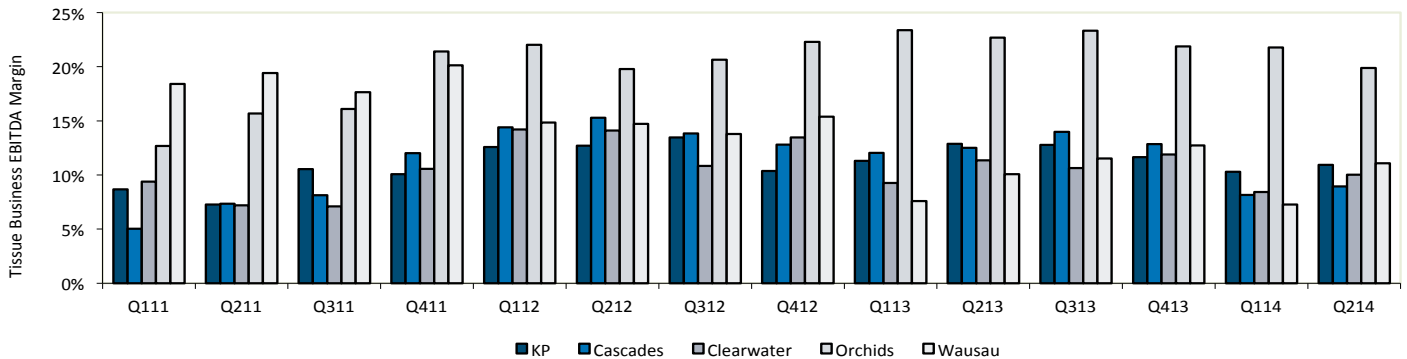
Additionally, in March RISI noted talk in the trade that First Quality may be planning a third mill (with two machines) in the US West for 2017.

Fig 2: RBC's supply-demand balance shows operating rates below 92% from 2015 onwards

NA TISSUE S&D MODEL (000 tpy)										
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Canada demand	627	635	602	589	590	643	686	702	708	718
US demand	6.176	6.346	6.589	6.821	7.160	7.252	7.402	7.582	7.686	7.898
<b>NA demand</b>	<b>6.803</b>	<b>6.981</b>	<b>7.190</b>	<b>7.410</b>	<b>7.749</b>	<b>7.895</b>	<b>8.088</b>	<b>8.284</b>	<b>8.394</b>	<b>8.616</b>
Incremental annual NA demand		177	209	219	340	146	193	196	110	222
Canada demand growth rate	2,5%	1,2%	-5,2%	-2,2%	0,2%	9,0%	6,7%	2,4%	0,8%	1,4%
US demand growth rate	1,7%	2,7%	3,8%	3,5%	5,0%	1,3%	2,1%	2,4%	1,4%	2,8%
NA demand growth rate		2,6%	3,0%	3,1%	4,6%	1,9%	2,4%	2,4%	1,3%	2,6%
Net Canada imports (exports)	-53	-34	-60	-86	-122	-61	-55	-71	-64	-96
Net US imports (exports)	-19	-17	61	65	148	30	50	98	150	197
<b>Net NA imports (exports)</b>	<b>-72</b>	<b>-51</b>	<b>1</b>	<b>-21</b>	<b>25</b>	<b>-31</b>	<b>-6</b>	<b>28</b>	<b>86</b>	<b>101</b>
Canada production	680	669	661	675	712	703	741	773	772	814
US production	6.195	6.363	6.528	6.756	7.012	7.222	7.352	7.484	7.536	7.701
<b>NA production</b>	<b>6.875</b>	<b>7.032</b>	<b>7.189</b>	<b>7.431</b>	<b>7.724</b>	<b>7.926</b>	<b>8.093</b>	<b>8.256</b>	<b>8.308</b>	<b>8.514</b>
Canada capacity	771	773	777	777	759	797	809	833	828	865
US capacity	6.552	6.654	6.884	6.878	7.121	7.541	7.735	7.729	7.951	8.174
<b>NA capacity</b>	<b>7.323</b>	<b>7.426</b>	<b>7.661</b>	<b>7.656</b>	<b>7.880</b>	<b>8.338</b>	<b>8.544</b>	<b>8.563</b>	<b>8.779</b>	<b>9.039</b>
Incremental annual NA capacity		104	235	-6	225	457	206	19	216	260
NA creep										
Canada capacity growth rate		0,3%	0,6%	0,0%	-2,3%	4,9%	1,5%	3,0%	-0,7%	4,5%
US capacity growth rate		1,5%	3,5%	-0,1%	3,5%	5,9%	2,6%	-0,1%	2,9%	2,8%
NA capacity growth rate		1,4%	3,2%	-0,1%	2,9%	5,8%	2,5%	0,2%	2,5%	3,0%
Canada op. rate	88,3%	86,6%	85,1%	86,8%	93,8%	88,2%	91,6%	92,7%	93,2%	94,0%
US op. rate	94,5%	95,6%	94,8%	98,2%	98,5%	95,8%	95,1%	96,8%	94,8%	94,2%
<b>NA op. rate</b>	<b>93,9%</b>	<b>94,7%</b>	<b>93,8%</b>	<b>97,1%</b>	<b>98,0%</b>	<b>95,1%</b>	<b>94,7%</b>	<b>96,4%</b>	<b>94,6%</b>	<b>94,2%</b>



Fig 3: Changing face of North American EBITDA margins



**TWM's comprehensive *Projects Survey 2014-2015* of global tissue companies' attained and projected capacity expansion plans will be published in our *January/February 2015* edition.**

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014E	2015E	2016E	2017E	2018E
740	757	801	806	782	791	804	788	814	829	845	861	873	888
7.844	7.896	8.034	8.203	8.053	8.231	8.322	8.471	8.610	8.761	8.919	9.061	9.152	9.285
8.584	8.653	8.835	9.009	8.835	9.022	9.126	9.259	9.424	9.590	9.764	9.922	10.026	10.173
-32	69	182	174	-174	187	104	133	164	166	174	158	104	148
3,1%	2,4%	5,8%	0,6%	-3,0%	1,3%	1,5%	-1,9%	3,2%	1,9%	2,0%	1,8%	1,4%	1,8%
-0,7%	0,7%	1,7%	2,1%	-1,8%	2,2%	1,1%	1,8%	1,6%	1,8%	1,8%	1,6%	1,0%	1,4%
-0,4%	0,8%	2,1%	2,0%	-1,9%	2,1%	1,1%	1,5%	1,8%	1,8%	1,8%	1,6%	1,0%	1,5%
-62	-62	-14	-19	-30	-11	-7	-2	24	20	20	20	20	20
215	160	153	183	235	283	265	276	255	250	250	250	250	250
153	98	139	164	205	272	258	273	279	270	270	270	270	270
801	819	816	825	811	802	810	790	789	809	825	841	853	868
7.629	7.736	7.880	8.020	7.819	7.948	8.058	8.196	8.356	8.511	8.669	8.811	8.902	9.035
8.430	8.555	8.696	8.845	8.630	8.750	8.868	8.986	9.145	9.320	9.494	9.652	9.756	9.903
865	879	880	880	872	874	875	863	848	856	865	873	882	891
8.277	8.230	8.267	8.470	8.565	8.672	8.751	8.682	8.986	9.118	9.672	9.980	10.080	10.180
9.143	9.108	9.147	9.350	9.437	9.546	9.626	9.545	9.834	9.974	10.537	10.853	10.962	11.071
104	-34	39	203	87	109	80	-82	289	140	563	316	109	110
									1,0%	1,0%	1,0%	1,0%	1,0%
0,0%	1,5%	0,1%	0,0%	-0,9%	0,3%	0,1%	-1,4%	-1,8%	1,0%	1,0%	1,0%	1,0%	1,0%
1,3%	-0,6%	0,5%	2,5%	1,1%	1,2%	0,9%	-0,8%	3,5%	1,5%	6,1%	3,2%	1,0%	1,0%
1,1%	-0,4%	0,4%	2,2%	0,9%	1,2%	0,8%	-0,8%	3,0%	1,4%	5,6%	3,0%	1,0%	1,0%
92,6%	93,2%	92,7%	93,7%	93,0%	91,8%	92,6%	91,6%	93,1%	94,5%	95,5%	96,3%	96,7%	97,5%
92,2%	94,0%	95,3%	94,7%	91,3%	91,6%	92,1%	94,4%	93,0%	93,3%	89,6%	88,3%	88,3%	88,7%
92,2%	93,9%	95,1%	94,6%	91,4%	91,7%	92,1%	94,1%	93,0%	93,4%	90,1%	88,9%	89,0%	89,4%

Fig 1: List of North American tissue capacity additions appears problematic to price stability

CAPACITY CHANGES (000 tpy)							
Start-up/closure		Company	City, State/Province	Country	Conventional / TAD	Nameplate	Channel/Business/Products
Qtr	Yr					capacity (000 tpy)	
Q1 /	2007	Georgia-Pacific	Camas, WA	USA	CONV	-82	
Q1 /	2007	Marcal	Elmwood, NJ	USA	CONV	-15	
/	2007	Kruger Products	Memphis, TN	USA	CONV	10	Retail/P.L.
Q1 /	2007	Augusta Tissue	Augusta, GA	USA	CONV	33	Parent Roll Sales
Q3 /	2007	SCA	Menasha, WI	USA	CONV	6,7	AFH/Recycled
Q3 /	2007	Kimberly-Clark	Beech Island, SC	USA	TAD	65	
Q3 /	2007	Procter & Gamble	Green Bay, WI	USA	TAD	80	Retail/Brand/Bounty
Q4 /	2007	First Quality	Lock Haven, PA	USA	TAD	70	Retail/P.L./BRT
Q4 /	2007	Georgia-Pacific	Wauna, OR	USA	ETAD	71	
Q4 /	2007	Georgia-Pacific	Bellingham, WA	USA	CONV	-48	
Q4 /	2007	Georgia-Pacific	Plattsburgh, NY	USA	CONV	-48	
Q4 /	2007	Double Tree/Royal Paper	Gila Bend, AZ	USA	CONV	32	Retail/P.L.
Year						175	
Q4 /	2008	SCA	Barton, AL	USA	CONV	70	AFH/Recycled
Q4 /	2008	Blue Heron	Oregon City, OR	USA	CONV	32	Parent Roll Sales
Q4 /	2008	SCA	Alsip, IL	USA	CONV	-61	AFH/Recycled
Q4 /	2008	Georgia-Pacific	Plattsburgh, NY	USA	CONV	-49	
Year						-8	
Q1 /	2009	Wausau Paper	Middletown, OH	USA	CONV	16	AFH/Recycled
Q1 /	2009	Cellynne	Haines City, FL	USA	CONV	35	Retail/P.L./Parent Roll Sales
Q2 /	2009	von Drehle	Cordova, NC	USA	CONV	10	AFH/Recycled
Q4 /	2009	Deerfield Tissue	Augusta, GA	USA	CONV	19	
Year						80	
Q1 /	2010	Marcal	Elmwood Park, NJ	USA	CONV	-15	Retail/P.L./Parent Roll Sales
Q4 /	2010	Procter & Gamble	Box Elder, UT	USA	TAD	80	Retail/Brand/Bounty
Q4 /	2010	Irving Tissue	Fort Edward, NY	USA	TAD	35	Retail
Year						100	
Q1 /	2011	Blue Heron	Oregon City, OR	USA	CONV	-32	
Q4 /	2011	First Quality	Anderson, SC	USA	TAD	70	Retail/P.L./BRT
Year						38	
Q1 /	2012	Kimberly-Clark	Everett, WA	USA	CONV/UCTAD/DRC (All 5 PM)	-208	Retail/AFH/PL-Club/Parent Roll Sales
Q1 /	2012	Kimberly-Clark	Chester, PA	USA	CONV (PM #16)	-27	Napkin/BRT
Q3 /	2012	Kruger Products	New Westminster, BC	Canada	PM#1 & #2	-40	Napkin/BRT
Q3 /	2012	Georgia-Pacific	Green Bay, WI	USA	CONV Re-start (PM #7)	35	Retail/P.L.
Q4 /	2012	Georgia-Pacific	Naheola, AL	USA	CONV Re-start (PM #1)	25	Retail/P.L.
Q4 /	2012	Georgia-Pacific	Port Hudson, LA	USA	ETAD	35	Retail/Brand & P.L./HHT & BRT
Q4 /	2012	Clearwater Paper	Shelby, NC	USA	TAD	70	Retail/P.L./BRT & HHT
Q3 /	2012	First Quality	Anderson, SC	USA	TAD	70	Retail/P.L./BRT
Q4 /	2012	White Mountain Tissue	Gorham, NH	USA	CONV	36	Parent Roll Sales/Virgin
Q4 /	2012	Wausau Paper	Harrodsburg, KY	USA	ATMOS	75	Ultra AFH/Recycled
Year						71	
Q1 /	2013	ST Paper (TAK)	Franklin, VA	USA	CONV	70	Parent Roll Sales/Recycled
Q1 /	2013	Kruger Products	Memphis, TN	USA	TAD	66	Retail/Brand/P.L.
Q3 /	2013	Irving Tissue	Toronto, ON	Canada	ETAD	35	Retail/Brand
Year						171	
Q4 /	2014	Cascades	St. Helens, OR	USA	CONV	55	AFH/Towel/Napkin
Q4 /	2014	Orchids	Pryor, OK	USA	Two CONV PMs	-13	Retail/P.L.
Year						42	
Q1 /	2015	Orchids	Pryor, OK	USA	CONV	30	Retail/P.L.
Q1 /	2015	Double Tree/Royal Paper	Gila Bend, AZ	USA	CONV	32	Retail/P.L.
TBA /	2015	Confidential	Confidential	USA	CONV	70	Valmet
TBA /	2015	Confidential	Confidential	USA	CONV	80	Valmet
Q3 /	2015	First Quality	Anderson, SC	USA	TAD	70	Retail/P.L./BRT
Q4 /	2015	Procter & Gamble	Box Elder, UT	USA	TAD	80	Retail/Brand/Bounty
Q4 /	2015	von Drehle	Natchez, MS	USA	NTT	35	Premium AFH
Q4 /	2015	St. Croix Tissue (APP)	Baileyville, ME	USA	CONV	66	Parent Roll Sales
Year						463	
Q1 /	2016	First Quality	Anderson, SC	USA	ATMOS	75	Retail/P.L./BRT
Q2 /	2016	St. Croix Tissue (APP)	Baileyville, ME	USA	CONV	66	Parent Roll Sales
Q3 /	2016	First Quality	Lock Haven, PA	USA	TAD	70	Retail/P.L./BRT
Year						211	
NA TISSUE ADDITIONS THAT REMAIN TOO TENTATIVE TO INCLUDE (000 tpy)							
TBD	2016/17	Kruger Products	Memphis, TN?	USA?	TAD	66	Retail/Brand/P.L.
TBD	2018	First Quality	US West	USA	TAD	70	Retail/P.L.
TBD	2018	First Quality	US West	USA	TAD	70	Retail/P.L.
	2018	Clearwater Paper	Shelby, NC	USA	TAD	71	Retail/P.L.
		Lee & Man		USA			
		Shandong Tralin					





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Event	Date	Location	Website
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Tissue World Asia	November 11 - 13, 2014	Shanghai, China	<a href="http://www.tissueworld.com/Shanghai">www.tissueworld.com/Shanghai</a>
Pulp & Paper in Russia and CIS conference	December 2-4, 2014	Vienna Marriott Hotel, Austria	<a href="http://www.russian-paper.com/">www.russian-paper.com/</a>
ISSA/INTERCLEAN Latin America	February 25 - 27, 2015	Mexico City, Mexico	<a href="http://www.issainterclean.com/">www.issainterclean.com/</a>
Tissue World Barcelona	March 17 - 19, 2015	Barcelona, Spain	<a href="http://www.tissueworld.com/Barcelona">www.tissueworld.com/Barcelona</a>
PaperCon 2015	Apr 19 - 22, 2015	Georgia, USA	<a href="http://www.papercon.org/">www.papercon.org/</a>
ISSA/INTERCLEAN CEE	April 22 - 24, 2015	Warsaw, Poland	<a href="http://www.issainterclean.com/">www.issainterclean.com/</a>
Asian Paper 2015 Jakarta	April 28 - 30, 2015	Jakarta, Indonesia	<a href="http://www.asianpapershow.com/">www.asianpapershow.com/</a>
Tissue World São Paulo	May 20 - 22, 2015	São Paulo, Brazil	<a href="http://www.tissueworld.com/Saopaulo">www.tissueworld.com/Saopaulo</a>
SINCE/ANEX 2015	May 25 - 27, 2015	Shanghai, China	<a href="http://www.anex2015.com/">www.anex2015.com/</a>
Tissue World New Orleans	March 14 - 17, 2016	New Orleans, USA	<a href="http://www.tissueworld.com/Neworleans">www.tissueworld.com/Neworleans</a>
ISSA/INTERCLEAN Amsterdam	May 10 - 13, 2016	Amsterdam, Netherlands	<a href="http://www.issainterclean.com/">www.issainterclean.com/</a>
Asian Paper 2016 Bangkok	May 25 - 27, 2016	Bangkok, Thailand	<a href="http://www.asianpapershow.com/">www.asianpapershow.com/</a>
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Editorial Headquarters:  
UBM Media (Singapore) Pte Ltd | 6 Shenton Way  
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